8 March 2017

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Ceres Power Holdings plc

Half-yearly results for the six months ended 31 December 2016

NEW PARTNERS, NEW MARKETS AND A GROWING INTERNATIONAL PRESENCE – INCLUDING FIRST PRODUCT LAUNCH PARTNER

Ceres Power Holdings plc ("Ceres Power", the “Company” or the “Group") (AIM: CWR.L), a world leading developer of low cost, next generation fuel cell technology, announces its half-yearly results for the six months ended 31 December 2016.

Highlights

- **New commercial partners including first ‘go-to-market’ agreement:**
    - Two new development agreements signed in the period, bringing total to four including with Honda, Nissan, Cummins and a further global OEM
    - First ‘go-to-market’ agreement signed with global OEM to develop and launch highly efficient combined heat and power (“CHP”) product for business markets

- **Strong revenue and pipeline**: Revenue and other operating income for first half year tripled to £1.5 million (FH1 2016: £0.5m). Aiming for full year to at least double. Order book of £4.8 million as at 31 December 2016 and 3 new evaluation agreements underway with potential future partners.

- **First significant US commercial success** with global power leader Cummins & the US Department of Energy to develop an energy system for Data Centre and commercial scale applications

- **New market opportunities** enabled by rapid progress in SteelCell™ technology. The improvements in efficiency, robustness and power density have opened up new high growth power markets in commercial/business sectors

- **Successful fundraise**: £20m placing enables continued investment in business and technology

Financial Highlights:

	Six months ended 31 December 2016 (unaudited)	Six months ended 31 December 2015 (unaudited)
	£'000	£'000
Total revenue and other operating income, comprising:	**1,551**	453
Revenue [1]	**1,026**	235
Other operating income	**525**	218
Operating loss	**(6,242)**	(6,235)
Equity free cash flow [2]	**(4,176)**	(5,431)
Net cash and short term investments	**22,174**	12,753

1 2016 revenue includes the release of £0.4 million of deferred revenue in respect of contracted work completed for British Gas (2015: £0.1m)

2 Equity free cash outflow (EFCF) is the net change in cash and cash equivalents in the year (£0.2 million) less net cash generated from financing activities (£19.4 million) plus the movement in short term investments (-£15.0 million)

Phil Caldwell, CEO of Ceres Power said:

"Ceres Power is on track for an excellent year, driven by new commercial partnerships, the rapid progress of our technology and our first 'go-to market' agreement bringing us closer to a first product launch. We said we would sign five partners by the end of 2017 and with four to date we are on track to do just that, plus we have three new evaluation agreements and a strong pipeline with a series of international prospective partners.

With a forward order book of £4.8 million and a successful fundraising secured, we are in a strong position to capitalise on significant market opportunities. As the world wrestles with the growing challenge of a decarbonising and decentralising energy system, our proven SteelCell™ technology, and our work with global power specialists, shows Ceres Power is capable of providing a cheaper, cleaner, distributed alternative to centralised power generation."

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About Ceres Power

Ceres Power is a world leader in low cost, next generation fuel cell technology for use in distributed power products that reduce operating costs, lower CO_2, SOx and NOx emissions, increase efficiency and improve energy security. The Ceres Power unique patented SteelCell™ technology generates power from widely available fuels at high efficiency and is manufactured using standard processing equipment and conventional materials such as steel, meaning that it can be mass produced at an affordable price for domestic and business use. Ceres Power offer its partners the opportunity to develop power systems and products using its unique SteelCell™ technology and know-how, combined with the opportunity to supply the SteelCell™ in volume through its manufacturing partners. For further information please visit: http://www.cerespower.com/

Chief Executive's statement

Ceres Power is well positioned to continue to execute its strategy as an enabling technology provider for the world's leading power systems companies. The SteelCell™ technology and the Company's expertise have a growing, global reputation and we are on target for an extremely successful year.

