

## Ceres Power Holdings plc

### Interim results for the six months ended 31 December 2008

Ceres Power Holdings plc (“Ceres”, “Ceres Power” or “the Group”) announces its interim results for the six months ended 31 December 2008.

#### Highlights

- Successfully tested 1kW Fuel Cell Module meeting Alpha performance, size and weight targets
- 1kW CHP products built under Alpha phase of the British Gas programme
- On track to complete all Alpha milestones under British Gas CHP programme
- Continued strong growth in commercial revenues to £0.5m
- Strong balance sheet with £24.4m in net cash and short-term investments at 31 December 2008

Since the period end:

- 1kW CHP product testing commenced under British Gas Alpha programme
- £2.5m funded development and trialling programme secured with Calor Gas for LPG CHP
- Volume call-off order from Calor Gas for 20,000 CHP products
- 50,000 sq ft manufacturing facility secured for fuel cell mass production
- Procurement of manufacturing equipment for Mother Plant underway
- Former FTSE 100 Finance Director appointed as Non-Executive Director and Audit Committee Chairman

#### Results Summary

	<b>Six months ended 31 December 2008</b>	Six months ended 31 December 2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>£'000</b>	£'000
Revenue	<b>482</b>	279
Other operating income	<b>113</b>	431
Operating loss	<b>(4,165)</b>	(3,317)
Interest receivable	<b>605</b>	300
Loss for the financial period	<b>(3,302)</b>	(3,017)
Loss per share	<b>(4.95)p</b>	(5.05)p
Cash at bank and in hand & short term investments	<b>24,361</b>	9,357

Dr Brian Count, Chairman, commented:

“I am pleased to report that Ceres has achieved the milestones set out in the roadmap communicated to the market last year. We have secured a second major supply and distribution agreement and this additional contract helps further underpin our investment in the UK-based volume fuel cell manufacturing facility.”

For further information contact:

**Ceres Power Holdings plc**

Tel. +44 (0)1293 400 404

Peter Bance, Chief Executive

Rex Vevers, Finance Director

**Morgan Stanley**

Tel. +44 (0)20 7677 5044

Alisdair Gayne/Jon Bathard-Smith

**Kreab & Gavin Anderson**

Tel. +44 (0)20 7554 1400

Robert Speed/Ken Cronin/Deborah Walter

[www.cerespower.com](http://www.cerespower.com)

## Chairman's Statement

### Introduction

I am pleased to report that Ceres Power has continued to make significant progress in the half year ended 31 December 2008 achieving the milestones set out in the roadmap communicated to investors in June 2008. The Group is on track to complete the deliverables under the Alpha phase of the CHP programme with British Gas. In accordance with the roadmap, the Group anticipates achieving the sign-off of the Alpha phase of the programme during Q2 2009 that will trigger the next milestone payment of £2 million by British Gas.

Since the end of the period, the Group has secured a £2.5 million funded trialling and development programme with Calor Gas Limited and a call-off order for 20,000 LPG fuelled CHP products for the UK market. The new LPG CHP product variant, generating electricity and all of the home's heating and hot water, will initially address the more than 2 million homes and small businesses that are not connected to the mains gas grid in the UK. The LPG CHP product will also enable the Group to address other territories where the mains natural gas network is less prevalent, including Europe where there are more than 100 million such properties off mains gas.

The Group has now secured the Mother Plant facility for the mass production of fuel cells. The site was identified and negotiations finalised during late 2008, enabling the lease to be signed and initial procurement of machines during March 2009. This facility will be fitted-out, and manufacturing equipment installed and commissioned with initial manufacturing operations commencing during H2 2009.

The global drivers for widespread deployment of microgeneration solutions such as the Group's residential fuel cell CHP products continue to improve with governments setting specific fiscal incentives to stimulate mass market uptake. The enabling legislation for feed-in tariffs recently passed in the UK should help stimulate rapid uptake of energy efficiency technologies that offer consumers attractive payback periods and use existing infrastructure.

