For immediate release **14 March 2014**

Clean Air Power Limited

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

Preliminary Announcement of Results for the year ended 31 December 2013

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 2013.

Financial Highlights

- Group revenue increased by 25% to £9.93m (2012: £7.94m)
- Revenue from Dual-Fuel™ division increased by 24% to £8.23m (2012: £6.64m)
- Gross profit increased to £4.37m (2012: £3.52m) driven by Dual-Fuel™ systems and development revenue
- Gross margin maintained at 44%
- £4.00m in cash at 31 December 2013 (£3.20m as at 31 December 2012)
- £5.10m equity raise (gross) successfully completed in August 2013 with participation by two new strategic investors: Ervington Investments Ltd, the ultimate beneficial owner of which is Roman Abramovich, and Ms Zara Shvidler

Operational Highlights

- 387 Dual-Fuel™ systems sold (2012: 300)
- Co-operation agreement signed with Ricardo Inc. in September 2013 for the development of Dual-Fuel engines for potential OEM partners significantly increasing capacity to bring new products to market
- Significant US development contract confirmed for approximately £1.7m to support US Genesis-EDGE development – funds provided by the California Energy Commission ('CEC')
- Prototype US Genesis-EDGE product exhibited in June 2013 at the Alternative Clean Transportation EXPO in Washington DC, the largest alternative fuels vehicle exhibition in the world
- Agreement reached with UPS in August 2013 to support fleet trials for the US Genesis-EDGE product on 10 UPS vehicles ahead of 2014 planned launch
- Two year funded research project commenced in January 2013 in partnership with Brunel University aimed at developing the next generation of advanced Dual-Fuel combustion system
- Trials of Euro 5 Genesis-EDGE product commenced in December 2013 in Russia ahead of planned launch in 2014

Post Period End

- The Ricardo cooperation delivered first revenue: a funded concept study with a global truck manufacturer to develop a Dual-Fuel engine for a South East Asian market
- Further order received in February 2014 for 50 Genesis-EDGE systems from Sainsbury's, a major supermarket in the UK, bringing their Dual Fuel fleet to more than 100 trucks
- Further £0.50m order for 19 Genesis-EDGE systems received in February 2014 from global parcel company in the UK also bringing their Dual Fuel fleet to more than 100 trucks
- Components order for £0.30m received in February 2014 to supply gas injectors for global truck manufacturer's new product launch into Russia

Financial Headline Results

	Year Ended 31 December 2013 £'000	**Year Ended 31 December 2012 £'000**
Group Revenue	9,930	7,942
Operating Loss	(1,997)	(2,221)
Loss after tax	(1,675)	(2,220)
Basic and diluted loss per share	(0.85p)	(1.53p)

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

"In 2013 Clean Air Power has delivered a strong performance, in line with market expectations, driven largely by the sales growth of our European products. In 2014 we intend to launch our Dual Fuel products into the US and Russian markets where domestic natural gas reserves provide a strong driver for adoption and where we believe there is latent demand.

Clean Air Power is established as a global leader in Dual Fuel technology and we are very encouraged by the tangible progress and further opportunities generated by our Ricardo cooperation agreement. This will allow us to develop more products more quickly to address the global growing demand that is evident from both manufacturers and operators."

For further details please contact

Clean Air Power Ltd	**Citigate Dewe Rogerson**	**Cantor Fitzgerald Europe (Nominated Adviser & Joint Broker)**	**Peat & Co (Joint Broker)**
John Pettitt	Chris Gardner	Mark Percy/David Foreman (Corporate Finance)	Charlie Peat
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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 refuelling 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

I am pleased to report that 2013 has been a year of good progress for Clean Air Power with Group revenues increasing by 25% to £9.93m. Growing interest in our European products resulted in a total of 387 sales of our Dual-Fuel™ systems, a combination of both our own Genesis-EDGE product and sales to our European OEM (Original Equipment Manufacturer) partner.

We were pleased with this acceptance of our Genesis-EDGE product by operators in Europe where increasing interest amongst fleet operators has resulted in significantly increased sales. This is despite some constraints on the production levels of Dual-Fuel vehicles by our European OEM partner ahead of the introduction of Euro 6 emissions standards in Europe in 2014. However, the high level of Euro 5 vehicle purchases made by operators at the end of 2013 has also led to an increased supply of vehicles available to retrofit in 2014.

Having gained success entering the European market with an OEM partnership and a Genesis-EDGE retro-fit product, much of our engineering activity during the year has focused on the development of a Genesis-EDGE product for the North American market. North America has abundant domestic natural gas resources and powerful economic, environmental and energy security drivers to use this gas as opposed to imported oil. We intend to distribute and install our US Genesis-EDGE product using truck dealers for a major global truck OEM company. In doing so we access a wide geographical area with a variable cost sales and installation resource. Discussions with these dealers are progressing well.