The market opportunity – enabling a decarbonised and decentralised energy system

- Climate change and the need for clean air, reinforced by the Paris COP21 agreement and leading global corporates, is maintaining the momentum towards cleaner distributed power generation
- The inexorable growth of the Electric Vehicle and Data Centre sectors will increase the demand for electricity and, coupled with increasing wind and solar generation, will destabilise the centralised power generation model
- Advancements in Ceres Power's SteelCell™ technology have opened up sector opportunities beyond Residential to include the fast-growing Data Centre, Electric Vehicle and Business sectors
- SteelCell™ is a significantly superior alternative to conventional gas and diesel engines as it produces close to zero SOx and NOx emissions at a higher efficiency

We are working towards a vision of embedding our cutting-edge SteelCell™ technology into world-leading products within the Home, Business, Data Centre and Electric Vehicle markets. Ceres Power has traditionally been focussed on micro-CHP in the Residential market, however significant progress has enabled SteelCell™ to rapidly establish itself as a leader in markets where higher power output is required, significantly expanding the business opportunity.

The majority of our customer demand is now for larger power systems than our residential scale product offering, and to proportionately address these high value markets, we have started developing larger cells and stacks.

With a strong start to 2017, the Company is ready to capitalise commercially by securing more key partners, as well as progressing our existing relationships.

Commercial Progress

- First 'go-to-market' agreement signed to develop and launch a highly efficient Combined Heat and Power product to target the business sector
- First significant US success with agreement to develop a power system for data centres and commercial scale applications
- Field trials progressing well as part of the EU-funded ene.field programme

In the Autumn, Ceres Power announced its key development role in a recently selected US Department of Energy programme which was awarded to global power leader, Cummins Inc. Together, Ceres Power and Cummins will work closely to develop a power system targeting high electrical efficiency of 60% and scalable to meet multiple distributed power applications. The initial target application will be the fast-growing Data Centre market, this power system will be applicable to other commercial scale uses.

Before the end of 2016, Ceres Power announced a joint development licence agreement to develop and launch a multi-kW CHP product its SteelCell™ technology with a leading global OEM. This is Ceres Power's fourth partnership signed and most notably its first 'go-to-market' agreement with the explicit intention of developing and launching a product to the business sector on an ambitious schedule. This is a highly significant step.

Furthermore, field trials, as part of the EU-funded ene.field programme in UK homes, demonstrate the growing maturity of this technology and underpin the reputation of the SteelCell™ with our OEM customers.

As a result of this commercial progress, our order book has increased to £4.8m as of 31 December 2016.

Rapid technological progress highlights Ceres Power expertise

With a well-established R&D roadmap, real progress with the performance of the technology continues to be made. The most recent milestone saw the latest iteration of the SteelCell™ platform (version 4) released to customers on time and budget, reinforcing the Company's reputation for successfully executing against its technology timelines.

Higher power density and fast start-up timescales have been proven, making the SteelCell™ increasingly commercially attractive in a growing number of markets. The technology is well-suited as a range extender for the Electric Vehicle market and the net electrical efficiencies now being delivered see Ceres Power developing solutions for the Data Centre market.

The core technology is increasingly applicable to customers that require a higher power output and we are now increasing cell size and optimising stack design to meet their requirements.

Adding operational capability to position ourselves for commercialization

We have seen a significant increase in customer demand for the SteelCell™ technology over the past 6 months, particularly for high power applications. This increased demand for our existing SteelCell™ technology combined with the development of larger cells and stacks for new applications has led to the need for further investment in our manufacturing and test capability.

In the near term, additional demand is being met by increasing manufacturing capacity in Horsham through the addition of a 3rd shift pattern along with bringing through improvements to key process steps. Beyond this, we are beginning to explore a number of options for further manufacturing scale-up.

Financial progress

As highlighted above, the multiple customer programmes won in the past 12 months are driving our revenues forward. Compared to the same period last year, we have tripled revenue and other operating income to £1.5 million. We expect this uplift to continue into the full year, where we aim to at least double our revenue and other operating income. It is encouraging that this is being achieved across a growing portfolio of customer programmes.

