Clean Air Power Ltd
Unit 8, Lancaster Court
Coronation Road
Cressex Business Park
High Wycombe
Bucks HP12 3TD
Tel: +44 (0)1494 527110
Fax: +44 (0)1494 557737
www.cleanairpower.com

For immediate release **14 May 2009**

Clean Air Power Limited

(“Clean Air Power” or “the Company”)

Preliminary 2008 Results

Clean Air Power Limited (AIM:CAP) the developer of Dual-Fuel™ combustion technology for heavy-duty diesel engines today announces its results for the 12 month period ended 31 December 2008.

Financial Highlights

- **38% increase in Group revenue to £6.47m, (2007: £4.70m). Gross profit margin maintained at 46% (2007:43%).**
- **Gross profit increased 46% to £2.97m, (2007: £2.03m).**
- **Operating loss* reduced by 32% to £1.73m (2007:£2.54m).**
- **Loss for the financial period reduced by 19% to £2.34m (2007: £2.90m).**
- **Successful equity fundraising agreement reached providing £2.50m in 2008.**

Before non cash items including depreciation £0.12m, amortisation £0.40m, impairment £0.11m and share-based payments £0.03m.

Operational Highlights

- **Development of second demonstration Dual-Fuel™ vehicle, for the Volvo Group for exhibition in the United States.**
- **Delivery of £2.90m Mitchell Corp order for vehicle systems in Australia.**
- **£0.50m order for further Dual-Fuel™ vehicle systems in Australia by Mitchell Corp delivered in 2008.**
- **Delivery of £0.30m Genesis Dual-Fuel™ order for Robert Wiseman Dairies in the UK.**
- **Sainsbury’s launch ‘Running on Rubbish’ campaign using Clean Air Power’s technology.**
- **New intellectual property rights granted in key commercial regions.**
- **Significant positive progress made in manufacturer discussions.**
- **Very strong year for Emissions division; revenue increased to £1.05m (2007: £0.19m).**

Post Period End

- **Letter of Intent with Volvo Powertrain (Volvo) to incorporate Clean Air Power’s Dual-Fuel™ technology with Volvo truck engines - key milestone for the Company.**
- **Five ‘Genesis’ Dual-Fuel™ conversions sold to Sainsbury’s.**
- **£0.90m orders received by Components division, due for delivery in 2009.**

- **£0.60m order received by Emissions division, due for delivery in 2009.**

- **On 6 February 2009, the fifth tranche of £0.50m was received under the fundraising agreement with Endeavor Capital.**

- **In May 2009, a further £2.38m was raised from institutional investors, including Endeavor Capital.**

<u>Results</u>

	Year Ended 31 December 2008 £'000	Year Ended 31 December 2007 £'000
Group Revenue	6,468	4,704
Operating Loss	(2,390)	(3,067)
Loss after tax	(2,339)	(2,900)
Basic and diluted loss per share	(7.05p)	(10.8p)

Commenting on Clean Air Power's full year results and looking at Group prospects, John Pettitt, CEO said:

"In 2008, Clean Air Power increased revenues by 38%, with all divisions showing significant growth on the previous year. We made excellent progress towards the company's main objective of manufacturer cooperation and were delighted to sign a Letter of Intent with Volvo in January 2009. In these current challenging times, with manufacturers having to work harder to generate truck sales we believe that our technology offers manufacturers a real opportunity to differentiate their product offering. "

For further details please contact

Clean Air Power Tel: +44 (0)1494 527 110
John Pettitt, Chief Executive
Peter Rowse, Finance Director

Buchanan Communications Tel: +44 (0)20 7466 5000,
Charles Ryland
Ben Willey
Ben Romney

Canaccord Adams Limited Tel: +44 (0)20 7050 6500
Robert Finlay
Guy Blakeney
Bhavesh Patel

<u>Notes to Editors:</u>

About Clean Air Power

Clean Air Power is the developer and provider of Dual-Fuel™ combustion technology for heavy duty diesel engines. Dual-Fuel™ engines substantially cut fuel costs and carbon emissions without sacrificing the original engine's characteristic efficiency or reliability. Clean Air Power is well positioned to assist corporations and governments to deliver on their environmental commitments while at the same time reducing transport operators overheads.

