For immediate release **4 April 2013**

Clean Air Power Limited

("Clean Air Power" or "the Company")

Preliminary Announcement of Results for the year ended 31 December 2012

Clean Air Power Limited (AIM:CAP) the developer of Dual-Fuel™ combustion technology for heavy-duty diesel engines today announces its Preliminary Results for the 12 month period ended 31 December 2012.

Financial Highlights

- Group revenue increased by 73% to £7.94m, (2011: £4.59m)
- Revenue from Dual-Fuel™ division increased by 101% to £6.64m, (2011: £3.30m)
- Gross profit increased to £3.52m (2011: £2.56m), driven by Dual-Fuel™ systems and development revenue
- £3.20m of cash at 31 December 2012, (2011: £2.42m)
- £3.35m (before expenses) successfully raised through equity issue in September 2012

Operational Highlights

- Increasing interest in our European products resulted in a total of 300 sales of our Dual-Fuel™ systems (70 system sales in 2011)
- Major European Manufacturer commenced factory production of Heavy Duty trucks incorporating Clean Air Power Dual-Fuel™ engine management software
- Successful evaluation of Genesis-EDGE product for the North American market
- Successful development and launch of Renault Magnum Genesis-EDGE Dual-Fuel™ variant for the European market
- Order delivered for 49 Genesis-EDGE Dual-Fuel™ systems to Sainsbury's
- Order delivered for 27 Genesis-EDGE Dual-Fuel™ systems for a major logistics organisation in the UK
- Order received for 82 Genesis-EDGE Dual-Fuel™ systems for HAM Cryogenica
- Payment received from Navistar for $1.3m for work done in 2010 on the Concept Ready Phase of a Dual-Fuel™ development project

Post Period End

- Euro 6 prototype R&D funding awarded by Niche Vehicle Network for after-treatment packaging development in partnership with Eminox Limited
- Agreed two year funded research project in partnership with Brunel University aimed at developing the next generation of advanced Dual-Fuel combustion systems using natural gas and diesel. The project will be carried out at Brunel University's Centre for Advanced Powertrains and Fuels

Financial Headline Results

	Year Ended 31 December 2012 £'000	Year Ended 31 December 2011 £'000
Group Revenue	7,942	4,585
Operating Loss	(2,221)	(2,245)
Loss after tax	(2,220)	(2,240)
Basic and diluted loss per share	(1.53p)	(2.13p)

Commenting on Clean Air Power's full year results, John Pettitt, CEO said:

"The January 2012 European OEM production commencement has seen Clean Air Power become a tier one system supplier under a Supply Agreement for an initial period up to July 2015. This achievement has been complemented by commercial success in Europe with our Genesis-EDGE product including the delivery of 49 systems to Sainsbury's and further deliveries to other major fleet operators in the UK and Spain.

The Dual-Fuel™ division's sales increased by 101% during 2012, which was mainly supported by revenue from sales of our European OEM product and Genesis-EDGE Dual-Fuel™ system sales which totalled 300 during the year. Strong margins have been maintained despite a change in sales mix during the year."

For further details please contact

Clean Air Power Tel: +44 (0)1772 624 499
John Pettitt, Chief Executive
Peter Rowse, Finance Director

Citigate Dewe Rogerson Tel: +44 (0)20 7638 9571
Chris Gardner
Malcolm Robertson

Cantor Fitzgerald Europe Tel: +44 (0)20 7894 7684
Mark Percy / David Foreman (Corporate Finance)
David Banks (Corporate Broking)

Notes to Editors:

About Clean Air Power

Clean Air Power is a developer and Tier 1 supplier of Dual-Fuel™ engine management systems for heavy duty diesel engines.

Dual-Fuel™ engines can run primarily on natural gas and this provides a number of important cost and environmental benefits to an operator without sacrificing the original diesel engine's characteristic efficiency or reliability. Due to the lower cost of natural gas compared to diesel, Dual-Fuel™ engines can substantially reduce an operator's fuel costs. Furthermore, by substituting diesel with up to 85% clean natural gas, greenhouse gas emissions produced by heavy goods and commercial vehicles are substantially reduced. The increasing abundance of natural gas and the rollout of natural gas refueling infrastructure in Europe and North America is further driving the growth of the company.

The Boards of many major operators have set clear objectives to reduce the carbon produced by their road transport fleet but without increasing costs. Clean Air Power's technology provides a solution to these carbon reduction objectives, while actually reducing their operating overheads. Governments throughout the world are faced with the need to reduce carbon emissions which will only be achieved by using alternate fuels such as natural gas.