### Financial Results

The group continues to maintain a strong financial position. At 31 December 2008, the Group held £24.4 million in net cash and cash equivalents and short-term investments. As previously reported, the Group's Board-approved treasury policy is to invest all surplus funds in short-term, low-risk, triple A-rated money market funds focussed on preserving the Group's capital. During October 2008, the board approved the purchase of £10 million of short-dated UK Government gilts to further diversify the credit risk. The Board and Audit Committee regularly review the Group's cash management and investment policy.

Revenue for the six months ended 31 December 2008 increased 73% to £482,000 (2007: £279,000) reflecting part of the £1,000,000 Alpha phase payment received from British Gas and the completion of technical milestones on the Group's other commercial contracts. Other operating income arising from public sector contracts fell by £318,000 to £113,000 (2007: £431,000).

The Group has continued to invest throughout 2008 in both human resources and capital equipment to build product development, manufacturing and supply chain capability. This investment, together with the product development expenditure incurred in the Alpha phase of the programme with British Gas, has resulted in an increase in expenses of 18% to £4,760,000 (2007: £4,027,000). Interest income rose 102% to £605,000 (2007: £300,000) directly related to the £20 million raised in February 2008 through the issue of new shares to British Gas. The purchase of £10 million of UK Government gilts in October 2008 has been recorded on the balance sheet as short-term investments at 31 December 2008 at fair value and the

gain of £258,000 (2007: £nil) included in the income statement. The loss for the period attributable to shareholders increased by 9% to £3,302,000 (2007: £3,017,000).

The net cash used in operating activities increased during the period to £3,420,000 (2007: £1,887,000) mainly due to the increase in operating loss. Cash outflows attributable to the purchase of plant and equipment increased to £647,000 (2007: £474,000) reflecting the investment in manufacturing and test equipment. As disclosed in note 5, the Group's overall cash and cash equivalents and short-term investments reduced by £ 3,115,000 (2007: £1,785,000) during the six month period.

## **Commercial**

Since the end of the period, the Group has secured a £2.5 million funded development, manufacture, supply and distribution agreement with Calor Gas Limited ('Calor') for residential CHP products operating on liquefied petroleum gas ('LPG'). Under the terms of the agreement, Calor will pay milestone payments to Ceres during the development and trialling phase, including an up-front payment of £1 million. Ceres has also secured a volume call-off order from Calor for 20,000 LPG CHP products in aggregate over a five-year period for the UK market. Subject to successful completion of the development and trialling phase, and the parties agreeing standard commercial terms, Ceres will sell the LPG CHP product to Calor for the UK market on an exclusive basis for a five-year period anticipated to begin in 2012.

Ceres and Calor intend to maximise sales of the LPG CHP product by addressing both the existing LPG customer base and also the substantial number of homes and small businesses using oil, solid fuel or conventional electrical heating (more than 2 million in the UK alone). Calor is the UK's leading LPG supplier with over 70 years experience and its parent company, SHV Gas, is the world's largest distributor of LPG with operations in over 27 countries over 3 continents. Ceres Power retains the right to supply and distribute LPG CHP products anywhere in the world outside the UK (e.g. more than 100 million properties are off mains gas across Europe) and the right to exploit its innovative fuel cell technology in other applications globally including in the UK.

The Group is continuing to meet its obligations under the commercial contract with EDF Energy Networks Limited and has successfully delivered and commenced testing a prototype energy security product during March 2009.

The Group is also exploring other markets for CHP products and is pursuing new international growth opportunities.

## **Technology and Product Engineering**

The Group is on track to complete all Alpha milestones under the CHP programme with British Gas during Q2 2009.