In June 2013 we exhibited our Genesis retro fit product at the Alternative Clean Transportation (ACT) EXPO. We generated a high level of interest at the show that led to an agreement with UPS for our Genesis conversions being installed on 10 of their trucks for testing and optimisation. These installations commenced service in December 2013 and initial feedback has been very positive.

We are encouraged by the public statements made by President Obama and President Putin confirming firm intention to increase the use of their respective domestic natural gas reserves in order to reduce reliance on imported oil.

Accordingly, we have taken significant steps to develop the growing Russian market where the Government has set out ambitious plans to encourage the use of natural gas as a road fuel throughout the country. Our plans include relatively prudent sales volumes for Russia during this initial launch year with a stronger ramp up in 2015 and thereafter.

Important new strategic investors were attracted in the equity fundraising in August 2013, which raised a further £5m before expenses. Ervington Investments Ltd, whose beneficial owner is Roman Abramovich, and Ms Zara Shvidler, committed to subscribe if necessary for the whole £5m, but were scaled back due to significant institutional interest. They now each hold approximately 1.5% of the enlarged share capital of the Company.

Our clear medium term goal remains to develop new OEM relationships and this strategy has been greatly enhanced by the co-operation agreement signed with Ricardo Inc in September. This five year agreement provides additional credibility, expertise and variable cost engineering resource as we seek to accelerate the adoption of our technology by global manufacturers. The funded concept study with a South East Asian global truck manufacturer to develop a Dual-Fuel engine is the first tangible result of this partnership.

In conclusion, I would like to thank John Pettitt and the team for making 2013 such a successful year in terms of revenue growth and building a platform for further growth in 2014 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 £9.93m (2012: £7.94m).

The gross profit margin for the Group remained strong at 44% (2012: 44%), despite a change in sales mix.

Gross profit increased to £4.37m (2012: £3.52m) following strong performance from the flagship Dual-Fuel™ division.

Operating losses for the year reduced to £1.99m (2012: £2.22m).

Loss per share reduced to 0.85p (2012: 1.53p), following the issue of new capital.

Cash on hand at 31 December 2013 was £4.00m (2012: £3.20m).

Net current assets at 31 December 2013 were £5.52m (2012: Net current assets £3.29m), mainly due to higher cash balances following equity raise in August 2013.

Business Review

Clean Air Power is now demonstrably a leading provider of Dual-Fuel technology worldwide evidenced by the sales growth of our European products achieved in 2013, plans to launch Genesis-EDGE products into the US and Russian markets and the cooperation agreement entered into with Ricardo.

A total of more than 2,500 vehicles have already been converted using Clean Air Power's Dual-Fuel™ technology in many countries around the world. These vehicles, along with the successful launch of an OEM product in partnership with a major European truck manufacturer, provide strong validation of the quality of our technology and of the credibility of the Company.

Strategy

The broad strategy for Clean Air Power remains to enter into agreements with engine or truck manufacturers whereby our technology is installed in their vehicles as an OEM (interfaced) option and distributed through their normal sales channels. This strategy is designed to provide wide market access and the opportunity for the rapid volume growth that will create real value for our shareholders.

The relationship that we are developing with Ricardo has put Clean Air Power in a position to progress this strategy more quickly than ever before as demonstrated by the recent concept development agreement signed with a South East Asian OEM.

Our agreement with Ricardo and the progress made this year developing the US and Russian markets mean that we are well placed to benefit from the worldwide trend towards the use of natural gas as a road fuel. In the US and Russia in particular, the low cost of natural gas compared to diesel and the expansion of the gas refuelling network is driving demand for natural gas vehicles.

In the short-term, sales of our Genesis-EDGE retrofit system in Europe along with contributions from the US and Russian markets, will continue to generate strong revenues for the Group. Importantly these retrofit sales also validate our technology and demonstrate to potential OEMs the value of our technology to vehicle operators.

Dual-Fuel™ Division

The majority of our 387 Dual-Fuel™ system sales were in Europe, a mixture of sales to our European OEM partner and our Genesis EDGE retrofit system sales sold directly to operators. This part of the business has been showing increasing activity and we expect that momentum to continue into 2014 as sales of our Genesis-EDGE retrofit system grow.

The demonstration of our US Genesis-EDGE product at the ACT Expo in Washington DC created considerable interest and we are on track to certify the system in the first half of 2014; at which time sales will commence. We had a similar positive response when our Euro 5 Genesis EDGE product was exhibited at the GasSuf2013 exhibition in Moscow in October 2013. The first demonstration truck is now running in Russia and we are progressing towards homologation by end of Q2 2014.