Initially founded in the USA in 1991, around £40m has been invested in developing the technology with the result that 63 patents are currently held or pending. The holding company of the Group is based in Bermuda with operational subsidiaries in the UK, the USA and Australia. The Group was admitted to the AIM market of the London Stock Exchange in February 2006.

Further information on Clean Air Power is available at www.cleanairpower.com

Chairman's Statement

This year has seen an increase in sales for our flagship Dual-Fuel™ products and also for our important supplementary divisions. We are very pleased with this third consecutive year of sales growth since the re-launch of the company in 2006.

The Company achieved a significant milestone with the signature of the Letter of Intent with Volvo in January 2009. This has the mutually agreed objective whereby Volvo will offer their customers Volvo branded vehicles incorporating Clean Air Power's technology.

In April 2008 the Company agreed a financing package with Endeavor Capital to provide up to £5.0m gross proceeds for the Company between April 2008 and June 2009. £2.5m was received in 2008 under the package with a further £0.5m received from Endeavor in February 2009. Today, the Company announced the successful raising of a further £2.38m, from institutional investors, including Endeavor Capital, thereby completing the terms of the finance package. The funds raised will be used to further advance in-house product development, provide working capital to support existing operations and to provide resources for our manufacturer cooperation activity.

I would like to thank John Pettitt and the team for their efforts towards making 2008 a year of significant progress and making the first concrete steps towards a formal collaborative agreement with Volvo.

Financial Results

The Group has enjoyed another good year in terms of progress with manufacturers with regard to potential future revenues, and has also seen revenue growth from all of its divisions. During the year, Group revenue was 38% higher than the previous year at £6.47m (2007: £4.70m).

Gross profit for the year was £2.97m compared to £2.03m in the prior year. The gross margin for the year was 46% (2007: 43%).

Operating losses for the year reduced to £2.39m (2007: £3.07m).

The retained loss for the year after interest and taxation was £2.34m (2007: £2.90m).

The basic and diluted loss per share was 7.05 pence (2007: 10.8 pence).

Cash on hand at 31 December 2008 was £1.63m (2007: £1.81m) demonstrating lower than expected cash burn for the year due to controlled spending.

The net assets of the Group at the year end totalled £4.45m (2007: £3.74m). Net current assets at the year end amounted to £2.80m (2007: £2.75m) of which £1.63m relates to cash balances (2007: £1.81m).

Business Review

In 2008 Clean Air Power increased revenues by 38% and reduced its net loss by 19% Along with sales growth of the core Dual-Fuel™ vehicle conversions the Emissions and Components divisions also performed well in 2008. Most importantly, significant progress with Volvo brought the ultimate goal of OEM branded Dual-Fuel™ trucks being sold a great deal closer.

Clean Air Power has 3 commercial divisions; Dual-Fuel™ vehicles systems, Components and Emissions Reduction systems.

1) Dual-Fuel™ vehicles systems

The core technology of the Group gives rise to Clean Air Power's patented Dual-Fuel™ system which allows a diesel engine to run on a combination of both diesel and natural gas, thereby generating significant reductions in NOx, particulate and CO_2 emissions as well as generating cost savings for the operator.

2008 was a successful year for this division with revenues increasing by 10%.

The technology is currently available in two main variants; the interfaced product currently marketed in Australia and the Genesis product marketed in Europe. Both of these variants are reaching the end of their product life cycles, a factor which limited the potential sales growth in 2008.

Interfaced vehicle system

In this solution our technology is interfaced with the manufacturer's electronic engine management system. It requires the cooperation of the manufacturer and maximises the benefits in terms of carbon emissions and fuel cost savings. The current product offering is certified to EPA 02 and can be fitted as an after-market solution to vehicles in the Australian and South American markets. It is reaching the end of its product life cycle as it can no longer be sold in the key US and European markets due to more stringent emissions regulations. In order to access the important US and European markets with an interfaced product, Clean Air Power will need to produce a new variant of this product which complies with the latest engine emission regulations.

These historic product life cycle and emissions compliance issues are addressed by the Volvo agreement, the objective of which is to commercialise our technology by interfacing it on a Volvo Euro 5 certified truck. The platform for the Dual-Fuel™ product will be the very latest Volvo Euro 5 13 litre truck engine with the objective of 'future-proofing' the product until the next European standards are likely to be issued.

