



22 November 2007

Chairman's Address

Annual General Meeting held on Thursday 22 November 2007

At the Annual General Meeting of Ceramic Fuel Cells Limited, held on 22 November 2007, Julian Dinsdale, Chairman, made the following statement:

"I am pleased to report that during the year the Company continued to successfully implement its strategy, with several outstanding achievements.

Field Trials

On the customer side, the Company completed extensive field trials and has now moved into product development projects in four key markets in Europe.

The field trials demonstrated the Company's technology working in real world conditions.

During the trials, four demonstration combined heat and power (CHP) units built by the Company were operated at customers' sites in Germany, Australia and New Zealand. Each of the units met local regulations, including the demanding European CE safety approval. All of the units were connected to the local natural gas, water, electricity grid and telecommunications lines. Once connected, the units successfully exported power and generated heat. The units were also turned on and off many times, operating with several different fuel cell stacks. The Company's customer support team monitored all of the units remotely over the internet.

The experience developed during these field trials is invaluable for the Company's ongoing technical improvements and product development projects.

Product Development Agreements

Since last year's AGM the Company has signed product development agreements with leading companies in France, Germany, the United Kingdom and the Netherlands.

These agreements are a critical validation of the Company's commercialisation strategy and a standout achievement. So far as we know, no other fuel cell company has secured product development contracts with partners in four different markets – and we achieved it in a little over six months.

Each project is a three way collaboration between CFCL, a utility customer and an appliance partner to design, build and deploy fully integrated m-CHP units for homes.

The Company's utility customers in these markets have a total of more than 20 million gas and electricity customers, and our appliance partners are specialists at designing, making and servicing home heating units.

In France our partners are Gaz de France, Europe's leading distributor of natural gas, with 11 million customers in France, and De Dietrich Thermique, the largest provider of gas heating systems in France.

In Germany we have extended our strong relationship with our utility customer EWE, together with specialist boiler manufacturer Bruns Heiztechnik.

Our partners in the UK are E.ON UK, the company that runs Powergen, and boiler maker Gledhill Water Storage. E.ON is the UK's largest integrated power and gas company, with around 8.5 million customer accounts.

Finally, in The Netherlands and Belgium we are working with Nuon, a leading Dutch energy company, and the De Dietrich-Remeha Group, one of the largest boiler companies in Europe.

Securing these contracts was a significant achievement in 2007, and implementing these projects will be a major activity during 2008.

Manufacturing

Apart from securing customers and developing products, the Company has also increased its capacity to supply products.

During the year the Company upgraded its Melbourne production facility and secured a site in Heinsberg, Germany, for a large scale fuel cell plant.

In December 2006 the Company secured the Heinsberg location and regional Government assistance. The Company has signed a lease over an existing building, with an option to buy Greenfield land for later expansion.

During the year the owner of the site, Nuon, has conducted extensive site works and helped the Company to apply for initial planning permits. In May the Company opened a Heinsberg office and hired three local staff.

During the year the Company continued to refine the project plans, including retaining an international consulting firm to review the project scope, timing and cost. The Heinsberg plant will be a significant focus during the coming year, and the Company expects to update shareholders on the project in the next few months.

As part of its long term business strategy the Company also built a plant in Bromborough, UK, to make high quality ceramic powders using the Company's proprietary technology. The plant will primarily make powders for use in the Company's fuel cells, however the Company will continue to explore opportunities to make high quality powders for other applications. The Company's powder technology has shown promising results and we believe it could generate significant value in the future.

Technology

The Company has continued to invest in improvements to its core technology.

During the financial year the Company developed its next generation of more powerful fuel cells, together with important breakthroughs in tightly integrated and highly efficient balance of plant components.

These advances have been integrated into the Gennex fuel cell module, launched in April 2007, which will be used in the Company's product development projects.

The Company also announced a collaboration with the Julich research institute in Germany, one of Europe's leading research bodies. Through this partnership the Company will continue to play a leading role in solid oxide fuel cell development and commercialisation.

Financial

The Company's higher cash holdings contributed to increased revenues, whilst operating costs and cash outflow also increased over the year. This was largely due to the Company's product development activities and to the costs of establishing customer and partner relationships and manufacturing facilities in Europe.

The financial results for the year included a higher net loss, however this was largely due to a \$5.8 million turnaround in the foreign exchange position on cash and investments, rather than any significant change in the underlying operations of the Company.

As expected, capital expenditure was significantly higher than last year, as the Company upgraded its Melbourne plant and built its UK powder plant.

The Company ended the year in a strong financial position, with total net assets at 30 June 2007 of \$66.3 million.

Board

At board level, during the 2007 financial year Mr Bob Kennett became the Company's first UK based director and in January 2007 the Company's CEO Brendan Dow joined the Board as Managing Director.

In September 2007 the Board appointed Mr Jeff Harding as Deputy Chairman. Jeff has an outstanding record at building international clean energy businesses, most prominently as Managing Director of Pacific Hydro from 1995 to 2005.

This AGM will be my last as a director of CFCL. I joined the Company as Chairman five years ago, and certainly the Company has changed a lot in that time. The Company listed on the ASX and then the London exchange, and now has more than 4000 shareholders across the world. The Company has also opened offices in the UK and Germany and is a great example of Australian technology being developed for world markets.

I have great confidence that the management team and Board, under the leadership of Brendan Dow and the incoming Chairman Jeff Harding, will continue to achieve great things for CFCL.

The Board thanks you for your support and looks forward to another year of achievements for Ceramic Fuel Cells Limited."

The AGM Chairman's address is available as a webcast/podcast at www.brr.com.au/cfu and the AGM presentation by Managing Director Brendan Dow is available on the web at www.cfcl.com.au.

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NOTES TO EDITORS

Ceramic Fuel Cells Limited is a world leader in developing solid oxide fuel cell (SOFC) technology which can provide reliable, energy efficient, high-quality, and low-emission electricity from widely available natural gas and renewable fuels. CFCL is developing SOFC products for small-scale on-site micro combined heat and power (m-CHP) and distributed generation units that co-generate electricity and heat for domestic use. CFCL is listed on the London Stock Exchange AIM market and the Australian Stock Exchange (code CFU).

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