Components Division

The increasing demand for natural gas vehicles has created new customers for our range of natural gas components such as injectors, shut off valves and filters. The recent order to supply natural gas injectors for a global truck manufacturer will further enhance the contribution from this division and we intend to increase the marketing of these products to engine developers and OEMs.

Outlook

Global demand for natural gas vehicles is growing strongly and we are seeing increased interest in our products from operators, and also from a number of global automotive manufacturers.

Our strategy is clear: we need to work with these manufacturers to develop OEM agreements whereby our technology is adopted and offered as an OEM option. The partnership with Ricardo has already delivered tangible results in this area and we intend to explore further opportunities to commence development projects with other manufacturers in conjunction with Ricardo.

In the third quarter of 2014 we expect to conclude the concept development project that is now underway funded by a South East Asian global truck manufacturer. If the concept phase is successful, we expect to commence a more substantial second phase to bring an advanced Dual-Fuel engine to the start of production.

In 2014 we expect to continue to increase revenues from our existing retrofit products by increasing sales in Europe and launching products into the US and Russian markets. We will also look to enter into new agreements with OEM partners. These OEM agreements will generate revenues in the medium term, as Clean Air Power is paid for the engineering services required to apply its technology to different OEM engines.

In the longer term, Clean Air Power’s revenues will be generated by the sales of parts and software that is installed on manufacturer’s engines into the rapidly expanding global markets for natural gas vehicles.

The progress made in 2013 has put Clean Air Power in a strong position to capitalise on the increasing use of natural gas as a road fuel taking place in many parts of the world. We have a proven product offering, a valuable strategic partner in Ricardo and a strong management team with excellent experience. We will continue to execute our strategy in 2014 and establish new OEM relationships as well as accessing new markets with our Genesis-EDGE product.

Group Income Statement

	Notes	**Year ended 31 December 2013**	Year ended 31 December 2012
		£'000	£'000
Revenue	1	**9,930**	7,942
Cost of sales		**(5,562)**	(4,424)
Gross profit		**4,368**	3,518
Administrative expenses		**(6,321)**	(5,710)
Share-based payments charge		**(44)**	(29)
Operating loss		**(1,997)**	(2,221)
Loss on ordinary activities before finance revenue, finance costs and taxation		**(1,997)**	(2,221)
Finance revenue		**9**	2
Finance costs		**(13)**	(1)
Loss on ordinary activities before taxation		**(2,001)**	(2,220)
Income tax credit (Research & Development related)		**326**	-
Loss for the year attributable to Equity holders of the parent		**(1,675)**	(2,220)
Basic and diluted loss per share	2	**(0.85p)**	(1.53p)

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

Group Statement of Comprehensive Income

	Notes	**Year ended 31 December 2013**	Year ended 31 December 2012
		£'000	£'000
Loss for the year		**(1,675)**	(2,220)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(156)**	(113)
Total comprehensive loss for the year		**(1,831)**	(2,333)
Attributable to:			
Equity holders of the parent		**(1,831)**	(2,333)

Group Statement of Financial Position

	Notes	**31 December 2013**	31 December 2012
		£'000	£'000
Assets			
Non-current assets			
Plant and equipment		**286**	235
Intangible assets		**4,276**	3,658
		4,562	3,893
Current assets			
Inventories		**1,759**	1,208
Trade and other receivables		**2,755**	1,102
Cash and cash equivalents		**4,006**	3,204
		8,520	5,514
TOTAL ASSETS		**13,082**	9,407
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary share capital		**144**	109
Share premium		**27,001**	22,346
Translation reserve		**806**	962
Other reserves		**33,504**	33,504
Accumulated loss		**(51,421)**	(49,790)
Total equity		**10,034**	7,131
Non current liabilities			
Trade and other payables		**5**	11
Provisions		**43**	43
		48	54
Current liabilities			
Trade and other payables		**1,804**	1,715
Provisions		**912**	425
Deferred revenue		**284**	82
		3,000	2,222
TOTAL LIABILITIES		**3,048**	2,276
TOTAL EQUITY AND LIABILITIES		**13,082**	9,407