Over £50m has been invested in the Company to develop the engine management software since 1991 with the result that 69 patents are currently held or pending. The Company operates from facilities in the UK, US and Australia with the holding Company of the Group based in Bermuda. 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

Clean Air Power is a supplier of market leading technology that delivers proven reductions in carbon emissions, along with significant fuel cost savings to operators of trucks and other vehicles.

2012 has been a year of strong progress for Clean Air Power with Group revenues increasing to £7.94 million and revenues from sales of our Dual-Fuel™ systems increasing to £6.64 million. Growing interest in our European products resulted in a total of 300 sales of our Dual-Fuel™ systems, a combination of both our own Genesis-EDGE product and sales to our European OEM partner.

The year began with the achievement of a key strategic milestone when, in January 2012, our major European vehicle manufacturing partner began factory production of heavy-duty trucks incorporating our patented Dual-Fuel™ engine technology.

This OEM (Original Equipment Manufacturer) product provides strong validation of Clean Air Power's Dual-Fuel™ engine management system which underwent a process of detailed testing and verification before being accepted by the one of the most quality conscious manufacturers in the world.

We are also pleased with the progress made with our Genesis-EDGE product in Europe where increasing interest amongst fleet operators has resulted in significant sales of Genesis-EDGE to customers in the UK and Spain during the year. Our Genesis-EDGE product can be retrofitted directly onto customers' existing vehicles and whilst the focus to progress with further OEM relationships remains, Genesis-EDGE gives the Company greater control over the time to market and helps to validate the technology to future OEMs.

Having successfully entered the European market with an OEM partnership and a Euro 5 emissions compliant Genesis-EDGE product, the current priority is to access the important North American market by applying the same business model. North America has abundant domestic natural gas resources and powerful economic, environmental and energy security drivers.

In August 2012 the Board approved an 18 month development program to bring a Genesis-EDGE product to the North American market. Significant progress has since been made developing the Genesis-EDGE product and the Company will exhibit the first prototype vehicle at the Alternative Clean Transportation (ACT) EXPO in June 2013. Six months into the project, the Company expects the project costs to be slightly higher than first considered although the timing of trial vehicle and product launch remains broadly in line with the original plan. The Company's plans include a significant grant that is anticipated to be received towards the development activity and the fleet trials for our US Genesis-EDGE program. The Company has already received interest from a number of major fleet customers and anticipates that the first trial vehicles will be on the road and undergoing validation by the end of 2013, with production commencing in early 2014.

While we are excited by the prospect of addressing the North American demand with our Genesis-EDGE product, our broader strategy remains to establish OEM partnerships in North America to integrate our Dual-Fuel™ engine management system on to their future engine platforms.

The equity fundraising in September 2012, which raised a further £3.35m before expenses, demonstrated continuing investor confidence in our technology, strategy and commercial progress.

Our momentum has continued into the start of 2013 with customers having already placed more than 150 new orders either with Clean Air Power or our European OEM partner for Dual-Fuel™ systems. Factory production by our European OEM partner has also increased and we have delivered 20 of our Genesis-EDGE branded systems to a customer in Spain.

The goal for 2013 will be to continue the significant progress made in 2012 by growing sales of our Dual-Fuel™ system in Europe and other target markets and by completing the development of our Genesis-EDGE product for the North American market. At the same time we will continue our discussions with partners aimed at future OEM products

In conclusion I would like to thank John Pettitt and the team for making 2012 such a successful year in terms of revenue growth and building a platform for further growth in 2013 and beyond.

Financial Results

The Company has benefited from a strong performance from the flagship Dual-Fuel™ division during this financial year which saw group revenues increase to £7.94m (2011: £4.59m).

The gross profit margin for the Group remained strong at 44% (2011: 56%), despite a change in sales mix.

Gross profit increased to £3.52m (2011: £2.56m) following strong performance from the flagship Dual-Fuel™ division.

Operating losses for the year reduced to £2.22m (2011: £2.24m).

Loss per share reduced to 1.53p (2011: 2.13p), following the issue of new capital.

Cash on hand at 31 December 2012 was £3.20m (2011: £2.42m). This reflects proceeds of the Placing of new ordinary shares in October which raised approximately £3.35m before expenses.

The net assets of the Group at the year end totalled £7.13m (2011: £6.22m). Net current assets at the year end amounted to £3.29m (2011: £2.19m) of which £3.20m relates to cash balances (2011: £2.42m).

