

**KLEENAIR SYSTEMS INTERNATIONAL PLC**  
**(AIM: KSI)**

**Unaudited interim accounts for the six months ended 31 December 2011**

**Chairman's Statement**

**Introduction**

The last Chairman's Statement was issued in November 2011 and accompanied the annual report and accounts for the year ended 30th June 2011. These accounts relate to the 6 month period ended 31<sup>st</sup> December 2011.

**Financial Results**

The accounts for the period to 31 December 2011 show an operating loss of £79,000.

**Changes to the Board of Directors**

On 31 December 2011, Jubeenh Nazhat, a qualified solicitor was appointed as company secretary following the resignation of Sarah Posner. Miss Nazhat was further appointed non-executive director to the board on 12 January 2012.

**Business and Corporate Strategy**

The Company's new policy of investing in environmental and renewable energy sectors in the UK and Europe has been successfully adopted and the Company's investment in Inspirit Energy continues to perform in line with management expectations.

The Company is evaluating a number of additional opportunities with a view to making a recommendation to shareholders in due course. In the meantime, the Company's working capital requirements have been pared back to a minimum until an appropriate opportunity can be presented to shareholders.

Commenting on the Company's development, The Chairman John Gunn commented:

"This has been another eventful year for the Company and we hope to strengthen our equity position in the market and plan to invest into a second company in due course".

**John Gunn**

Chairman  
26 March 2012

Contacts:

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John Gunn, Chairman

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**Comprehensive Income Statement  
for the six months ended 31 December 2011**

	<b>Six months to 31 December 2011 Unaudited £'000s</b>	<b>Six months to 31 December 2010 Unaudited £'000s</b>	<b>Year to 30 June 2011 Audited £'000s</b>
<b>Revenue</b>	18	10	35
Administrative expenses	(91)	(59)	(137)
<b>Operating loss</b>	<u>(73)</u>	<u>(49)</u>	<u>(102)</u>
Interest paid	(7)	(8)	(62)
<b>Loss before tax</b>	<u>(79)</u>	<u>(57)</u>	<u>(164)</u>
Income tax charges	-	-	-
<b>Loss for the period from continuing operations attributable to shareholders</b>	<u><u>(79)</u></u>	<u><u>(57)</u></u>	<u><u>(164)</u></u>
<b>Loss per share - Pence</b>			
Basic and diluted - after exceptional	(0.15)p	(0.13)p	(0.36)p
- before exceptional	<u>(0.15)p</u>	<u>(0.13)p</u>	<u>(0.36)p</u>

**Statement of Financial Position as at 31 December 2011**

	Six months to 31 December 2011 Unaudited	Six months to 31 December 2010 Unaudited	Year to 30 June 2011 Audited
	£'000s	£'000s	£'000s
<b>Assets</b>			
<b>Intangible fixed assets</b>			
Investment	740	300	740
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current assets</b>			
Trade and other receivables	36	7	61
Cash and cash equivalents	1	433	32
	<u>          </u>	<u>          </u>	<u>          </u>
	37	440	93
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current liabilities</b>			
Trade and other payables	(96)	(32)	(74)
	<u>          </u>	<u>          </u>	<u>          </u>
	(96)	(32)	(74)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Current (Liabilities) Assets</b>	(59)	408	19
<b>Non-Current Liabilities</b>			
Financial liabilities – borrowings and Interest bearing loans	(225)	(460)	(449)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net surplus</b>	456	248	310
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Equity</b>			
Capital and reserves			
Called up share capital	535	452	452
Share premium	3813	3,530	3,671
Other reserves	128	87	128
Profit and loss deficit	(4020)	(3,821)	(3,941)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	456	248	310
	<u>          </u>	<u>          </u>	<u>          </u>

