

28 January 2009

**Clean Energy Brazil PLC
("CEB" or the "Company")**

Interim results for the six months ended 31 October 2008

Clean Energy Brazil PLC, an investment company focused on Brazil's sugar cane/ethanol industry, announces its unaudited interim financial results for the six months ended 31 October 2008.

Key points:

- | Substantial increase in volumes of cane crushed at Usaciga and Unialco MS
- | Higher production costs resulted in reduction in overall margins
- | Value of investment in Unialco MS written down by US\$23.0 million to US\$43.8 million
- | Loss for the period of US\$29.0 million (H1 2007: loss of US\$372,000)

- | Improved operational efficiency with all activities concentrated in São Paulo office

- | Healthy cash balance at period end of US\$30.2 million

- | Usaciga, advised by Alvarez & Marsal, continues to review all strategic options in relation to its funding requirements

Antônio Monteiro de Castro, Chairman, said:

"Our investee companies substantially increased their cane crushing activities over the period. This improvement was, however, offset by higher production costs in turn driven by adverse economic conditions. Given the current economic outlook, we cannot expect our investee companies to make a return to profitability in the short term. The industry as a whole continues to face challenges which have been exacerbated by the financial crisis. Current low sugar prices and limited credit are overshadowing the benefits of the growing ethanol market, weak Real and falling fertiliser costs."

"However, the fundamental drivers for long term investment in Brazilian sugar and ethanol remain positive. While the near term outlook for the industry remains challenging, those companies that are able to adapt and meet these challenges will be able to deliver attractive returns over the mid to long term. CEB is actively taking measures to put the Company in the best possible position."

Further enquiries:

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Business update

At the end of the period under review, Clean Energy Brazil held a 49% stake in Usaciga and a 33% stake in Unialco MS. In addition, the Company owned outright the greenfield sites of Pantanal and Agua Limpa.

Our investee companies substantially increased their cane crushing activities over the period, with double digit growth in cane crushed at Usaciga and good growth at Alcoolvale (part of Unialco MS). Despite this improvement, the adverse effects of the credit crunch on the wider economy in 2008, leading to inflated production costs, reduced sugar prices and recent dollar appreciation, mean that both Usaciga and Unialco MS incurred significant losses.

As a further result of the credit crunch currently affecting projects globally, our managers took the prudent decision to freeze the expansion of new greenfield sites. These include the Rio Parana development (Usaciga), Dourados (Unialco MS) and Pantanal and Agua Limpa (CEB).

As previously announced, Usaciga has been supported by leading advisory firm, Alvarez & Marsal, in renegotiating its debt and in exploring other options to solve its cash constraint problems. This resulted from having invested working capital in a greenfield development without having financing in place. Recently, Usaciga's management decided to extend the cane crushing period to the end of January 2009 due to favourable weather conditions. This meant that an extra 200,000 tonnes of cane than originally anticipated were harvested for crushing. Meanwhile, taking account of trading and current market conditions, we have decided to maintain the carrying value of this asset in our balance sheet at US\$50.0 million.

Although Alcoolvale's operational performance was good, the credit constraints encountered in expanding Unialco MS's Dourados greenfield project have led management to look for alternative solutions. Even though the 20% minority shareholder of Dourados granted security over his farms as guarantee under the senior debt structure supporting the Dourados financing, the R\$49.0 million (US\$20.8 million) released by Banco do Brasil is not enough to complete the entire project development. As a result, Unialco MS's management is seeking alternative funding solutions. In the meantime, Dourados continues its agricultural

activity and is estimated to have supplied a total of 1.0 million tonnes of cane to third party sugar mills during 2008.

Despite the unparalleled nature of the financial crisis that escalated in 2008, the sugar and ethanol markets are expected to start recovering during the second half of 2009. It seems, however, that in the short term Brazil may experience reduced growth rates in production for both products and there may be an imbalance between supply and demand leading to a shortage of sugar and ethanol inventories over the near term. Brazilian domestic ethanol consumption is still growing, driven by flex-fuel automotive sales, which from January to November 2008 totalled about 94% of total automotive sales according to the National Car Manufacturers' Association (ANFAVEA).

Operational review

During the six month period ending 31 October 2008, Clean Energy Brazil continued to execute its strategy of supporting its investments and strengthening its operational model.