Business Review

Clean Air Power has two commercial divisions: Dual-Fuel™ vehicle systems and Components. Operations take place in the USA, UK and Australia.

Dual-Fuel™ Division

There are three revenue streams derived from this division: sales of Dual Fuel™ systems to manufacturers for installation on their production lines, complete conversions of customers' vehicles on a retrofit basis carried out by Clean Air Power and revenue from engineering services provided to manufacturers or third parties.

2012 was a successful year for the division as revenues increased to £6.64m compared with £3.30m in 2011. This represents a 101% increase mainly due to revenue from our European OEM partner and Genesis-EDGE vehicle system sales. In addition to increasing OEM volumes and orders from existing customers including Sainsbury's, we secured new orders from a major logistics company, and a European logistics operator to supply our Renault Magnum Genesis-EDGE variant into Spain. Engineering development activity with our OEM partners has also seen a significant increase.

Components Division

In 2012 sales remained steady at £1.30m from £1.28m in 2011, which was in line with expectations. 2013 has begun positively and forward orders in hand already total approximately £0.54m. Sales and operational activities in relation to the former Emissions Division have now been consolidated into our Components Division following a relocation of this business from Houston, Texas to our US facility in San Diego.

Outlook

A key milestone in 2012 was the start of OEM factory production and Clean Air Power beginning to realise the benefits of a large multinational manufacturer promoting and distributing our Dual-Fuel™ engine management software. Increased sales levels, in many cases to important and influential operators, have increased product awareness in a number of markets and recognition of the ability of our product to reduce emissions and fuel costs for operators.

Clean Air Power's primary goal for 2013 is to begin to replicate our success in Europe in the large and growing North American market where the availability and relatively low cost of natural gas is driving customer demand for natural gas vehicles. Our ultimate strategy is to develop an OEM product with a US partner, as we have in Europe. However, in the shorter term we are also moving forwards with our US Genesis-EDGE program which will provide the Company with better control over the development activity and timings of a US product launch. This product will allow Clean Air Power to meet demand from both existing and potential customers in North America. To this end, Genesis-EDGE trucks are expected to be commercially available in early 2014 and discussions with potential US partners continue.

In Europe we are delighted to have made such good progress with our OEM partner and we continue to discuss cooperation opportunities with other potential partners in respect of future engine platforms in this market.

We also intend to continue to grow sales of our Genesis-EDGE product following the success of 2012 and will be working to maintain the increased momentum in orders from our OEM partner.

In order to access the 2014 target markets for our existing Euro 5 product, including Russia and Brazil, we also expect to undertake some engineering activity to develop our technology in line with enhancements made to the manufacturer's base diesel truck, for both our Genesis-EDGE and OEM products.

The progress made in 2012 has demonstrated the strength of our business model and demand for our products at a time when there is exciting growth in the markets for natural gas vehicles. We have a proven product offering and a strong team with excellent experience that ensures that the Company is well placed to deliver the North American Genesis-EDGE project and capitalise on other opportunities for the future.

CONSOLIDATED INCOME STATEMENT

	Notes	**Year ended 31 December 2012**	Year ended 31 December 2011
		£'000	£'000
Revenue	1	**7,942**	4,585
Cost of sales		**(4,424)**	(2,022)
Gross profit		**3,518**	2,563
Administrative expenses		**(5,710)**	(4,668)
Share-based payments charge		**(29)**	(140)
Operating loss		**(2,221)**	(2,245)
Loss on ordinary activities before finance revenue, finance costs and taxation		**(2,221)**	(2,245)
Finance revenue		**2**	5
Finance costs		**(1)**	-
Loss on ordinary activities before taxation		**(2,220)**	(2,240)
Tax expense		**-**	-
Loss for the year attributable to Equity holders of the parent		**(2,220)**	(2,240)
Basic and diluted loss per share	2	**(1.53p)**	(2.13p)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Loss for the year	**(2,220)**	(2,240)
Exchange differences on translation of foreign operations	**(113)**	(9)
Other comprehensive loss for the year	**(113)**	(9)
Total comprehensive loss for the year	**(2,333)**	(2,249)
Attributable to:		
Equity holders of the parent	**(2,333)**	(2,249)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Assets		
Non-current assets		
Plant and equipment	**235**	190
Intangible assets	**3,658**	3,839
	3,893	4,029
Current assets		
Inventories	**1,208**	670
Trade and other receivables	**1,102**	816
Cash and cash equivalents	**3,204**	2,422
	5,514	3,908
TOTAL ASSETS	**9,407**	7,937
Equity and liabilities		
Equity attributable to equity holders of the parent		
Ordinary share capital	**109**	83
Share premium	**22,346**	19,160
Translation reserve	**962**	1,075
Other reserves	**33,504**	33,504
Accumulated loss	**(49,790)**	(47,599)
Total equity	**7,131**	6,223
Non current liabilities		
Trade and other payables	**11**	-
Provisions	**43**	-
	54	-
Current liabilities		
Trade and other payables	**1,715**	1,027
Provisions	**425**	393
Deferred revenue	**82**	294
	2,222	1,714
TOTAL LIABILITIES	**2,276**	1,714
TOTAL EQUITY AND LIABILITIES	**9,407**	7,937