Group Statement of Cash Flows

	Notes	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Cash flows from operating activities			
Operating loss for the year		**(1,997)**	(2,221)
Adjustments for:			
Depreciation of plant and equipment		**153**	111
Amortisation of intangibles		**1,212**	1,019
Share-based payments		**44**	29
Increase in trade and other receivables		**(1,653)**	(286)
Increase in trade and other payables		**89**	665
Increase in inventories		**(428)**	(519)
Write back of inventory		**(124)**	(19)
Increase in provisions		**487**	75
Increase/(decrease) in deferred revenue		**202**	(212)
Non-Cash foreign exchange movements		**(181)**	14
		(2,196)	(1,344)
Income tax received		**326**	-
Interest received		**9**	2
Interest paid		**(13)**	(1)
Net cash outflow from operating activities		**(1,874)**	(1,343)
Investing activities			
Payments to acquire plant and equipment		**(202)**	(141)
Sale of plant and equipment		**3**	(6)
Payments to acquire intangible assets		**(1,844)**	(954)
Net cash outflow from investing activities		**(2,043)**	(1,101)
Financing activities			
Proceeds from the issue of ordinary share capital		**5,104**	3,357
Share issue costs		**(414)**	(145)
Net cash inflow from financing activities		**4,690**	3,212
Net increase in cash and cash equivalents		**773**	768
Net foreign exchange differences		**29**	14
Cash and cash equivalents at 1 January		**3,204**	2,422
Cash and cash equivalents at 31 December		**4,006**	3,204

Group 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 2012	**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**
Comprehensive income						
Loss for the year	**-**	**-**	**-**	**-**	**(1,675)**	**(1,675)**
Other comprehensive income						
Exchange differences on retranslation of overseas operations	**-**	**-**	**(156)**	**-**	**-**	**(156)**
Total comprehensive loss for the year	**-**	**-**	**(156)**	**-**	**(1,675)**	**(1,831)**
Share-based payments	**-**	**-**	**-**	**-**	**44**	**44**
On issue of new shares	**35**	**5,169**	**-**	**-**	**-**	**5,204**
Share issuance costs	**-**	**(514)**	**-**	**-**	**-**	**(514)**
Balance at 31 December 2013	**144**	**27,001**	**806**	**33,504**	**(51,421)**	**10,034**

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 2013 £'000			
	Dual-Fuel™	**Components**	**Adjustments and eliminations**	**Total**
Revenue				
Third party sale of goods (1)(7)	7,256	1,704	-	8,960
Third party rendering of services (1)(7)	970	-	-	970
Inter-segment (2)	1,785	-	(1,785)	-
Total revenue	10,011	1,704	(1,785)	9,930
Depreciation and amortisation (3)	(1,328)	(52)	15	(1,365)
Operating loss(4)	(2,754)	296	461	(1,997)
Other taxable credit				326
Net finance expense				(4)
Loss for the year				**(1,675)**
Assets				
Operating assets (5)	7,547	989	(16)	8,520
Provisions	901	54	-	955
Operating liabilities including provisions	2,753	290	-	3,043
Other disclosures				
Capital expenditure (6)	**2,046**	**-**	**-**	**2,046**

1. Dual-Fuel™ conversion segment includes revenue arising from development activity
2. Inter-segment revenues are eliminated on consolidation (£1,785K)
3. Amortisation eliminated (£15K) following transfer of intangible assets to Clean Air Power Inc.
4. Elimination of intragroup management charges (£48K) and intragroup foreign exchange gains and losses (£413K)
5. Adjustment to profit in inventory (£16K)
6. Capital expenditure consists of additions to plant and equipment and intangible assets
7. Revenue from one customer amounted to £5,443K arising from sales related to the Dual-Fuel™ and Components segment

	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	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 (£918K)
3. Depreciation eliminated (£19K) following transfer of intangible assets to Clean Air Power Inc.
4. Elimination of intragroup management charges (£64K) and intragroup foreign exchange gains and losses (£22K)
5. Adjustment to profit in inventory (£49K)
6. Adjustment to provisions (£7K)

7. Capital expenditure consists of additions to plant and machinery and intangibles
8. Revenue from one customer amounted to £2,265K arising from sales related to the Dual-Fuel™ and Components segment
9. In 2012 the Emissions Reduction segment merged with the Components segment.

Geographical Information

	Year ended 31 December 2013	Year ended 31 December 2012
Revenues from external customers:	**£'000**	£'000
UK	**904**	2,115
USA	**2,462**	1,969
Australia	**596**	103
Rest of Europe	**5,860**	3,749
Rest of World	**108**	6
	9,930	7,942

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

Non-current assets

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
UK	**1,337**	1,633
USA	**3,224**	2,257
Australia	**1**	3
	4,562	3,893

Non-current assets for this purpose consist of plant and equipment and intangible assets.

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.

	2013 £'000	2012 £'000
Loss for the year	**(1,675)**	(2,220)
Weighted average number of shares	**196,217,430**	145,321,900
Basic and diluted loss per share	**(0.85p)**	(1.53p)

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 2013 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 2013. 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 2013 have been approved by the Directors on 14 March 2014. Our auditors have issued an unqualified audit report on the results for the year ended 31 December 2013.

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.