The industry, together with the difficult financial markets, continues to present a challenging scenario. As a result, our operating assets have continued to come under pressure. In response to this, CEB has taken the following actions:

- | The expertise of Merrill Lynch has been made available to our investee companies for assistance where required.
- | The outsourcing of our accountancy services to Deloitte from 1 January 2009 to provide increased accuracy, timely reporting and expertise with IFRS rules, which are currently being adopted across Brazil.
- | Independent reviews of quarterly financial statements of Usaciga and Unialco MS to be conducted by KPMG to increase accuracy and transparency.
- | The concentration of all CEB operations in our São Paulo office, following the closure of our regional office in Ribeirão Preto.

The Company continuously evaluates its organisational structure. In April 2008 we made the transition to a self-managed investment company and in January 2009 we appointed an Accounting Manager to support the continuous monitoring of our assets. We believe that these structural and organisational changes will provide the necessary resources and expertise to guide the Company through the period ahead.

Usaciga

Over the six months ended 31 October 2008, Usaciga crushed a total of 1.4 million tonnes of cane. This represents an increase of 14% over the prior year period. Following the period end, the crushing season was extended due to favourable weather conditions, resulting in an additional 200,000 tonnes of cane being crushed. Sales during the period reached R\$70.6 million (US\$41.0 million), a 38% increase over the first half of 2007. The increase is due to a higher volume of ethanol sales, resulting in a 51/49% ethanol/sugar sales mix (versus 30/70% in H1 2007). Sugar sales volumes for the period reached 65,000 tonnes, 4% lower than last year.

Despite the higher overall sales, substantially higher production costs resulted in a reduction in overall margins and the EBITDA for the period of R\$3.2 million (US\$1.9 million) was lower than the R\$7.2 million (US\$3.8million) achieved in H1 2007. Net financial expenses amounted to R\$49.0 million (US\$29.0 million) as the total debt level increased to R\$236.9 million (US\$111.8 million), including R\$116.0 million (US\$54.7 million) arising from expenditure on the Rio Parana greenfield site, and exacerbated by the devaluation of the local currency.

The above factors resulted in a net loss at Usaciga of R\$65.1 million (US\$38.0 million) for the period.

At 31 October 2008: R\$110.3 million (US\$ 52.0 million) of Usaciga's total debt was non-current and R\$126.6 million (US\$59.7million) was current; cash was R\$3.7 million (US\$1.7 million); net current liabilities were R\$103.0 million (US\$48.6 million); and shareholders' funds were R\$76.5 million (US\$36.0 million). Usaciga continues to require debt

restructuring and further funding in order to meet its current and future obligations to creditors. The efforts to resolve these funding requirements continue with the assistance of Alvarez & Marsal, and the Rio Parana greenfield development remains on hold. As reported during the period, co-owners Agrocana and CEB have decided to explore all strategic options in relation to Usaciga, including a potential sale of the business. These efforts continue to advance and substantial progress is being made. The extension of cane crushing activities to January 2009, which resulted in an additional 200,000 tonnes, is providing additional cash to the operation. We have decided to maintain an asset value of US\$50.0 million. We continue to believe that the operating sugar mill of Cidade Gaucha with its co-generation plant, the partially completed greenfield site of Rio Parana and the logistic assets of the PASA and CPA terminals are outstanding operating assets.

Unialco MS

During the six months ended 30 September 2008, Alcoovale increased its cane crushing activities to 1.25 million tonnes, up 6% on the same period last year. This resulted in ethanol sales increasing from 42,000m³ to 54,000m³, a 28% rise on the same period last year. Sugar production, on a year-to-date basis, fell 5% to 68,000 tonnes. Total sales for the period increased by 41% to R\$89.7 million (US\$54.2 million) with the ethanol participation in the mix reaching 54% (versus 47% during H1 2007). Higher production costs reduced EBITDA by 22% to R\$14.0 million (US\$8.5 million), and higher finance expenses of R\$7.8 million (US\$4.0 million) contributed to a net loss of R\$21.5 million (US\$13.0 million) for the period.

At 30 September 2008: Unialco MS had total debt of R\$67.9 million (US\$35.7 million) of which R\$14.4 million (US\$7.6 million) was non-current and R\$53.5 million (US\$28.2 million) was current; cash was R\$1.5 million (US\$0.9 million); net current liabilities were R\$48.7 million (US\$25.6 million); and shareholders' funds were R\$133.8 million (US\$70.4 million).