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Cash flows from operating activities		
Loss on ordinary activities before taxation	**(2,220)**	(2,240)
Adjustments for:		
Net finance revenue	**(1)**	(5)
Depreciation of plant and equipment	**111**	119
Amortisation of intangibles	**1,019**	311
Share-based payments	**29**	140
(Increase)/decrease in trade and other receivables	**(286)**	526
Increase/(decrease) in trade and other payables	**665**	(105)
(Increase)/decrease in inventories	**(538)**	169
Increase/(decrease) in provisions	**75**	(67)
(Decrease)/increase in deferred revenue	**(212)**	137
Other non-cash movements	**14**	4
Net cash outflow from operating activities	**(1,344)**	(1,011)
Investing activities		
Interest received	**2**	5
Payments to acquire plant and equipment	**(141)**	(49)
Sale of plant and equipment	**(6)**	4
Payments to acquire intangible assets	**(954)**	(1,915)
Net cash outflow from investing activities	**(1,099)**	(1,955)
Financing activities		
Interest expense	**(1)**	-
Proceeds from the issue of ordinary share capital	**3,357**	3,129
Share issue costs	**(145)**	(149)
Net cash inflow from financing activities	**3,211**	2,980
Net increase in cash and cash equivalents	**768**	14
Net foreign exchange differences	**14**	(2)
Cash and cash equivalents at 1 January	**2,422**	2,410
Cash and cash equivalents at 31 December	**3,204**	2,422

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Share premium	Translation reserve	Other reserves	Accumulated loss	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 January 2011	**44**	**16,219**	**1,084**	**33,504**	**(45,499)**	**5,352**
Comprehensive income						
Loss for the year	**-**	**-**	**-**	**-**	(2,240)	(2,240)
Other comprehensive income						
Exchange differences on retranslation of overseas operations	**-**	**-**	(9)	**-**	-	(9)
Total comprehensive loss for the year	**-**	**-**	**(9)**	**-**	**(2,240)**	**(2,249)**
Share-based payments	-	-	-	-	140	140
On issue of new shares	39	3,090	-	-	-	3,129
Share issuance costs	-	(149)	-	-	-	(149)
Balance at 31 December 2011	**83**	**19,160**	**1,075**	**33,504**	**(47,599)**	**6,223**
Comprehensive income						
Loss for the year	**-**	**-**	**-**	**-**	**(2,220)**	**(2,220)**
Other comprehensive income						
Exchange differences on retranslation of overseas operations	**-**	**-**	**(113)**	**-**	**-**	**(113)**
Total comprehensive loss for the year	**-**	**-**	**(113)**	**-**	**(2,220)**	**(2,333)**
Share-based payments	**-**	**-**	**-**	**-**	**29**	**29**
On issue of new shares	**26**	**3,331**	**-**	**-**	**-**	**3,357**
Share issuance costs	**-**	**(145)**	**-**	**-**	**-**	**(145)**
Balance at 31 December 2012	**109**	**22,346**	**962**	**33,504**	**(49,790)**	**7,131**

NOTES :

1. Segment information

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

	Year ended 31 December 2012 £'000			
	Dual-Fuel™	**Components**	**Adjustments and eliminations**	**Total**
Revenue				
Third party sale of goods (1)(8)	5,400	1,305	-	6,705
Third party rendering of services (1)(8)	1,237	-	-	1,237
Inter-segment (2)	918	-	(918)	-
Total revenue	7,555	1,305	(918)	7,942
Depreciation and amortisation (3)	(1,125)	(24)	19	(1,130)
Operating loss(4)	(2,381)	196	(36)	(2,221)
Net finance income				1
Loss for the year				**(2,220)**
Assets				
Operating assets (5)	5,329	234	(49)	5,514
Provisions (6)	400	75	(7)	468
Operating liabilities including provisions (6)	1,988	284	(7)	2,265
Other disclosures				
Capital expenditure (7)	**1,087**	**31**	**-**	**1,118**

