

Clean Energy Brazil PLC

**Interim Report
for the six months ended 31 October
2012**

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Chairman's Statement

Dear Shareholders:

As previously announced, on 1 June 2012 CEB entered into a sale agreement with Unialco S/A – Álcool E Açúcar, (“Unialco S/A”), the majority shareholder in Unialco MS, for the sale of CEB’s interest in Unialco MS. We agreed to sell that asset for \$16.5 million payable in a series of monthly cash payments with the final payment due 15 September 2014. In December 2012, we agreed to modify the agreement to accelerate the obligation with the final payment now due in October 2013. As at 15 January 2013, \$8.0m has been received from Unialco MS with approximately \$9.24m still outstanding.

In December 2012 we distributed \$7.6 million or 3.5 pence per share. Our cash position as of 15 January 2013 was approximately \$1.2 million. We intend to continue to closely monitor our costs and return excess capital to shareholders.

Respectfully yours,

Josef (Yossi) Raucher
Chairman

18 January 2013

Consolidated Statement of Comprehensive Income
For the six months ended 31 October 2012

		(Unaudited) 6 Months to 31 October 2012 \$'000	(Unaudited) 6 Months to 31 October 2011 \$'000	(Audited) 12 Months to 30 April 2012 \$'000
	Notes			
Interest income		4	47	68
Sundry income	7	548	-	-
Fair value movement on revaluation of investments		-	(3,510)	(3,010)
Profit on share option		-	2,974	2,974
Net investment income/(loss)		<u>552</u>	<u>(489)</u>	<u>32</u>
Other administration fees and expenses		<u>(252)</u>	<u>(576)</u>	<u>(944)</u>
Total administrative expenses		<u>(252)</u>	<u>(576)</u>	<u>(944)</u>
Foreign exchange (loss)/gain		(6)	369	246
Finance costs		(3)	(5)	(12)
Profit /(loss) for the period before taxation		<u>291</u>	<u>(701)</u>	<u>(678)</u>
Taxation		(4)	(24)	(17)
Profit/(loss) for the period		<u><u>287</u></u>	<u><u>(725)</u></u>	<u><u>(695)</u></u>
Other comprehensive income/(loss)				
Foreign exchange (loss)/gain on translation of subsidiaries		(79)	(192)	(197)
Total comprehensive profit/(loss) for the period		<u><u>208</u></u>	<u><u>(917)</u></u>	<u><u>(892)</u></u>
Basic and diluted profit / loss per share	6	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>

The notes on pages 7 to 9 form an integral part of the financial statements.

**Consolidated Statement of Financial Position
At 31 October 2012**

		(Unaudited) 31 October 2012 \$'000	(Unaudited) 31 October 2011 \$'000	(Audited) 30 April 2012 \$'000
	Note			
Non-current assets				
Investments at fair value through profit or loss	7	-	16,000	16,500
Property, plant and equipment		<u>22</u>	<u>46</u>	<u>25</u>
Total non-current assets		<u>22</u>	<u>16,046</u>	<u>16,525</u>
Current assets				
Trade and other receivables	7	9,931	385	345
Cash and cash equivalents		<u>8,201</u>	<u>20,130</u>	<u>1,146</u>
Total current assets		<u>18,132</u>	<u>20,515</u>	<u>1,491</u>
Total assets		<u>18,154</u>	<u>36,561</u>	<u>18,016</u>
Current liabilities				
Trade and other payables		<u>(227)</u>	<u>(437)</u>	<u>(297)</u>
Total liabilities		<u>(227)</u>	<u>(437)</u>	<u>(297)</u>
Net assets		<u>17,927</u>	<u>36,124</u>	<u>17,719</u>
Represented by:				
Share capital	8	2,643	2,920	2,643
Capital redemption reserve		277	(2,974)	277
Distributable reserves		13,028	34,115	12,741
Other reserves		<u>1,979</u>	<u>2,063</u>	<u>2,058</u>
Total equity		<u>17,927</u>	<u>36,124</u>	<u>17,719</u>
Net Asset Value per share (\$)	9	<u>0.13</u>	<u>0.27</u>	<u>0.13</u>