The Dourados greenfield project (with an expected crushing capacity of 2.5 million tonnes) continues to be on hold. Although progress is being made, the conclusion of project financing continues to be elusive. The delay in financing has already pushed back by a year the start-up date of the greenfield site (2010/2011) and is increasing the possibility of further delay.

Pantanal and Água Limpa

As previously announced, the development plans for these CEB-controlled projects have been put on hold. Minimum investment is being made to maintain these projects while all strategic alternatives are being investigated.

Financial results

Income during the six month period at the holding company level consisted of bank interest of US\$1.1 million.

Operating expenses of US\$2.8 million consisted of administrative fees and pre-operational costs in relation to CEB's greenfield projects.

Current wider industry conditions and debt markets continue to be very challenging. This has resulted in lowering the value of sugar and ethanol assets across the board. This, combined with the continued delays in the development of the Dourados greenfield site, has led the Board to take a conservative approach to the valuation of Unialco MS. As we have done at Usaciga, we have based our valuation on market multiples of cane crushing capacity and realisable values of assets rather than on a traditional discounted cash flow basis. Therefore, the Board has written down the value of its investment in Unialco MS by US\$23.0 million to US\$43.8 million.

The strengthening of the US dollar versus the British Pound (16.5%) and the Brazilian Real (24.5%) resulted in a foreign exchange loss of US\$3.9 million.

The result for the period is a loss of US\$29.0 million.

The Company ended the period with US\$30.2 million of cash (of which US\$6.7 million is held in escrow and may in due course be payable to Usaciga pursuant to the December 2006 investment agreement between CEB, Usaciga and the Barea

family). Currently, the Company's cash balance stands at approximately US\$27.4 million, which includes the above mentioned escrow. In September of 2008 we announced that we had contracted Merrill Lynch to assist us with a fundraising. Currently this effort is on hold, pending improvement in the financial markets.

Outlook

Given the current economic outlook, we cannot expect our investee companies to make an early return to profitability. The industry as a whole continues to face challenges which have been exacerbated by the financial crisis. Current low sugar prices and limited credit are overshadowing the positive benefits of the growing ethanol market, a weak Real and falling fertiliser costs.

However, the fundamental drivers for long term investment in Brazilian sugar and ethanol remain positive. While the near term outlook for the industry remains challenging, those companies that are able to adapt and meet these challenges should be able to deliver attractive returns over the mid to long term. As described, CEB is actively taking measures to put the Company in the best possible position.

Note

The US dollar equivalents of R\$ amounts shown above have been calculated using period end exchange rates for balance sheet items and average exchange rates over the relevant periods for income statement items.

The financial information contained herein is unaudited but has been reviewed by KPMG. Their review report is attached.

**Condensed consolidated interim income statement
For the six months to 31 October 2008**

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	(Unaudited)	(Unaudited)	(Audited)
	6 Months to 31 October 2008	6 Months to 31 October 2007	12 Months to 30 April 2008
	\$'000	\$'000	\$'000
Bank interest received	1,100	1,909	3,432
Sundry income	5	-	92
Movement in unrealised fair value gain/loss on investments	(23,030)	-	(73,419)
Net investment (expense)/income	(21,925)	1,909	(69,895)
Investment advisor's fees	-	(1,476)	(3,422)
Termination of investment advisory contract	-	-	(18,389)
Other administration fees and expenses	(2,816)	(1,278)	(4,512)
Administrative expenses	(2,816)	(2,754)	(26,323)
Foreign exchange (loss) / gain	(3,797)	767	(469)
Finance costs	(17)	(294)	(595)

Loss for the period before tax	(28,555)	(372)	(97,282)
Tax	(484)	-	-
Loss for the period after tax	(29,039)	(372)	(97,282)
Basic and diluted loss per share	\$(0.20)	\$ 0.00	\$(0.85)

**Condensed consolidated interim balance sheet
At 31 October 2008**

	(Unaudited)	(Unaudited)	(Audited)
	31 October 2008	31 October 2007	30 April 2008
	\$'000	\$'000	\$'000
Non-current assets			
Investments at fair value	93,790	122,256	116,820
Goodwill	-	215	-
Property, plant and equipment	128	60	163

