

**KLEENAIR SYSTEMS INTERNATIONAL PLC**

**Comprehensive Income Statement  
for the six months ended 31 December 2012**

	Six months to 31 December 2012 Unaudited £'000s	Six months to 31 December 2011 Unaudited £'000s	Year to 30 June 2012 Audited £'000s
<b>Revenue</b>	7	18	26
Administrative expenses	(95)	(91)	(131)
<b>Operating loss</b>	(88)	(73)	(105)
Finance income	1	-	1
Finance costs	(18)	(6)	(31)
<b>Loss before tax</b>	(105)	(79)	(135)
Income tax charges	-	-	-
<b>Loss for the period from continuing operations attributable to shareholders</b>	(105)	(79)	(135)
<b>Loss per share - Pence</b>			
Basic and diluted	(0.16)p	(0.15)p	(0.22)p

**KLEENAIR SYSTEMS INTERNATIONAL PLC**

**Statement of Financial Position as at 31 December 2012**

	As at 31 December 2012 Unaudited £'000s	As at 31 December 2011 Unaudited £'000s	As at 30 June 2012 Audited £'000s
<b>Non-Current Assets</b>			
Investments	740	740	740
Trade and other receivables	68	-	-
	<u>808</u>	<u>740</u>	<u>740</u>
<b>Current assets</b>			
Trade and other receivables	60	36	53
Cash and cash equivalents	22	1	-
	<u>82</u>	<u>37</u>	<u>53</u>
<b>Current liabilities</b>			
Borrowings	(212)	(165)	(227)
Trade and other payables	(171)	(70)	(101)
	<u>(383)</u>	<u>(235)</u>	<u>(328)</u>
<b>Net Current Liabilities</b>	(301)	(198)	(275)
<b>Non-Current Liabilities</b>			
Trade and other payables	(83)	(86)	(88)
	<u>424</u>	<u>456</u>	<u>377</u>
<b>Equity</b>			
Share capital	471	461	461
Share premium	4,010	3,887	3,887
Other reserves	124	128	105
Retained losses	(4,181)	(4,020)	(4,076)
<b>Total</b>	<u><u>424</u></u>	<u><u>456</u></u>	<u><u>377</u></u>

**KLEENAIR SYSTEMS INTERNATIONAL PLC**

**Statement of Changes in Equity  
For the six months ended 31 December 2012**

	Share Capital £'000s	Share Premium £'000s	Other Reserves £'000s	Retained Losses £'000s	Total Equity £'000s
As at 30 June 2011	452	3,671	128	(3,941)	310
<b>Comprehensive income</b>					
Loss for the period	-	-	-	(79)	(79)
<b>Total comprehensive income</b>	-	-	-	(79)	(79)
<b>Transactions with owners</b>					
Conversion of convertible loan	9	216	-	-	225
<b>Total transactions with owners</b>	9	216	-	-	225
<b>As at 31 December 2011</b>	<b>461</b>	<b>3,887</b>	<b>128</b>	<b>(4,020)</b>	<b>456</b>
As at 30 June 2012	461	3,887	105	(4,076)	377
<b>Comprehensive income</b>					
Loss for the period	-	-	-	(105)	(105)
<b>Total comprehensive income</b>	-	-	-	(105)	(105)
<b>Transactions with owners</b>					
Share capital issued	8	92	-	-	100
Share based payments	-	17	-	-	17
Conversion of convertible loan	2	14	-	-	16
Share warrants issued	-	-	19	-	19
<b>Total transactions with owners</b>	10	123	-	-	133
<b>As at 31 December 2012</b>	<b>471</b>	<b>4,010</b>	<b>124</b>	<b>(4,181)</b>	<b>424</b>

## KLEENAIR SYSTEMS INTERNATIONAL PLC

### Statement of Cash Flow For the six months ended 31 December 2012

	Note	Six months to 31 December 2012 Unaudited £'000	Six months to 31 December 2011 Unaudited £'000	Year to 30 June 2012 Audited £'000
<b>Operating activities</b>	<b>6</b>	(78)	(25)	(32)
Interest paid		-	(6)	-
Net cash used in operating activities		(78)	(31)	(32)
<b>Financing activities</b>				
Issue of new shares		100	-	-
Net cash from financing activities		100	-	-
Net cash outflow		22	(31)	(32)
Cash and cash equivalents at the beginning of the period		-	32	32
Cash and cash equivalents at the end of the period		22	1	-

#### Significant Non-cash Transactions

On 3 July 2012, GIS agreed to convert £15,900 of its outstanding convertible loan into 1,590,000 ordinary shares of 0.1 pence each. These shares were placed with unconnected third parties to GIS.