During the half year, the Group has successfully built and tested a 1kW Fuel Cell Module meeting the performance, size and weight requirements under the Alpha Phase of the CHP programme with British Gas. The Fuel Cell Module was operated on three different fuel types, mains natural gas, methane and propane and delivered a maximum electrical output of just over 1kW and was operated across a broad range of power outputs. The core Fuel Cell Stack within the Fuel Cell Module demonstrated a heat to power ratio of better than 1:1. In Q4 2008, the Group has successfully built a number of wall-mountable 1kW CHP products with the same natural gas, water and electricity connections as existing boilers and has met size, weight, installation, service and maintenance requirements with a product width of less than 60cm, small enough to fit between standard kitchen units.

Since the period end, the Group has been testing the complete grid-connected Alpha CHP products, being the final deliverable under the Alpha phase of the programme. Completion of the CHP product testing and

audit of the Alpha deliverables by British Gas is anticipated during Q2 2009, which will trigger the payment of £2 million by British Gas for successful completion of the Alpha Phase. The Beta phase of the British Gas programme has commenced with the design iteration work underway.

### **Manufacturing**

In March 2009, the Group secured a Mother Plant facility for the volume manufacturing of its fuel cells. The facility is located in Horsham, South East England and includes an existing building (formerly used for a semi-conductor production facility) which is well suited to Ceres' production requirements.

The 50,000 sq. ft. (5,000 m<sup>2</sup>) building has been secured on a long leasehold and is located within 10 miles of Ceres Power's headquarters. The site's convenient location helps to minimise logistics costs and facilitate technology transfer from the existing Ceres pilot plant in Crawley. Ceres will use the new facility to mass manufacture fuel cells and for volume assembly of fuel cell stacks and fuel cell modules, using the scalable processes and machines developed and trialled at the Group's existing pilot plant.

In accordance with the Group's published CHP roadmap, during H1 2009 the facility will be fitted-out and the key fuel cell manufacturing equipment procured. During H2 2009 an initial manufacturing line will be commissioned and manufacturing operations will commence. Low volume beta units will be produced in 2009 and into 2010 for sheltered field trials under the contract with British Gas and during 2010 additional equipment will be installed to deliver the higher volumes required for commercial field trials and in preparation for volume launch with British Gas in 2011. The site is intended to provide the potential for expansion beyond the previously indicated one million fuel cells per annum.

Ceres' strategy is to manufacture in-house the intellectual property-rich fuel cell core technology and to assemble the fuel cell module, the common 'electrochemical engine' platform across the Ceres product range. Assembly of the CHP products in volume is intended to be completed by an assembly partner in accordance with Ceres' design.

The development of a UK-based volume fuel cell manufacturing facility will create a significant number of new skilled 'green-collar' jobs both directly at the facility and in the surrounding area via the Group's extended supply chain.

### **Intellectual Property**

The Group continues to invest in the protection, management and exploitation of its valuable intellectual property portfolio. The Group's IP portfolio (now containing more than 30 active patent families filed and/or granted) covers a very broad spectrum including materials, component and product designs and manufacturing machines and processes. The unique technology and the IP therein are protected through patents, trademarks, know-how and trade secrets. This investment remains central to the success of the Group and in all dealings with any third parties rigorous controls and procedures are in place to ensure that all IP is properly protected.

### **People**

During the half year, the Group has continued to recruit high calibre experienced personnel in manufacturing, product development and testing and supply chain management. We will continue to recruit during 2009 to build our volume manufacturing capability and prepare for the reliability testing during the Beta phase.

We would like to thank Andrew Baker, who left the Group in December 2008, for his contribution to Ceres over the last four years and in helping to develop a world-class product engineering and manufacturing team. We would like to wish Andrew every success for the future.

The Board is pleased to welcome Jonathan Watkins as Chief Operating Officer. Jonathan joined Ceres in November 2008 from Acument Global Technologies, a global leader in automotive engineered components. Jonathan has considerable experience in leading global technology-led manufacturing businesses and his delivery-focused approach will prove invaluable as we build our manufacturing and supply chain capability in preparation for volume product launch.

