

# PRELIMINARY RESULTS

For the year ended 31 December 2014

John Pettitt  
Chief Executive

Neill Skinner  
Chief Financial Officer



# CLEAN AIR POWER



# Underlying Results<sup>1</sup>

**Dual-Fuel™ System Sales**  
(£m)



**Other Revenue**  
(£m)



**Cash Overheads<sup>2</sup>**  
(£m)



**Revenue Less Cash Costs<sup>3</sup>**  
(£m)

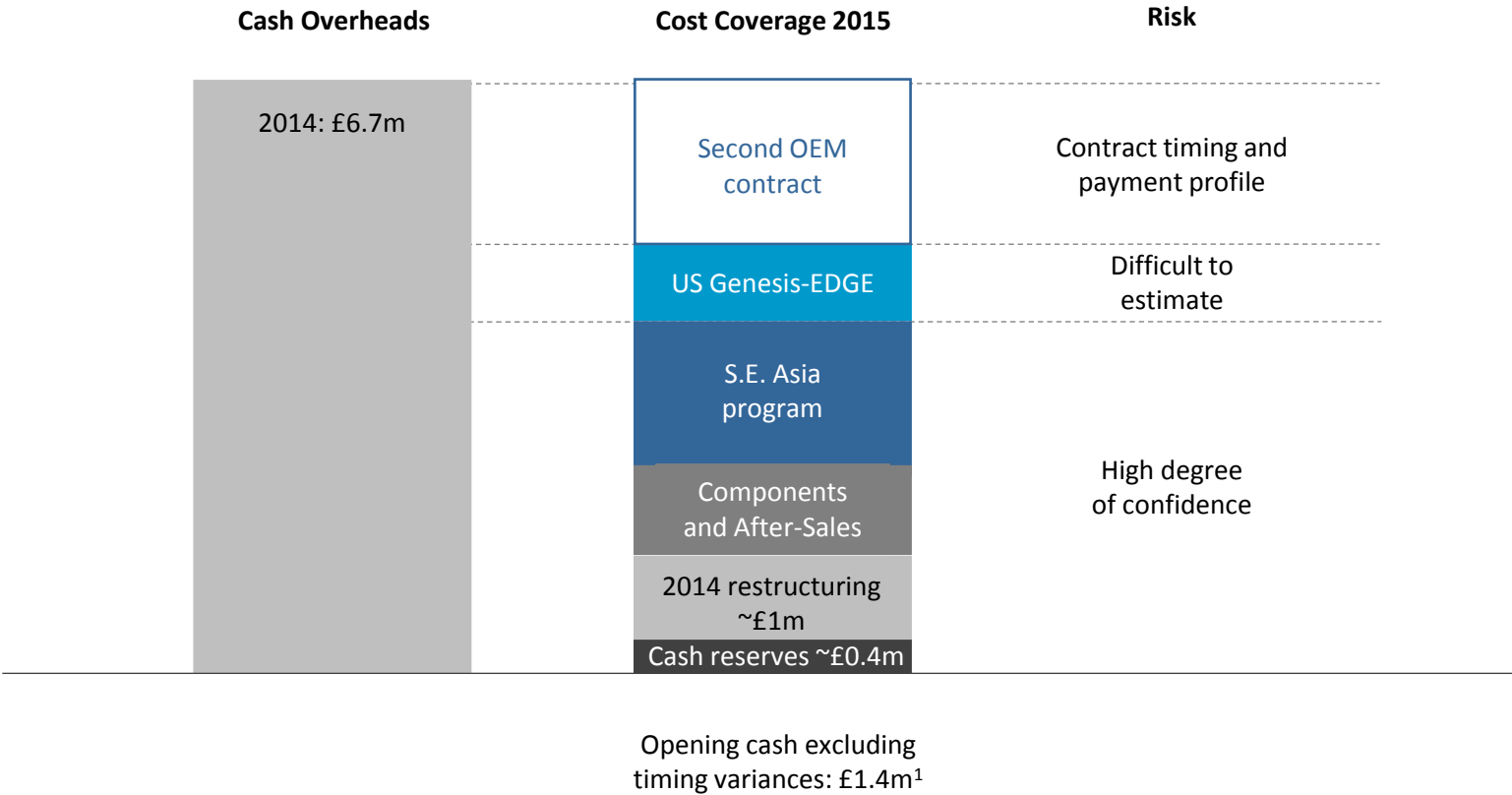


<sup>1</sup> Underlying results exclude non-recurring income in 2013 and restructuring costs in 2014

<sup>2</sup> Cash overheads are admin costs *less* depreciation, amortisation, impairment charges and share-based payments *plus* capitalised development and software costs