The notes on pages 7 to 9 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 18 January 2013 and signed on their behalf by;

Tim Walker
Director

Philip Scales
Company Secretary

Consolidated Statement of Changes in Equity
For the six months ended 31 October 2012

	Share Capital \$'000	Capital Redemption Reserves \$'000	Distributable Reserves \$'000	Other Reserves \$'000	Total Equity \$'000
Balance at 1 May 2011	2,920	-	34,840	2,255	40,015
Loss for the period	-	-	(725)	-	(725)
<i>Other comprehensive income</i>					
Foreign exchange gain on translation of subsidiaries	-	-	-	(192)	(192)
Treasury shares	-	-	(2,974)	-	(2,974)
Balance at 31 October 2011	<u>2,920</u>	<u>-</u>	<u>31,141</u>	<u>2,063</u>	<u>36,124</u>
Balance at 1 May 2011	2,920	-	34,840	2,255	40,015
Loss for the year	-	-	(695)	-	(695)
<i>Other comprehensive income</i>					
Foreign exchange gain on translation of subsidiaries	-	-	-	(197)	(197)
<i>Transactions with owners recorded directly in equity</i>					
Treasury shares	-	-	(2,974)	-	(2,974)
Cancellation of treasury shares	(277)	277	-	-	-
Distribution	-	-	(18,430)	-	(18,430)
Balance at 30 April 2012	<u>2,643</u>	<u>277</u>	<u>12,741</u>	<u>2,058</u>	<u>17,719</u>
Balance at 1 May 2012	2,643	277	12,741	2,058	17,719
Profit for the period	-	-	287	-	287
<i>Other comprehensive income</i>					
Foreign exchange gain on translation of subsidiaries	-	-	-	(79)	(79)
Balance at 31 October 2012	<u>2,643</u>	<u>277</u>	<u>13,028</u>	<u>1,979</u>	<u>17,927</u>

The notes on pages 7 to 9 form an integral part of the financial statements.

Consolidated Statement of Cash Flows
For the six months ended 31 October 2012

	(Unaudited) 6 Months to 31 October 2012 \$'000	(Unaudited) 6 Months to 31 October 2011 \$'000	(Audited) 12 Months to 30 April 2012 \$'000
Cash flows from operating activities			
Profit/(loss) for the period	287	(725)	(695)
Adjustments for:			
Fair value adjustments	-	3,510	3,010
Interest income	(4)	(47)	(68)
Sundry income	(548)	-	-
Interest expense	3	5	13
Exchange differences	6	(369)	(246)
Profit on share option	-	(2,974)	(2,974)
Tax paid	(4)	24	(17)
Depreciation of property, plant and equipment	-	11	12
Changes in working capital			
Change in trade and other receivables	7,424	674	714
Change in trade and other payables	(24)	105	8
Net cash flows used in operating activities	<u>7,140</u>	<u>214</u>	<u>(243)</u>
Cash flows from investing activities			
Interest received	2	47	68
Purchase of property, plant and equipment	-	(6)	-
Net cash flows generated from investing activities	<u>2</u>	<u>41</u>	<u>68</u>
Cash flows from financing activities			
Interest expense paid	(3)	(5)	(13)
Distributions	-	-	(18,430)
Net cash flows used in financing activities	<u>(3)</u>	<u>(5)</u>	<u>(18,443)</u>
Net decrease in cash and cash equivalents	7,139	250	(18,618)
Cash and cash equivalents at start of period	1,146	19,701	19,701
Effect of exchange rate fluctuations on cash balances	(84)	179	63
Cash and cash equivalents at end of period	<u><u>8,201</u></u>	<u><u>20,130</u></u>	<u><u>1,146</u></u>

The notes on pages 7 to 9 form an integral part of the financial statements.