The Board has been further strengthened with the appointment in February 2009 of John Nicholas as a Non-Executive Director and Chairman of the Audit Committee. John was previously the Group Finance Director of Tate & Lyle PLC, a FTSE 100 manufacturer of food ingredients and is currently the Non-Executive Director and Audit Committee Chairman of Rotork plc, the world's leading manufacturer of industrial valve actuators. John's broad business experience and financial background will complement the Board. We would also like to congratulate Sir David Brown on his appointment as Senior Independent Director of Ceres.

### **Outlook**

The Group is on track to deliver the CHP programme with British Gas in line with the roadmap announced in June 2008. The challenging milestones that were set out in the presentation to investors in June 2008 have been met and I am confident that we will continue to deliver on our priorities going forward.

For the next six months the focus of the business will be to achieve the following:

- Complete the Alpha phase CHP product testing under the British Gas programme
- Receive the next milestone payment of £2 million from British Gas for the completion of the Alpha phase
- Complete the fit-out of the Mother Plant facility and procure, install and commission the key manufacturing equipment to begin initial manufacturing operations
- Progress the Beta CHP phase with British Gas
- Target new international growth opportunities.

**Dr Brian Count**

**Chairman**

## CONSOLIDATED INCOME STATEMENT

### For the six months ended 31 December 2008

	Note	Six months ended 31 December 2008 (Unaudited) £'000	Six months ended 31 December 2007 (Unaudited) £'000	Year ended 30 June 2008 (Audited) £'000
<b>Revenue</b>		482	279	722
Research and development costs		(3,196)	(2,606)	(5,748)
Administrative expenses		(1,564)	(1,421)	(2,183)
Other operating income		113	431	845
<b>Operating loss</b>		<b>(4,165)</b>	<b>(3,317)</b>	<b>(6,364)</b>
Fair value gain on gilts		258	-	-
Interest receivable		605	300	974
<b>Loss before income tax</b>		<b>(3,302)</b>	<b>(3,017)</b>	<b>(5,390)</b>
Income tax credit		-	-	400
<b>Loss for the financial period / year attributable to shareholders</b>		<b>(3,302)</b>	<b>(3,017)</b>	<b>(4,990)</b>
<b>Losses per £0.05 ordinary share expressed in pence per share:</b>				
Basic and diluted loss per share	2	(4.95)p	(5.05)p	(7.98)p

The accompanying notes are an integral part of these interim financial statements.

## CONSOLIDATED BALANCE SHEET

### As at 31 December 2008

	Note	31 December 2008 (Unaudited) £'000	31 December 2007 (Unaudited) £'000	30 June 2008 (Audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		2,264	1,836	2,034
Other receivables		53	53	53
<b>Total non-current assets</b>		<b>2,317</b>	<b>1,889</b>	<b>2,087</b>
<b>Current assets</b>				
Trade and other receivables		439	540	492
Current tax receivable		242	-	400
Investments	5	10,051	-	-
Cash and cash equivalents	5	14,310	9,357	27,476
<b>Total current assets</b>		<b>25,042</b>	<b>9,897</b>	<b>28,368</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,668)	(1,351)	(1,748)
<b>Net current assets</b>		<b>23,374</b>	<b>8,546</b>	<b>26,620</b>
<b>Non-current liabilities</b>				
Other payables		(19)	(32)	(77)
<b>Net assets</b>		<b>25,672</b>	<b>10,403</b>	<b>28,630</b>
<b>Equity</b>				
Share capital	3	3,343	3,003	3,337
Share premium account		35,548	15,854	35,465
Other reserves		7,463	7,463	7,463
Profit and loss account (deficit)		(20,682)	(15,917)	(17,635)
<b>Total shareholders' equity</b>		<b>25,672</b>	<b>10,403</b>	<b>28,630</b>

The interim financial statements on pages 7 to 13 were approved by the Board of Directors on 20<sup>th</sup> March 2009 and were signed on its behalf by:

Dr Peter Bance  
Director

Mr Rex Vevers  
Director

The accompanying notes are an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the six months ended 31 December 2008

