

23 September 2009

Ceres Power Holdings plc
(‘Ceres Power’, ‘Ceres’ or the ‘Company’)

Ceres signs boiler assembly agreement with Daalderop BV

Ceres Power announces that it has entered into a long-term supply agreement with Daalderop BV (‘Daalderop’) for the volume boiler assembly of the Company’s residential Combined Heat and Power (‘CHP’) programme with British Gas. Ceres will mass manufacture in-house, at its facility in Horsham, fuel cells and assemble fuel cell stacks and fuel cell modules in volume. The boiler assembly will be manufactured in volume by Daalderop, in accordance with Ceres Power’s complete CHP product design.

Daalderop is a leading manufacturer of innovative, high-efficiency domestic heating appliances including condensing boilers, heat pumps and water heaters. The company operates from its new production facilities located at Tiel, in the Netherlands and has an overall production capacity of 200,000 units per annum across its product range. The company has extensive in-house product engineering capabilities and is the market leader in water heaters in the Benelux region. Daalderop has recently won awards in the Netherlands and the UK for its innovative hybrid domestic heating appliances.

The agreement with Daalderop provides Ceres Power with access to a cost-effective volume condensing boiler capability thereby avoiding the additional capital costs and risks of building an in-house volume assembly capability. Daalderop brings innovative gas appliance engineering expertise and a well-established volume global supply chain for standard boiler components. Daalderop’s strong brand in the Benelux region, established market channels and experience of bringing new products to market could further de-risk Ceres’ entry into the growing European market.

Having completed the fit-out of its fuel cell mass manufacturing facility in Horsham in July 2009, Ceres Power has now installed all of the key manufacturing machinery for the initial manufacturing line and is on track to begin initial low volume manufacturing operations in Q4 2009. The boiler assembly agreement with Daalderop together with other key supply chain relationships now in place for balance of plant components allows Ceres to prepare for production of Beta units for deployment in up-coming sheltered and commercial in-home field trials.

Peter Bance, Chief Executive Officer of Ceres Power, commented:

“We are pleased to have secured this long-term relationship with Daalderop and look forward to working with them to launch the Ceres Power CHP product in the UK market in partnership with British Gas. Daalderop’s gas appliance expertise and volume assembly capabilities will enable the manufacturability refinements identified in the Alpha phase to be incorporated in Beta.”

Bart Romeijn, Chief Executive Officer of Daalderop BV, commented:

“We are delighted to be working with Ceres Power on the launch of their fuel cell CHP product in the UK market with British Gas. We believe that Ceres Power’s unique fuel cell technology is a real breakthrough and their CHP product has the potential to deliver significant energy savings and sustainable CO₂ emissions reductions to millions of households throughout the UK and Europe.”

Gearoid Lane, Managing Director of British Gas New Energy, commented:

“Ceres Power’s investment in its in-house fuel cell mass manufacturing facility together with this agreement with Daalderop provides the platform for Ceres to launch its CHP product in volume in the UK.”

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