In order to address the future US market needs the company will need to develop and certify an engine with Volvo or another manufacturer to meet the US emissions target levels. The current strategy envisages that a future US product would be delivered under such a cooperation agreement with a major manufacturer although potentially the company could develop and market its own engine to address the US opportunity.

We expect up to 90% of the diesel normally used by the vehicle to be substituted for gas on an interfaced product.

Sales of the current interfaced solution have increased this year, driven by the desire to reduce both greenhouse emissions and fuel costs incurred by operators. In 2008, 77 units were sold compared with 31 in 2007.

'Genesis' in- house vehicle system

The 'Genesis' system was developed specifically to be a retro-fitted product which can be installed without the need for formal co-operation of the engine manufacturers. The solution does not interface directly with the vehicles own engine management system and around 50% of the diesel normally used by the vehicle is substituted for gas. The emissions and fuel savings are therefore lower than would be expected on a fully interfaced system, but still considerable. Although the differential between diesel and gas prices has recently been reduced the product continues to be commercially attractive and has the benefit of the demonstrated reductions in carbon emissions.

To date Clean Air Power has developed the Genesis solution for both DAF and Mercedes Euro 3 vehicles and is targeting major supermarket chains, logistics companies, parcel carriers and local authorities for its 'Genesis' product. We believe these types of organisation will appreciate the financial benefits of converting its vehicles to gas whilst also understanding that they will be reducing emissions of CO2.

During the first half of 2008 Clean Air Power completed the delivery of the remaining 18 units of an order from Robert Wiseman Dairies, one of the country's leading dairy product suppliers. This customer now has 22 Dual-Fuel™ vehicles which are delivering excellent fuel and emissions savings. In August 2008, following an initial successful trial, Sainsbury's Supermarkets Ltd began operating one of its Mercedes Axor Euro 3 vehicles fitted with Clean Air Power's Genesis product. This vehicle travels daily between Sainsbury's' distribution centre near Bristol and their store in Dartmouth. Importantly the vehicle uses biogas produced from landfill sites which is a 100% renewable fuel providing even greater emissions savings than natural gas. Sainsbury's called this initiative 'Running on Rubbish' and proceeded to order five Genesis Euro 3 conversions in February 2009.

The agreement with Volvo allows the Company to develop and sell a next generation Genesis version of its product to be installed on Volvo FM13 Euro 5 13 litre trucks. This product was launched in April 2009.

Genesis was initially viewed as a transitional product for the Group. Its objective was to bring the benefits of Dual-Fuel™ to operators in a current market situation where none of the major truck manufacturers offer a Dual-Fuel™ solution. Once the operators began to enjoy the financial and environmental benefits of running vehicles on Dual-Fuel™, the Clean Air Power strategy foresaw two outcomes: an increased demand for further Dual-Fuel™ trucks from operators, and a demonstration of real market demand to assist Clean Air Power in its negotiations with truck manufacturers.

Having achieved its initial objective of attracting the attention of major manufacturers, leading to the Volvo agreement, the Genesis product continues to offer good potential as a revenue generator. In the UK and European markets it can continue to produce revenue in advance of the anticipated future revenues resulting from manufacturer cooperation agreements. Importantly there may be potential to sell variants of the Genesis product into markets in developing countries for a number of years to come.

Manufacturer Developments

Our main strategic goal has been to work with vehicle or engine manufacturers to reach an agreement whereby our Dual-Fuel™ technology is incorporated on their vehicle as a standard option and develop it further with their full cooperation. In this way the benefits of our technology and routes to market can be maximised. The Group has been actively pursuing this route to market with a number of such organisations and the signing of the Letter of Intent with Volvo represents a significant leap forwards for the company.

The Letter of Intent covers the development and commercialisation of products which will include Clean Air Power's technology and sets out the intention that they will be marketed and supported by Volvo Trucks. The products will have the Clean Air Power technology fully interfaced with the Volvo engine management system and applied to Volvo's D13 engine. This will provide the opportunity for greater levels of gas substitution than Clean Air Power's existing Genesis system, with corresponding improved emissions and fuel cost reductions.

The Letter of Intent provides for certain milestones relating to gas substitution levels, emissions compliance, performance and durability testing. Clean Air Power is confident that these milestones will be achieved based on its prior experience of developing its technology on Volvo and other manufacturers' engines.