Selected notes to the condensed consolidated interim financial information For the six months ended 31 October 2012

1. General information

Clean Energy Brazil Plc (“CEB” or “the Company”) is a closed-end investment company incorporated on 19 September 2006 in the Isle of Man as a public limited company. The address of its registered office is IOMA House, Hope Street, Douglas, Isle of Man.

The Company is listed on the AIM market of the London Stock Exchange.

The condensed consolidated financial information comprises the results of the Company and its subsidiaries (together referred to as the “Group”) and is unaudited.

The consolidated financial statements of the Group as at and for the year ended 30 April 2012 are available upon request from the Company’s registered office at IOMA House, Hope Street, Douglas, Isle of Man or at www.cleanenergybrazil.com.

2. Statement of Compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 April 2012.

These interim consolidated financial statements were approved by the Board of Directors on 18 January 2012.

3. Significant accounting policies

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 April 2012.

4. Critical accounting estimates and assumptions

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and end for the year ended 30 April 2012.

5. Financial risk management policies

The principal risks and uncertainties are consistent with those disclosed in preparation of the Group’s annual financial statements for the year ended 30 April 2012.

6. Profit/(loss) per share

The basic and diluted profit/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period:

	6 months ended 31 October 2012 (unaudited)	6 months ended 31 October 2011 (unaudited)	Year ended 30 April 2012 (audited)
Profit/(loss) attributable to ordinary shareholders of the Company	\$287,000	\$(725,000)	\$(695,000)
Weighted average number of shares in issue	133,700,000	147,563,929	147,563,929
Basic gain(loss) per share (\$)	0.00	0.00	0.00

There is no difference between fully diluted earnings/(loss) per share and basic earnings per share.

7. Investments

On 1 June 2012 CEB entered into a sale agreement with Unialco S/A – Álcool E Açúcar, (“Unialco S/A”), the majority shareholder in Unialco MS, for CEB’s interest in Unialco MS for \$16.5 million payable in a series of monthly payments in cash by 15 September 2014. On December 20 2012, CEB announced that Unialco S/A had agreed to accelerate the instalment payments with the final payment now due on 15 October 2013. The unpaid balance incurs extension fees. The extension fee for period ending 31 October 2012 is \$548,000 which is included in sundry income.

The investment was valued at 30 April 2012 on the basis of the above sale agreement, and there is therefore no profit or loss on disposal in the period.

	31 October 2012 \$'000	31 October 2011 \$'000	30 April 2012 \$'000
Fair value at 30 April 2012	16,500	19,510	19,510
Fair value adjustment in period	-	(3,510)	(3,010)
Disposal	(16,500)	-	-
Fair value at 31 October 2012	-	16,000	16,500

As at 31 October 2012, \$7.5m has been received from Unialco MS. The amount outstanding as at 31 October 2012 is approximately \$9.55m (including extension fees) which is carried in trade and other receivables.

8. Share capital

	Number of shares	Value £'000
Ordinary shares of 1pence each As at 31 October 2012 and 30 April 2012		
Issued	133,700,000	1,337
Authorised	600,000,000	6,000

All shares are fully paid and each ordinary share carries one vote.

9. Net asset value (NAV)

The Company's NAV per share is calculated by dividing the net assets attributable to the equity holders of the Company at the end of the period by the number of shares in issue.

	31 October 2012	31 October 2011	30 April 2012
Net assets	\$17,927,000	\$36,124,000	\$17,719,000
Number of shares in issue	133,700,000	133,700,000	133,700,000
NAV per share	<u>\$0.13</u>	<u>\$0.27</u>	<u>\$0.13</u>

10. Subsequent events

On 14 December 2012, the Company paid a distribution of 3.5 pence per share, amounting to £4,679,500 in total, equivalent to \$7,565,000.