Total non-current assets	93,918	122,531	116,983
Current assets			
Trade and other receivables	380	1,836	1,507
Agricultural assets	6,425	-	4,464
Cash and cash equivalents	30,176	65,517	42,823
Total current assets	36,981	67,353	48,794
Total assets	130,899	189,884	165,777
Non-current liabilities			
Loan from portfolio company	-	(6,730)	-
Current liabilities			
Trade and other payables	(909)	(975)	(1,459)
Total liabilities	(909)	(7,705)	(1,459)
Net Assets	129,990	182,179	164,318

Represented by:			
Share capital	2,920	1,964	2,920
Share premium	82,584	-	82,584
Distributable reserves	46,939	178,052	75,978
Other reserves	(2,453)	2,163	2,820
Total equity attributable to equity holders of the Company	129,990	182,179	164,302
Minority interest	-	-	16
Total equity	129,990	182,179	164,318

**Condensed consolidated interim statement of changes in equity
For the six months to 31 October 2008**

	Share Capital	Share Premium	Distributable Reserves	Other Reserves	Total	Minority Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in equity for year to 30 April 2008							

(audited)							
Balance at 30 April 2007	1,964	181,297	2,125	-	185,386	-	185,386
Cancellation of share premium	-	(181,297)	181,297	-	-	-	-
Share issue proceeds	956	85,957	-	-	86,913	-	86,913
Share issue costs	-	(3,373)	-	-	(3,373)	-	(3,373)
Net loss for the year	-	-	(97,282)	-	(97,282)	-	(97,282)
Dividends paid	-	-	(10,162)	-	(10,162)	-	(10,162)
Subsidiary acquired	-	-	-	-	-	16	16
Foreign exchange on translation of							

subsidiaries	-	-	-	2,820	2,820	-	2,820
Balance at 30 April 2008	2,920	82,584	75,978	2,820	164,302	16	164,318
Changes in equity for period ended 31 October 2008 (unaudited)							
Net loss for the period	-	-	(29,039)	-	(29,039)	-	(29,039)
Re-classification of minority interest	-	-	-	-	-	(16)	(16)
Foreign exchange on translation of subsidiaries	-	-	-	(5,273)	(5,273)	-	(5,273)
Balance at 31 October 2008	2,920	82,584	46,939	(2,453)	129,990	-	129,990

**Condensed consolidated interim cash flow statement
For the six months to 31 October 2008**

	(Unaudited)	(Unaudited)	(Audited)
	6 Months to 31 October 2008	6 Months to 31 October 2007	12 Months to 30 April 2008
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Loss for the period before tax	(28,555)	(372)	(97,282)
<i>Adjustments for:</i>			
Fair value adjustment	23,030	-	73,419
Shares issued for non-cash consideration	-	-	18,389
Finance income and expense	2,714	-	(2,368)
Net goodwill written off	-	-	114
<i>Changes in working capital</i>			
Change in trade and other receivables	828	(1,111)	(664)
Change in agricultural assets	(2,848)	-	(4,464)
Change in trade and other payables	(696)	484	815
Cash generated from operations	(5,527)	(999)	(12,041)
Income taxes paid	(208)	-	-

Net cash flows (used in) operating activities	(5,735)	(999)	(12,041)
Cash flows from investing activities			
Purchase of investments	-	(28,695)	(96,711)
Interest income	1,100	-	3,432
Purchase of fixed assets	35	-	(17)
Acquisition of subsidiary, net of cash acquired	-	(263)	(241)
Net cash flows from / (used in) investing activities	1,135	(28,958)	(93,537)
Cash flows from financing activities			
Net proceeds on issue of equity shares	-	-	68,524
Share issue costs paid	-	-	(3,373)
Dividends paid	-	(4,999)	(10,162)
Loan from portfolio company repaid	-	-	(6,730)
Interest expense and other finance costs	(17)	-	(595)
Net cash flows (used in) / from financing activities	(17)	(4,999)	47,664
Net decrease in cash and cash equivalents	(4,617)	(34,956)	(57,914)
Foreign exchange	(8,030)	2,087	2,351

Cash and cash equivalents at start of period	42,823	98,386	98,386
Cash and cash equivalents at end of period	30,176	65,517	42,823

**Selected notes to the condensed consolidated interim financial information
For the six months to 31 October 2008**

1. General information

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.