	Share capital (Unaudited) £'000	Share premium account (Unaudited) £'000	Other reserves (Unaudited) £'000	Profit and loss account (deficit) (Unaudited) £'000	Total (Unaudited) £'000
At 1 July 2007	2,981	15,594	7,463	(13,250)	12,788
Issue of shares, net of costs	22	260	-	-	282
Net loss for the period	-	-	-	(3,017)	(3,017)
Share-based payments charge	-	-	-	350	350
At 31 December 2007	<u>3,003</u>	<u>15,854</u>	<u>7,463</u>	<u>(15,917)</u>	<u>10,403</u>
Issue of shares, net of costs	334	19,604	-	-	19,938
Net loss for the period	-	-	-	(1,973)	(1,973)
Share-based payments charge	-	-	-	255	255
Share-based remuneration for services	-	7	-	-	7
At 30 June 2008	<u>3,337</u>	<u>35,465</u>	<u>7,463</u>	<u>(17,635)</u>	<u>28,630</u>
Issue of shares, net of costs	6	83	-	-	89
Net loss for the period	-	-	-	(3,302)	(3,302)
Share-based payments charge	-	-	-	255	255
At 31 December 2008	<u>3,343</u>	<u>35,548</u>	<u>7,463</u>	<u>(20,682)</u>	<u>25,672</u>

The accompanying notes are an integral part of these interim financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

### For the six months ended 31 December 2008

	Note	Six months ended 31 December 2008 (Unaudited) £'000	Six months ended 31 December 2007 (Unaudited) £'000	Year ended 30 June 2008 (Audited) £'000
<b>Cash flows from operating activities</b>				
Cash used in operations	4	(3,578)	(1,887)	(3,735)
Income tax received		158	-	-
<b>Net cash used in operating activities</b>		<b>(3,420)</b>	<b>(1,887)</b>	<b>(3,735)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(647)	(474)	(1,095)
Purchase of gilts		(10,000)	-	-
Finance income received		812	301	923
<b>Net cash used in investing activities</b>		<b>(9,835)</b>	<b>(173)</b>	<b>(172)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares		89	275	20,301
Net expenses of shares issued		-	-	(81)
<b>Net cash generated from financing activities</b>		<b>89</b>	<b>275</b>	<b>20,220</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(13,166)</b>	<b>(1,785)</b>	<b>16,313</b>
Exchange gains on cash and cash equivalents		-	-	21
		(13,166)	(1,785)	16,334
Cash and cash equivalents at beginning of period		27,476	11,142	11,142
<b>Cash and cash equivalents at end of period</b>		<b>14,310</b>	<b>9,357</b>	<b>27,476</b>
<b>Reconciliation to net funds</b>				
Opening net funds		27,476	11,142	11,142
Net (decrease) / increase in cash and cash equivalents		(13,166)	(1,785)	16,334
Increase in short-term investments (gilts)		10,051	-	-
<b>Closing net funds</b>		<b>24,361</b>	<b>9,357</b>	<b>27,476</b>

The accompanying notes are an integral part of these interim financial statements.

**Notes to the interim financial statements for the six months ended 31 December 2008**

**1. Basis of preparation**

The financial information has been prepared in accordance with all IFRS and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations that had been published by 31 December 2008 as endorsed by the European Union (EU). The Standards that will be applicable for the year ending 30 June 2009 are not known with certainty at the time of preparing the interim results. Accordingly, the accounting policies for that accounting period will be determined finally only when the annual financial statements for the year ending 30 June 2009 are prepared.

This interim report, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes, is unaudited and does not constitute audited accounts within the meaning of the Companies Act 1985. The accounts for the year ended 30 June 2008, on which the auditors gave an unqualified audit opinion have been filed with the Registrar of Companies.

With the exception of the addition of the new financial assets accounting policy, as detailed below, the accounting policies adopted in these interim financial statements are consistent with those of the annual financial statements for the year ended 30 June 2008, as described in those financial statements. There are no new Standards likely to affect the financial statements for the year ending 30 June 2009.