1. Dual-Fuel™ conversion segment includes revenue arising from development activity
2. Inter-segment revenues are eliminated on consolidation (£918,000)
3. Depreciation eliminated (£19,446) following transfer of intangible assets to Clean Air Power Inc.
4. Elimination of intragroup management charges (£63,759) and intragroup foreign exchange gains and losses (£22,094)
5. Adjustment to profit in inventory (£48,536)
6. Adjustment to provisions (£7,210)
7. Capital expenditure consists of additions to plant and equipment and intangible assets
8. Revenue from one customer amounted to £2,265,108 arising from sales related to the Dual-Fuel™ and Components segment.
9. During the year the Emissions Reduction segment merged with the Components segment.

	Year ended 31 December 2011 £'000			
	Dual-Fuel™	**Components**	**Adjustments and eliminations**	**Total**
Revenue				
Third party sale of goods (1)(8)	2,474	1,281	-	3,755
Third party rendering of services (1)(8)	830	-	-	830
Inter-segment (2)	516	-	(516)	-
Total revenue	3,820	1,281	(516)	4,585
Depreciation and amortisation (3)	(399)	(37)	6	(430)
Operating loss (4)	(1,717)	(394)	(134)	(2,245)
Net finance income				5
Loss for the year				**(2,240)**
Assets				
Operating assets (5)	2,306	1,645	(43)	3,908
Provisions (6)	216	186	(9)	393
Operating liabilities including provisions	1,256	467	(9)	1,714
Other disclosures				
Capital expenditure (7)	1,939	25	**-**	**1,964**

1. Dual-Fuel™ conversion segment includes revenue arising from development activity
2. Inter-segment revenues are eliminated on consolidation (£516,000)

3. Depreciation eliminated (£6,367) following transfer of intangible assets to Clean Air Power Inc.
4. Elimination of intragroup management charges (£77,000) and intragroup foreign exchange gains and losses (£53,027)
5. Adjustment to profit in inventory (£42,602)
6. Adjustment to provisions (£9,244)
7. Capital expenditure consists of additions to plant and machinery and intangibles
8. Revenue from one customer amounted to £1,843,953 arising from sales related to the Dual-Fuel™ and Components segment.
9. In 2012 the Emissions Reduction segment merged with the Components segment. All prior year results have been restated within the Components segment.

Geographical Information

	Year ended 31 December 2012	Year ended 31 December 2011
Revenues from external customers:	**£'000**	£'000
UK	**2,115**	385
USA	**1,969**	965
Australia	**103**	1,072
Rest of Europe	**3,749**	1,996
Rest of World	**6**	167
	7,942	4,585

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

Non-current assets

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
UK	**1,633**	1,338
USA	**2,257**	2,685
Australia	**3**	6
	3,893	4,029

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.

	2012 £'000	2011 £'000
Loss for the year	**(2,220)**	(2,240)
Weighted average number of shares	**145,321,900**	104,983,416
Basic and diluted loss per share	**(1.53p)**	(2.13p)

The loss for the year and the weighted average number of ordinary shares for calculating the diluted earnings per share for the year to 31 December 2012 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. Accounting Polices

The preliminary results have been prepared on the same basis as the Group and Company's annual financial statements which were 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 2012. There have been no changes in accounting policies during the year.

The Group has long-term relationships with a number of customers and suppliers in different countries and industries which provide an element of comfort to support the prospects for different areas of the business. However, it is acknowledged that, in the current economic climate, it is difficult to predict the timing and extent of future revenues with certainty for a company at this stage of potentially rapid growth.

After making enquiries and preparing forecasts of trading results which consider the potential effect on cash of reasonably foreseeable sales variances, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The preliminary results for the year ended 31 December 2012 have been approved by the Directors on 3 April 2013. Our auditors have issued an unqualified audit report on the results for the year ended 31 December 2012.

5. Annual Report and Accounts

Copies of the Annual Report will be posted to shareholders shortly and together with this document will be available on the Company's website, www.cleanairpower.com and from the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and from the Company's UK office at Aston Way, Leyland, Lancashire, PR26 7UX.