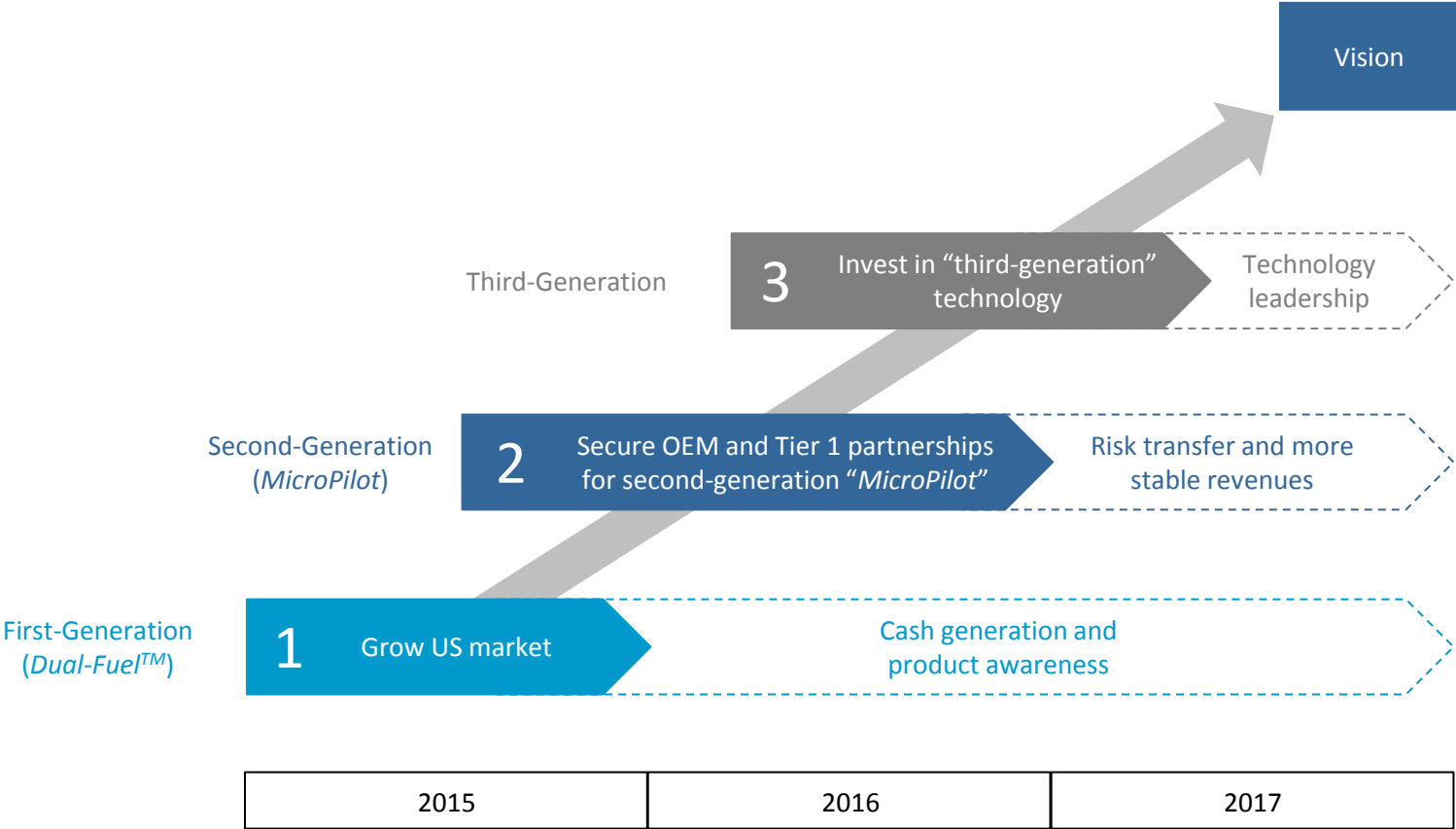
<sup>3</sup> Revenue less cash costs is revenue less cost of sales less cash overheads