Work on the product development has been underway for some time. Clean Air Power and Volvo engineers are working together to develop the products and the agreement provides for Clean Air Power to receive revenue from Volvo during the project. The first commercial products are anticipated to be available in 2010.

Once commercialised, it is envisaged that Clean Air Power will be supplying its systems to Volvo who will arrange installation and take the lead in marketing the product on new vehicles while Clean Air Power will support Volvo's activity and may carry out some conversions on customers' existing Volvo vehicles according to demand. In addition and under Clean Air Power's own responsibility, the agreement provides that Clean Air Power will market its Genesis solution on Volvo FM D13 Euro 5 vehicles from the second quarter of 2009 which will provide a revenue opportunity for Clean Air Power in the period prior to the launch of the final interfaced Volvo Powertrain product.

While we are delighted to have made such good progress with Volvo we continue to discuss cooperation opportunities with other manufacturers as well.

2) Components Division

Clean Air Power manufactures a number of the components that are used in the Group's Dual-Fuel™ technology and also sells these components for spark ignited gas engines and certain other applications. Global demand for these engines is increasing as part of the overall shift towards alternative fuels. With sales mainly in Europe and the USA, strong margins and a customer base including international vehicle manufacturers, this is an important supplement to the overall Clean Air Power business.

2008 sales grew 40% from £1.48m in 2007 to £2.07m. In 2008 marketing efforts have been increased for this division and we expect to continue this marketing activity further in 2009 in order to improve awareness of our product offering. The Company was pleased to announce in January 2009 significant new orders as cultivation of existing customer relationships paid off. This business tends to operate with long initial order lead times but thereafter receives regular ongoing revenues once customers have specified one of our products into their engines. Repeat orders can then be expected, often for the life of the vehicles to provide for maintenance and servicing needs.

3) Emissions Reduction Division

This area of our business provides emissions solutions to very large stationary diesel and natural gas engines such as those used in pumping stations. Our current market is mainly in the USA and we provide a solution whereby the emissions from large stationary diesel engines are reduced, using Selective Catalytic Reduction technology and diesel particulate filtering, usually in response to the requirements of local legislation.

The business is mainly project based with a few large scale contracts generating the majority of the revenue, although the strategy is in place to also develop revenue from smaller, more regular contracts.

2008 revenues increased with sales of £1.05m being 452% higher than the 2007 level of £0.19m. This improvement was mainly the result of refocusing of the management team and marketing support which led to large contracts being won. In January 2009 Clean Air Power announced a £0.64m order for this division due to be delivered in the first half of the year.

Outlook

The sales growth generated during 2008 has been very encouraging. The Company has retained all of its key staff since the 2006 IPO and our engineering and operational teams have been strengthened in 2008. This ensures that the Company is well placed to capitalise on the exciting opportunities for the year ahead.

The most important element of the Company's activity in 2009 is likely to be the delivery of our obligations under the recently signed Letter of Intent with Volvo. Engineering activity on the development of products, in conjunction with Volvo, is already well under way and discussions have commenced regarding the commercial details. It is anticipated that the Letter of Intent will be superseded by a formal contract in the middle of 2009.

The Volvo agreement specifically covers 13 litre truck engines compliant with Euro 5 emissions regulations although the Company believes its technology offers potential solutions for a range of vehicles including heavy duty trucks, mid range trucks and buses. The Company continues its discussions with other manufacturers in order to deliver the best medium and long term market coverage and growth potential.

In 2009 Clean Air Power has completed the development of a Genesis Dual-Fuel™ solution for the UK and European market that can be retro-fitted to a Volvo Euro 5 emissions compliant trucks. This in-house product is designed to address the life cycle issue that affected the potential sales of the earlier Euro 3 Genesis product. In 2009 the Company plans to launch an updated version of its C15 product for Australia.

To date, in 2009 Clean Air Power has won two significant orders for our components division based in San Diego, California. These total around $1.4m (£0.96m) and form part of longer term agreements to supply these two customers with goods totalling $3.8m (£2.6m) over the next three years.