***Financial assets***

The Group classifies its financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

Financial assets carried at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from changes in the fair value are presented in the income statement in the period in which they arise.

**2. Loss per share**

	<b>Six months ended 31 December 2008 (Unaudited) £'000</b>	<b>Six months ended 31 December 2007 (Unaudited) £'000</b>	<b>Year ended 30 June 2008 (Audited) £'000</b>
<b>Loss for the financial period / year attributable to shareholders</b>	<u><u>(3,302)</u></u>	<u><u>(3,017)</u></u>	<u><u>(4,990)</u></u>
Weighted average number of shares in issue	<u><u>66,758,730</u></u>	<u><u>59,753,341</u></u>	<u><u>62,548,262</u></u>
Loss per £0.05 ordinary share (basic & diluted)	<u><u>(4.95)p</u></u>	<u><u>(5.05)p</u></u>	<u><u>(7.98)p</u></u>

## Notes to the interim financial statements for the six months ended 31 December 2008

### 3. Share capital

Ceres Power Holdings plc had called-up share capital totalling 66,740,675 ordinary shares of £0.05 each at 30 June 2008 as disclosed in the statutory financial statements of Ceres Power Holdings plc for the year ended 30 June 2008.

During the six months ended 31 December 2008, the Company issued 125,700 ordinary shares of £0.05 each on the exercise of warrants for cash consideration of £87,990 and 1,200 ordinary shares of £0.05 each on the exercise of employee share options for cash consideration of £1,188.

### 4. Cash used in operations

	Six months ended 31 December 2008 (Unaudited) £'000	Six months ended 31 December 2007 (Unaudited) £'000	Year ended 30 June 2008 (Audited) £'000
<b>Loss before income tax</b>	(3,302)	(3,017)	(5,390)
<b>Adjustments for:</b>			
Fair value gain on gilts	(258)	-	-
Finance income	(605)	(300)	(974)
Depreciation of property, plant and equipment	417	371	770
Share-based payments charge	255	350	605
Share-based remuneration for services	-	7	7
<b>Operating cash flows before movements in working capital</b>	<b>(3,493)</b>	<b>(2,589)</b>	<b>(4,982)</b>
Decrease in trade and other receivables	53	90	167
(Decrease) / increase in trade and other payables	(138)	612	1,080
(Increase) / decrease in working capital	(85)	702	1,247
<b>Cash used in operations</b>	<b>(3,578)</b>	<b>(1,887)</b>	<b>(3,735)</b>

Notes to the interim financial statements for the six months ended 31 December 2008

5. Cash and cash equivalents and short-term investments

	<b>31 December 2008 (Unaudited) £'000</b>	<b>31 December 2007 (Unaudited) £'000</b>	<b>30 June 2008 (Audited) £'000</b>
Cash at bank and in hand <sup>1</sup>	408	1,357	(70)
Treasury deposits	-	8,000	-
Money market funds	13,902	-	27,546
Short-term investments	10,051	-	-
<b>Cash and cash equivalents &amp; short-term investments</b>	<b><u>24,361</u></b>	<b><u>9,357</u></b>	<b><u>27,476</u></b>

<sup>1</sup> The negative cash at bank and in hand balance at 30 June 2008 is due to timing differences relating to unpresented cheques.

The funds held in money market funds are pooled funds with a credit rating of Aaa/MR1+ from Moody's and AAAM from Standard & Poor's. These money market funds are benchmarked against 1 week LIBID and offer same day access.

The funds held in short-term investments at 31 December 2008 are held in 5¾% UK Government gilts which mature on 7 December 2009.

## **Independent review report to Ceres Power Holdings plc**

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of preparation set out in note 1.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with the basis of preparation set out in note 1 and the AIM Rules for Companies.

PricewaterhouseCoopers  
Chartered  
20<sup>th</sup> March 2009  
Cambridge

LLP  
Accountants

**Notes:**

- (a) The maintenance and integrity of the Ceres Power Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.