# 2015 Cash



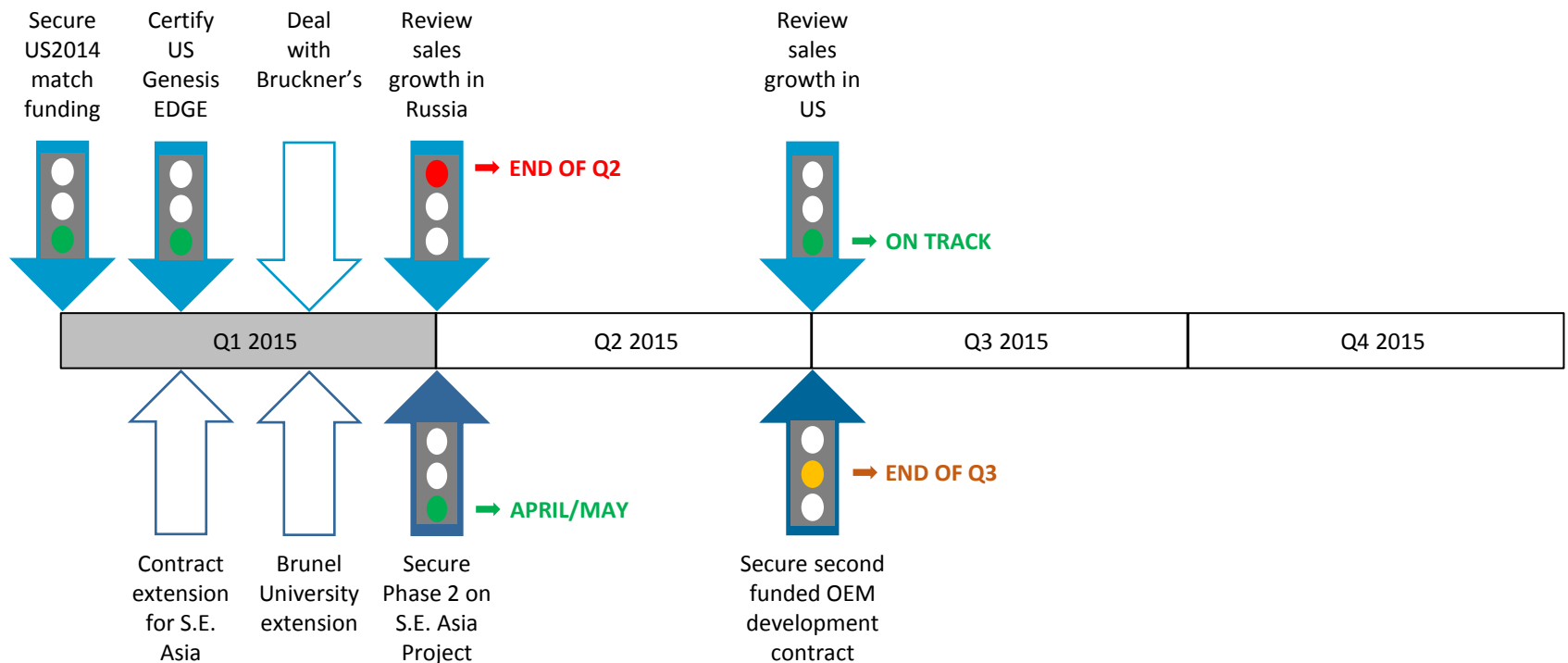
<sup>1</sup> Actual cash at 31 December 2014 was £2.2m

# Strategy



# Progress on Strategic Milestones

## First-Generation *Dual-Fuel*<sup>TM</sup>



## Second-Generation *MicroPilot*

# Summary



## INHERENT UNCERTAINTIES

Timing of a second OEM program

Timing of contract cash flows

Estimating US sales

Minimal headroom

Capital markets

## GREAT OPPORTUNITY

Only certified *Dual-Fuel™* system in the US

Confident about S.E. Asia Phase 2

*MicroPilot* system on sale in 2017

University research programs delivering results

*MicroPilot* is an industry game-changer

# Supporting Slides

## HIGHLIGHTS

	2014 £m	2013 £m	Change
<i>Dual-Fuel™</i> systems sold (number of units)	124	387	-68%
<b>Actual results</b>			
<i>Dual-Fuel™</i> systems sales revenue	3.2	6.7	-52%
Other revenue (Engineering Services, After-Sales and Components)	3.6	3.2	+13%
Group revenue	6.8	9.9	-31%
Gross profit	1.6	4.4	-64%
Gross margin (%)	24%	44%	
Operating loss before non-cash items <sup>2</sup>	(3.9)	(0.6)	-550%
Operating loss	(6.3)	(2.0)	-215%
Revenue less cash costs <sup>3</sup>	(5.2)	(2.4)	-117%
Loss per share (p)	(2.55p)	(0.85p)	-200%
<b>Underlying results<sup>1</sup></b>			
<i>Dual-Fuel™</i> systems sales revenue	3.2	6.0	-47%
Other revenue (Engineering Services, After-Sales and Components)	3.6	2.2	+64%
Group revenue	6.8	8.2	-17%
Gross profit	2.1	2.7	-22%
Gross margin (%)	31%	33%	
Operating loss before non-cash items <sup>2</sup>	(3.2)	(2.3)	-39%
Operating loss	(5.2)	(3.7)	-41%
Revenue less cash costs <sup>3</sup>	(4.5)	(4.1)	-10%
Loss per share (p)	(2.12p)	(1.72p)	-23%
Net decrease in cash and cash equivalents before financing activities	(2.9)	(3.9)	26%
Cash and cash equivalents	2.2	4.0	-45%
Net current assets	1.4	5.5	-75%
Shareholders' funds	5.1	10.0	-49%