Also on 3 July 2012, the Company allotted 412,982 ordinary shares of 0.1 pence each to a financial advisor in settlement of fees.

On 13 September 2012, the Company issued share warrants for 646,620 ordinary shares of 0.1 pence each to a financial advisor at a subscription price of 3 pence per share.

On 19 September 2012, the Company allotted 200,000 ordinary shares of 0.1 pence each to a financial advisor in settlement of fees.

# KLEENAIR SYSTEMS INTERNATIONAL PLC

## Notes to the Interim Financial Information

### 1. General Information

The principal activity of KleenAir Systems International Plc (“the Company”) during the period was that of an investment company which aims to invest in disruptive products or technologies that are either proven or at the later stages of development, which own or have exclusive licence to the relevant intellectual property and may benefit from feed-in tariffs or other renewable energy incentives.

Kleenair Systems International Plc is a company incorporated and domiciled in England and Wales and quoted on the Alternative Investment Market of the London Stock Exchange. The address of its registered office is 2<sup>nd</sup> Floor, 2 London Wall Buildings, London, EC2M 5PP, United Kingdom.

### 2. Basis of Preparation

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 30 June 2012 were approved by the Board of Directors on 5 December 2012 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The interim financial information for the six months ended 31 December 2012 has not been reviewed or audited. The interim financial report has been approved by the Board on 27 March 2013.

#### *Going concern*

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Company to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the interim financial statements for the period ended 31 December 2012.

#### *Risks and uncertainties*

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company’s medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company’s 2012 Annual Report and Financial Statements, a copy of which is available on the Company’s website: [www.kleenair-systems.com](http://www.kleenair-systems.com). The key financial risks are liquidity and credit risk.

#### *Critical accounting estimates*

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 2 of the Company’s 2012 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

## KLEENAIR SYSTEMS INTERNATIONAL PLC

### Notes to the Interim Financial Information

#### 3. Significant Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2012, 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. Loss per Share

The loss per ordinary share is based on the Company's loss for the period of £105,000 (31 December 2011 - £79,000; 30 June 2012 - £135,000) and a basic and diluted weighted average number of ordinary shares of £0.001 each in issue of 64,714,582 (31 December 2011 – basic and diluted 57,262,325; 30 June 2012 - basic and diluted 62,603,190).

#### 6. Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	Six months to 31 December 2012 Unaudited £'000s	Six months to 31 December 2011 Unaudited £'000s	Year to 30 June 2012 Audited £'000s
<b>Operating Loss for the period</b>	(88)	(73)	(105)
Adjustments for :			
(Increase)/decrease in receivables	(76)	25	10
Increase in payables	67	23	63
Issue of share warrants	19	-	-
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Net cash from operating activities	(78)	(25)	(32)
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## KLEENAIR SYSTEMS INTERNATIONAL PLC

### Notes to the Interim Financial Information

#### 7. Called up Share Capital

The issued share capital is as follows

	<b>Ordinary 'A' shares of £0.001</b>	<b>Ordinary 'B' shares of £0.001</b>	<b>Deferred shares of £0.99</b>
31 December 2012	73,139,505	1,221,200	400,932
30 June 2012 (audited)	62,603,190	1,221,200	400,932
31 December 2011	62,603,190	1,221,200	400,932

8. Copies of this interim financial information document are available from the Company at its registered office at 2<sup>nd</sup> Floor, Number 2, London Wall Buildings, London, EC2M 5PP. The interim financial information document will also be available on the Company's website [www.kleenair-systems.com](http://www.kleenair-systems.com).