**Statement of Changes in Equity**  
**For the six months ended 31 December 2011**

	Share Capital £'000s	Share Premium £'000s	Other Reserves £'000s	Retained Earnings £'000s	Total £'000s
<b>As at 31 December 2010</b>	452	3,530	87	(3,821)	248
Loss after tax for the period	-	-	-	(120)	(120)
Issue of shares	3	143	-	-	146
Share based payments	-	-	3	-	3
Cost of new share issue	-	(22)	-	-	(22)
Conversion of convertible loan	2	16	-	-	18
Convertible loan – equity component	-	-	38	-	38
Adjustment for Creditors Voluntary Arrangement	(5)	4	-	-	(1)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 30 June 2011</b>	452	3,671	128	(3,941)	310
Conversion of convertible loan	83	142	-	-	225
Loss after tax for the period	-	-	-	(79)	(79)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 December 2011</b>	<u>535</u>	<u>3,813</u>	<u>128</u>	<u>(4,020)</u>	<u>456</u>

**Statement of Cash Flow**  
**For the six months ended 31 December 2011**

		<b>Six months to 31 December 2011 Unaudited</b>	<b>Six months to 31 December 2010 Unaudited</b>	<b>Year to 30 June 2011 Audited</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Operating activities</b>	<b>6</b>	(25)	(78)	(171)
Interest paid		(8)	(8)	0
		<u>          </u>	<u>          </u>	<u>          </u>
Net cash outflow from operating activities		(33)	(86)	(171)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Investing activities</b>				
Investment acquired		-	(300)	(740)
		<u>          </u>	<u>          </u>	<u>          </u>
		-	(300)	(740)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Financing activities</b>				
Issue of new shares		-	519	729
Share issue costs		-	-	(86)
		<u>          </u>	<u>          </u>	<u>          </u>
Net cash from financing activities		-	519	(643)
		<u>          </u>	<u>          </u>	<u>          </u>
Net cash outflow		(33)	133	(268)
		<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents at the beginning of the period		32	300	300
		<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the period		1	433	32
		<u>          </u>	<u>          </u>	<u>          </u>

## Notes to the Interim Financial Information

### 1. General Information

Kleenair Systems International Plc is a company incorporated in England and Wales and quoted on the Alternative Investment Market of the London Stock Exchange.

### 2. Basis of Preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and on the historical cost basis, using the accounting policies which are consistent with those set out in the Company's Annual Report and Accounts for the period ended 30 June 2011. This interim financial information for the six months to 31 December 2011, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 26 March 2012.

### 3. Significant Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the period ended 30 June 2011, as described in those annual financial statements.

### 4. Segmental Analysis

The Company's primary reporting format is business segments and its secondary format is geographical segments. The Company only operates in a single business and geographical segment. Accordingly no segmental information for business segment or geographical segment is required.

### 5. Earnings/(loss) per Share

The loss per ordinary share is based on the Company's loss for the period of £79,000 (31 December 2010 - £57,000; 30 June 2011 - £164,000) and a basic and diluted weighted average number of ordinary shares of £0.001 each in issue of 57,262,325 (31 December 2010 – basic and diluted 37,004,285; 30 June 2011 - basic and diluted 45,690,636).

### 6. Reconciliation of operating loss to net cash outflow from operating activities.

	Six months to 31 December 2011 £'000s	Six months to 31 December 2010 £'000s	Year to 30 June 2011 £'000s
<b>Operating Loss for the period</b>	(73)	(49)	(102)
Adjustments for :			
(Increase)/decrease in receivables	25	(3)	(56)
Increase/(decrease) in payables	22	(26)	(13)
	<hr/>	<hr/>	<hr/>
Net cash from operating activities	(26)	(78)	(171)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 7. Called up Share Capital

The issued share capital is as follows

Ordinary 'A' shares of £0.001	Ordinary 'B' shares of £0.001	Deferred shares of £0.99
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31 December 2011	62,603,190	1,221,200	400,932
30 June 2011 (audited)	54,275,065	1,221,200	400,932
31 December 2010	48,807,010	1,221,200	400,932

8. The unaudited interim financial information for period ended 31 December 2011 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the period ended 30 June 2011 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contained a qualified audit report.
9. Copies of this interim financial information document are available from the Company at its registered office at 2<sup>nd</sup> Floor, 31 Davies Street, London, W1K 4LP. The interim financial information document will also be available on the Company's website [www.kleenair-systems.com](http://www.kleenair-systems.com).