2. Accounting policies

Basis of preparation

This condensed interim financial information for the period ended 31 October 2008 has been prepared in accordance with IAS 34, Interim Financial Reporting and on a basis consistent with the accounting policies set out in the Company's audited annual report and accounts for the year ended 30 April 2008.

The financial information has been presented in US Dollars.

Investments

The Group has designated its investments as at fair value through profit or loss on initial recognition. The portfolio investments of the Company are initially recognised at cost as of the date of investment. The portfolio's unquoted investments are subsequently re-measured at fair value at least every six months by the Directors using the most appropriate valuation techniques. Unrealised gains and losses arising from the revaluation of investments are taken directly to the Income Statement.

Segment reporting

No segment reporting is provided as the Group is engaged in only one business sector and geographic location.

3. Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the periods.

Net loss attributable to shareholders	(\$29,039,000)
Weighted average number of ordinary shares in issue	147,563,929
Basic loss per share	\$ (0.20)

The Company has no dilutive potential ordinary shares, as the market price of the shares has been lower than the exercise price of the warrants throughout the period. Therefore the diluted loss per share is the same as the basic loss per share.

4. Investments

Investments comprise two holdings as follows:

Name	Country of Incorporation	Proportion of ownership interest
Usaciga - Açucar, Alcool E Energia Elétrica SA	Brazil	49%
Unialco MS Participações SA	Brazil	33%

Both investments are considered to be joint ventures. They are, however, not equity accounted, but designated as held at fair value through profit or loss in accordance with a permitted exemption under IAS 31. Both investments are stated at fair value, as estimated by the Directors.

The valuations are based on a multiple of the cane crushing capacity, using recent industry transactions and public data to arrive at the multiple, and on market data for land values.

	Usaciga \$'000	Unialco \$'000	Total \$'000
Cost at 30 April 2008	123,419	66,820	190,239
Fair value adjustment at 30 April 2008	(73,419)	-	(73,419)
Carrying value at 30 April 2008	50,000	66,820	116,820
Fair value adjustment in period	-	(23,030)	(23,030)
Carrying value at 31 October 2008	50,000	43,790	93,790

5. Escrow account

Under the terms of the Investment Agreement with Usaciga - Açucar, Alcool E Energia Elétrica SA, an escrow account was established to protect the Company against certain possible liabilities. At 31 October 2008 \$6.6 million (30 April 2008: \$6.6 million) was held in the escrow account and is included within cash and cash equivalents on the balance sheet. The amount is due to be released in fixed annual instalments up to 2013.

6. Share capital

Ordinary shares of 1pence each As at 31 October 2008 and 30 April 2008	Number of shares	Value £'000
Issued	147,563,929	1,475
Authorised	600,000,000	6,000

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

In addition to the ordinary shares, 25,000,000 equity warrants are admitted to trading on the AIM market. Each warrant entitles the holder to subscribe for one new ordinary share at £1.00 per share, subject to adjustment as detailed in the Company's Admission Document published in December 2006.

7. Agricultural assets

	\$'000
Balance at 30 April 2008	4,464
Additions in the period	1,961
Balance at 31 October 2008	6,425

Agricultural assets consist of approximately 2,500 hectares of sugar cane all of which have been planted in the past eighteen months. During the period the Group did not harvest any of this crop. The Directors estimate that the fair value of the cane crop is equivalent to cost.

8. Commitments

The Group has capital commitments of \$6.6 million in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for completion of the investment in Usaciga - Açucar, Alcool E Energia Elétrica SA. This is covered by the escrow account as described in note 5.

9. Related party transactions

There are no transactions carried out with related parties for the six months ended 31 October 2008 except the following:

Czarnikow Group Limited holds 3.83% of the shares of the Company and receives fees from Usaciga and Unialco for acting as a physical offtaker of sugar and ethanol and other services.

Marcelo Junqueira is a director of the Company and of Agrop Servicos Agricolas Ltda. Agrop received fees of \$1.6 million in the period for agricultural services provided to some of the Company's Brazilian subsidiaries.

Philip Scales is a director of the Company and of the Administrator. The Administrator received fees of £62,500 in the period.

Review report by KPMG Audit LLC to Clean Energy Brazil plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2008, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

The annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half-yearly report have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the Directors currently intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2008 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

KPMG Audit LLC
Chartered Accountants
Douglas
Isle of Man

27 January 2009