The year ahead is expected to be challenging but exciting with expectations of new product launches, formalisation of our Volvo agreement and an initial agreement with another manufacturer as our key objectives but we are aware that we are unlikely to escape entirely the general economic turmoil.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**Year ended 31 December 2008**	Year ended 31 December 2007
		£'000	£'000
Revenue	1	**6,468**	4,704
Cost of Sales		**(3,500)**	(2,677)
Gross profit		**2,968**	2,027
Administrative expenses		**(5,212)**	(4,933)
Share-based payments charge		**(32)**	(161)
Impairment charge		**(114)**	-
Operating loss		**(2,390)**	(3,067)
Loss on ordinary activities before net finance revenue and taxation		**(2,390)**	(3,067)
Finance revenue		**52**	171
Finance costs		**(1)**	(4)
Loss on ordinary activities before taxation		**(2,339)**	(2,900)
Tax expense		**-**	-
Loss for the financial period		**(2,339)**	(2,900)
Basic and diluted loss per share	2	**7.05p**	10.8p

All items dealt with in arriving at operating loss above relate to continuing operations.

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	**31 December 2008**	31 December 2007
		£'000	£'000
Assets			
Non-current assets			
Plant and equipment		**494**	284
Intangible assets		**1,161**	715
		1,655	999
Current assets			
Inventories		**1,590**	1,488
Trade and other receivables		**1,937**	1,635
Cash and cash equivalents		**1,626**	1,814
		5,153	4,937
TOTAL ASSETS		**6,808**	5,936
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary share capital		**24**	15
Accumulated loss		**(41,458)**	(39,151)
Other reserves		**33,504**	33,504
Share premium		**11,231**	8,982
Translation reserve		**1,148**	391
Total equity		**4,449**	3,741
Non current liabilities			
Other payables		**3**	7
		3	7
Current liabilities			
Trade and other payables		**1,710**	1,750
Provisions		**646**	438
		2,356	2,188
TOTAL LIABILITIES		**2,359**	2,195
TOTAL EQUITY AND LIABILITIES		**6,808**	5,936

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

Consolidated cash flow statement	**Year ended 31 December 2008**	Year ended 31 December 2007
	£'000	£'000
Cash flows from operating activities		
Loss before taxation	**(2,339)**	(2,900)
Adjustments for:		
Net finance income	**(51)**	(167)
Depreciation of plant and equipment	**115**	55
Amortisation of intangibles	**397**	311
Impairment of intangibles	**114**	-
Share-based payments	**32**	161
Decrease/(increase) in trade and other receivables	**75**	(334)
(Decrease)/increase in trade and other payables	**(532)**	503
Decrease/(increase) in inventories	**164**	(398)
Increase/(decrease) in provisions	**208**	(369)
Other non-cash movements	**-**	12
Net cash outflow from operating activities	**(1,817)**	**(3,126)**
Investing activities		
Interest received	**52**	171
Payments to acquire plant and equipment	**(320)**	(226)
Payments to acquire intangible assets	**(824)**	(600)
Net cash outflow from investing activities	**(1,092)**	**(655)**
Financing activities		
Interest paid	**(1)**	(4)
Proceeds from the issue of ordinary share capital	**2,500**	-
Share issue costs	**(242)**	-
Net cash (outflow)/inflow from financing activities	**2,257**	**(4)**
Net(decrease)/increase in cash and cash equivalents	**(652)**	(3,785)
Net foreign exchange differences	**464**	(18)
Cash and cash equivalents at 1 January	**1,814**	5,617
Cash and cash equivalents at 31 December	**1,626**	**1,814**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Issued capital	Share premium	Translation reserve	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2007	**15**	**8,982**	**476**	**33,410**	**(36,412)**	**6,471**
Translation movements	-	-	(85)	94	-	9
Total income and expense for the year recognised directly in equity	-	-	(85)	94	-	9
Loss for the year	**-**	**-**	**-**	**-**	(2,900)	(2,900)
Total income and expense for the year	-	-	(85)	94	(2,900)	(2,891)
Share-based payments	-	-	-	-	161	161
Balance at 31 December 2007	**15**	**8,982**	**391**	**33,504**	**(39,151)**	**3,741**
Translation movements	**-**	**-**	**757**		**-**	**757**
Total income and expense for the year recognised directly in equity	**-**	**-**	**757**	**-**	**-**	**757**
Loss for the year	**-**	**-**	**-**	**-**	**(2,339)**	**(2,339)**
Total income and expense for the year	**-**	**-**	**757**	**-**	**(2,339)**	**(1,582)**
Share-based payments	**-**	**-**	**-**	**-**	**32**	**32**
On issue of new shares	**9**	**2,491**	**-**	**-**	**-**	**2,500**
Share issuance costs	**-**	**(242)**	**-**	**-**	**-**	**(242)**
Balance at 31 December 2008	**24**	**11,231**	**1,148**	**33,504**	**(41,458)**	**4,449**