Our equity free cash outflow of £4.2 million in the period was less than the prior period (£5.4m), mostly due to the Group receiving its R&D tax credit of £2.2m in full (prior period received £0.8m, part of the R&D tax credit, in the period). Even though we are investing in people and in making the technology more suitable for customers that require a higher power output, as we highlighted in last year's annual report, we expect both our operating loss and our equity free cash outflow for the full year to decrease from the prior year.

We were very pleased with our £20m fundraise in the period, especially given the uncertain economic conditions in the last 6 months. At 31 December 2016, the Group had cash and cash equivalents of over £22 million and this financial strength, at a key stage for the Company as we negotiate long term partnerships with a number of the world's leading companies, gives us the runway to further embed our SteelCell™ in customer development and 'go-to-market' programmes.

Outlook

Our vision is to embed our cutting-edge SteelCell™ technology into world-leading products within the Home, Business, Data Centre and Electric Vehicle markets.

The leadership team committed itself to signing five global engineering companies as customers in joint development agreements by the end of 2017 and being in two launch programmes with OEM partners by the end of 2018. With four joint development agreements and one launch programme already signed, Ceres Power is ahead of its stated schedule. We expect to secure further commercial partners in due course and to make further progress with our existing partners.

We anticipate that the commercial progress we are making will further drive revenues in the second half of FY 2016/17 and into FY 2017/18.

Ceres Power has a committed, experienced team and we would like to offer our thanks for their continued efforts which we believe will translate into even greater commercial progress over the next 12 months.

Philip Caldwell

Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 31 December 2016

	Note	Six months ended 31 December 2016 (Unaudited) £'000	Six months ended 31 December 2015 (Unaudited) £'000	Year ended 30 June 2016 (Audited) £'000
Revenue		1,026	235	1,113
Cost of sales		(406)	(123)	(336)
Gross profit		**620**	**112**	**777**
Other operating income		525	218	555
Operating costs	2	(7,387)	(6,565)	(14,026)
Operating loss		**(6,242)**	**(6,235)**	**(12,694)**
Finance income		30	49	77
Loss before taxation		**(6,212)**	**(6,186)**	**(12,617)**
Taxation credit		1,044	698	2,157
Loss for the financial period / year and total comprehensive loss		**(5,168)**	**(5,488)**	**(10,460)**
Losses per £0.01 ordinary share expressed in pence per share:				
Basic and diluted loss per share	3	(0.63)p	(0.71)p	(1.35)p

All activities relate to the Group's continuing operations and the loss for the financial year is fully attributable to the owners of the parent.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	31 December 2016 (Unaudited) £'000	31 December 2015 (Unaudited) £'000	30 June 2016 (Audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		2,053	2,559	2,309
Total non-current assets		**2,053**	**2,559**	**2,309**
Current assets				
Trade and other receivables		2,071	755	1,109
Derivative financial instrument		14	-	28
Current tax receivable		825	1,378	1,997
Short-term investments	6	16,000	7,000	1,000
Cash and cash equivalents	6	6,174	5,753	5,947
Total current assets		**25,084**	**14,886**	**10,081**
Liabilities				
Current liabilities				
Trade and other payables		(2,217)	(2,663)	(2,121)
Derivative financial instrument		(110)	-	(7)
Provisions for other liabilities and charges		-	(77)	(78)
Total current liabilities		**(2,327)**	**(2,740)**	**(2,206)**
Net current assets		**22,757**	**12,146**	**7,875**
Non-current liabilities				
Accruals and deferred income		-	(58)	(31)
Provisions for other liabilities and charges		(806)	(865)	(866)
Total non-current liabilities		**(806)**	**(923)**	**(897)**
Net assets		**24,004**	**13,782**	**9,287**
Equity				
Share capital	4	10,080	7,725	7,779
Share premium account		107,222	90,120	90,120
Capital redemption reserve		3,449	3,449	3,449
Other reserve		7,463	7,463	7,463
Accumulated losses		(104,210)	(94,975)	(99,524)
Total equity		**24,004**	**13,782**	**9,287**