- Underlying results exclude non-recurring income in 2013 (£1.7m) and non-recurring costs in 2014 which are set out in the table below.
- Non-cash items are: depreciation of £0.1m (2013: £0.2m), amortisation £1.9m (2013: £1.2m), impairment charges £0.4m (2013: £nil) and share-based payments £0.08m (2013: £0.04m).
- Revenue less cash costs is an internal performance measure calculated as operating loss before non-cash items less capitalised development expenditure and capitalised software



## GROUP INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Revenue	3	6,756	9,930
Cost of sales		(5,118)	(5,562)
Gross profit		1,638	4,368
Administrative expenses		(7,509)	(6,321)
Impairment charge		(393)	-
Share-based payments charge		(80)	(44)
Operating loss	4	(6,344)	(1,997)
Loss on ordinary activities before finance revenue, finance costs and taxation		(6,344)	(1,997)
Finance revenue	6	18	9
Finance costs	7	(3)	(13)
Loss on ordinary activities before taxation		(6,329)	(2,001)
Income tax credit (Research & Development related)	10	95	326
Loss for the year attributable to Equity holders of the parent		(6,234)	(1,675)
Basic and diluted loss per share	11	(2.55p)	(0.85p)

All items dealt with in arriving at loss for the current and prior year above relate to continuing operations.

## GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Assets</b>			
Non-current assets			
Plant and equipment	12	338	286
Intangible assets	13	3,463	4,276
		3,801	4,562
Current assets			
Inventories	14	716	1,759
Trade and other receivables	15	875	2,755
Tax receivables	10	156	-
Cash and cash equivalents	16	2,157	4,006
		3,904	8,520
<b>TOTAL ASSETS</b>		<b>7,705</b>	<b>13,082</b>
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the parent			
Ordinary share capital	17	159	144
Share premium		27,977	27,001
Translation reserve		1,048	806
Other reserves		33,504	33,504
Accumulated loss		(57,590)	(51,421)
<b>TOTAL EQUITY</b>		<b>5,098</b>	<b>10,034</b>
Non-current liabilities			
Trade and other payables	21	88	5
Provisions	19	43	43
		131	48
Current liabilities			
Trade and other payables	18	1,142	1,804
Provisions	19	869	912
Deferred revenue	20	465	284
		2,476	3,000
<b>TOTAL LIABILITIES</b>		<b>2,607</b>	<b>3,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,705</b>	<b>13,082</b>

## GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

		2014	As restated (Note 2) 2013
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Loss for the period		(6,234)	(1,675)
Adjustments for:			
Income tax credits		(95)	(326)
Net finance (revenue)/cost		(15)	4
Depreciation, amortisation and impairment charges	12	2,390	1,365
Share-based payments		80	44
Working capital movements		2,377	(1,427)
Non-cash foreign exchange and other movements		(31)	(181)
		(1,528)	(2,196)
Income tax received		-	326
Interest received	6	18	9
Interest paid	7	(3)	(13)
<b>Net cash outflow from operating activities</b>		<b>(1,513)</b>	<b>(1,874)</b>
<b>Investing activities</b>			
Payments to acquire plant and equipment		(48)	(202)
Sale of plant and equipment	12	11	3
Payments to acquire intangible assets	13	(1,323)	(1,844)
<b>Net cash outflow from investing activities</b>		<b>(1,360)</b>	<b>(2,043)</b>
<b>Financing activities</b>			
Proceeds from the issue of ordinary share capital	22	1,055	5,104
Share issue costs	22	(64)	(414)
<b>Net cash inflow from financing activities</b>		<b>991</b>	<b>4,690</b>
Net (decrease)/increase in cash and cash equivalents		(1,882)	773
Net foreign exchange differences		33	29
Cash and cash equivalents at 1 January		4,006	3,204
<b>Cash and cash equivalents at 31 December</b>	<b>16</b>	<b>2,157</b>	<b>4,006</b>

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