NOTES :

1. Segment information

For management purposes the Group is organised into business units based on their products and services, and has three reportable

	Year ended 31 December 2008 £'000				
	Vehicle Conversions	**Components**	**Emissions Reduction**	**Adjustments and Eliminations**	**Total**
Revenue					
Third party	3,350	2,070	1,048	-	6,468
Inter-segment	1,528	-	-	(1,528)	-
Total revenue	4,878	2,070	1,048	(1,528)	6,468
Results					
Depreciation and amortisation	(384)	(121)	(7)	-	(512)
Segment (loss)/profit	(2,397)	207	(45)	(155)	(2,390)
Net finance costs	-	-	-	-	51
Net loss for the year	**-**	**-**	**-**	**-**	**(2,339)**
Assets					
Capital expenditure	934	210	-	-	1,144
Non-current assets	1,399	260	11	(15)	1,655
Current assets	2,886	1,654	675	(62)	5,153
Provisions	537	35	94	(20)	646
Operating liabilities including provisions	1,486	524	366	(20)	2,356

1. Inter-segment revenues are eliminated on consolidation.
2. Capital expenditure consists of additions to plant and equipment and intangible assets.
3. Revenue from one customer amounted to £1,948,135 (2007: £1,270,080), arising from sales related to the vehicle conversions segment.
4. Adjustments and eliminations relate to consolidation eliminations and Holding Company items.

	Year ended 31 December 2007 £'000				
	Vehicle Conversions	**Components**	**Emissions Reduction**	**Adjustments and eliminations**	**Total**
Revenue					
Third party	3,039	1,476	189	-	4,704
Inter-segment	986	91	-	(1,077)	-
Total revenue	4,025	1,567	189	(1,077)	4,704
Results					
Depreciation and amortisation	(321)	(34)	(11)	-	(366)
Segment (loss)/profit	(2,846)	87	(266)	(42)	(3,067)
Net finance costs	-	-	-	-	167
Net loss for the year	**-**	**-**	**-**	**-**	**(2,900)**
Assets					
Capital expenditure	746	75	5	-	826
Non-current assets	890	86	23	-	999
Current assets	4,207	729	143	(142)	4,937
Provisions	421	18	40	(41)	438
Operating liabilities including provisions	1,873	280	76	(41)	2,188

1. Inter-segment revenues are eliminated on consolidation.
2. Capital expenditure consists of additions to plant and equipment and intangible assets.
3. Adjustments and eliminations relate to consolidation eliminations and Holding Company items.

Geographical Information

	Year ended 31 December 2008	Year ended 31 December 2007
Revenues from external customers:	**£'000**	£'000
UK	**353**	947
USA	**2,908**	1,195
Australia	**2,515**	1,705
Rest of Europe	**590**	658
Rest of World	**102**	199
	6,468	4,704

The revenue information is based on the location of the customer.

2. Loss per Share

Basic

Basic loss per share is calculated by dividing net loss for the year attributable to equity holders of the parent by the weighted average number of Common Shares in issue during the year.

	2008	2007
Loss for the period	**(2,339)**	(2,900)
Weighted average number of shares	**33,188,963**	26,905,479
Basic and diluted loss per share	**(7.05p)**	(10.8p)

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the period to 31 December 2008 are identical to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

3. Dividend Policy
In accordance with the Company's policy as set out in its admission document the Company does not propose to declare a dividend.

4. Registered Office
Copies of this statement are available at the registered office of Clean Air Power Limited at:
Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

5. Accounting Polices
The Group and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as they apply to the financial statements of the Group for the year ended 31 December 2008.

The preliminary results for the year ended 31 December 2008 have been approved by the Directors. Our auditors have issued an unqualified audit report on the results for the year ended 31 December 2008. The financial information set out above does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.