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

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 31 December 2016

	Note	Six months ended 31 December 2016 (Unaudited) £'000	Six months ended 31 December 2015 (Unaudited) £'000	Year ended 30 June 2016 (Audited) £'000
Cash flows from operating activities				
Cash used in operations	5	(6,082)	(5,310)	(11,773)
Taxation received		2,216	839	1,679
Net cash used in operating activities		**(3,866)**	**(4,471)**	**(10,094)**
Cash flows from investing activities				
Purchase of property, plant and equipment		(333)	(1,013)	(1,302)
Movement in short-term investments		(15,000)	(1,000)	5,000
Finance income received		30	49	77
Net cash (used in) / generated from investing activities		**(15,303)**	**(1,964)**	**3,775**
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		20,038	-	54
Net expenses from of issuance of ordinary shares		(635)	-	-
Net cash generated from financing activities		**19,403**	**-**	**54**
Net increase / (decrease) in cash and cash equivalents		**234**	**(6,435)**	**(6,265)**
Exchange (losses) / gains on cash and cash equivalents		(7)	4	28
		227	(6,431)	(6,237)
Cash and cash equivalents at beginning of period		5,947	12,184	12,184
Cash and cash equivalents at end of period		**6,174**	**5,753**	**5,947**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2016

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Accumulated losses £'000	Total £'000
At 1 July 2015	7,725	90,120	3,449	7,463	(90,076)	**18,681**
Comprehensive income						
Loss for the financial year	-	-	-	-	(5,488)	**(5,488)**
Total comprehensive loss	-	-	-	-	(5,488)	**(5,488)**
Transactions with owners						
Issue of shares, net of costs	-	-	-	-	-	**-**
Share-based payments charge	-	-	-	-	589	**589**
Total transactions with owners	-	-	-	-	589	**589**
At 31 December 2015	**7,725**	**90,120**	**3,449**	**7,463**	**(94,975)**	**13,782**
Comprehensive income						
Loss for the financial year	-	-	-	-	(4,972)	**(4,972)**
Total comprehensive loss	-	-	-	-	(4,972)	**(4,972)**
Transactions with owners						
Issue of shares, net of costs	54	-	-	-	-	**54**
Share-based payments charge	-	-	-	-	423	**423**
Total transactions with owners	54	-	-	-	423	**477**
At 30 June 2016	**7,779**	**90,120**	**3,449**	**7,463**	**(99,524)**	**9,287**
Comprehensive income						
Loss for the financial year	-	-	-	-	(5,168)	**(5,168)**
Total comprehensive loss	-	-	-	-	(5,168)	**(5,168)**
Transactions with owners						
Issue of shares, net of costs	2,301	17,102	-	-	-	**19,403**
Share-based payments charge	-	-	-	-	482	**482**
Total transactions with owners	2,301	17,102	-	-	482	**19,885**
At 31 December 2016	**10,080**	**107,222**	**3,449**	**7,463**	**(104,210)**	**24,004**

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

Notes to the financial statements for the six months ended 31 December 2016

1. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The consolidated financial statements of the Group are prepared on a going concern basis, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, the IFRS Interpretations Committee (IFRS-IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss.

The financial information contained in this interim announcement is unaudited and does not constitute statutory financial statements as defined by in Section 434 of the Companies Act 2006. The financial statements for the year ended 30 June 2016, on which the auditors gave an unqualified audit opinion, have been filed with the Registrar of Companies.

The accounting policies adopted are consistent with those of the financial statements for the year ended 30 June 2016, as described in those financial statements.

After having made appropriate enquiries and in light of the placing which raised £19.4 million net of expenses in October 2016, the Directors have a reasonable expectation that the Group and Company have adequate resources to progress their established strategy for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

2. Operating costs

Operating costs are split as follows:	**Six months ended 31 December 2016 (Unaudited) £'000**	**Six months ended 31 December 2015 (Unaudited) £'000**	**Year ended 30 June 2016 (Audited) £'000**
Research and development costs	5,434	4,905	10,588
Administrative expenses	2,059	1,660	3,714
	7,493	**6,565**	**14,302**
Reversal of provision relating to onerous lease and property dilapidations	(106)	-	(276)
	7,387	**6,565**	**14,026**

Notes to the financial statements for the six months ended 31 December 2016 (continued)

3. Loss per share

	Six months ended 31 December 2016 (Unaudited) £'000	Six months ended 31 December 2015 (Unaudited) £'000	Year ended 30 June 2016 (Audited) £'000
Loss for the financial period attributable to shareholders	**(5,168)**	**(5,488)**	**(10,460)**
Weighted average number of shares in issue	824,447,210	772,537,841	773,999,046
Loss per £0.01 ordinary share (basic & diluted)	**(0.63)p**	**(0.71)p**	**(1.35)p**

4. Share capital

Ceres Power Holdings plc has called-up share capital totalling 1,008,040,924 £0.01 ordinary shares as at 31 December 2016 (777,857,841 ordinary shares of £0.01 each at 30 June 2016).

During the period 228,603,083 ordinary shares of £0.01 each were issued through a placing on AIM for cash consideration of £20 million. In addition, 1,580,000 ordinary shares of £0.01 each were issued on the exercise of employee share options.

5. Cash used in operations

	Six months ended 31 December 2016 (Unaudited) £'000	Six months ended 31 December 2015 (Unaudited) £'000	Year ended 30 June 2016 (Audited) £'000
Loss before taxation	(6,212)	(6,186)	(12,617)
Adjustments for:			
Other finance income	(30)	(49)	(77)
Depreciation of property, plant and equipment	589	534	1,178
Share-based payments	482	589	1,012
Net foreign exchange gains/(losses)	7	-	(49)
Operating cash flows before movements in working capital	**(5,164)**	**(5,112)**	**(10,553)**
(Increase)/decrease in trade and other receivables	(948)	227	(134)
Increase/(decrease) in trade and other payables	168	(112)	(775)
Decrease in provisions	(138)	(313)	(311)
Increase in working capital	(918)	(198)	(1,220)
Cash used in operations	**(6,082)**	**(5,310)**	**(11,773)**

Notes to the financial statements for the six months ended 31 December 2016 (continued)

6. Net cash, short-term investments and financial assets

	Six months ended 31 December 2016 (Unaudited) £'000	Six months ended 31 December 2015 (Unaudited) £'000	Year ended 30 June 2016 (Audited) £'000
Cash at bank and in hand	3,716	1,577	805
Money market funds	2,458	4,176	5,142
Cash and cash equivalents	6,174	5,753	5,947
Short-term investments (bank deposits > 3 months)	16,000	7,000	1,000
Net cash and short term investments	**22,174**	**12,753**	**6,947**

The Group typically places surplus funds into pooled money market funds and bank deposits with durations of up to 12 months. The Group's treasury policy restricts investments in short-term sterling money market funds to those which carry short-term credit ratings of at least two of AAAm (Standard & Poor's), Aaa/MR1+ (Moody's) and AAA V1+ (Fitch) and deposits with banks with minimum long-term rating of A/A-/A3 and short-term rating of F-1/A-2/P-2 for banks which the UK Government holds less than 10% ordinary equity.

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 report for the six months ended 31 December 2016 which comprises Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of financial position, Consolidated cash flow statement, Consolidated statements of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

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 UK. 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 report for the six months ended 31 December 2016 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

James Ledward
for and on behalf of KPMG LLP
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8 March 2017