Leaf Clean Energy Company

Interim Report

For the half year ended 31 December 2018

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Management and administration

Directors	Mark Lerdal (executive chairman) Stephen Coe (non-executive director) Peter O'Keefe (non-executive director)	**Solicitors**	Gowling WLG 4 More London Riverside London SE1 2AU Wilson Sonsini Goodrich & Rosati 1700 K Street, NW Fifth Floor Washington, D.C. 20006-3817 USA
Administrator	EPE Administration Limited Audrey House 16-20 Ely Place London EC1N 6SN	**Registered Office**	PO Box 309 Ugland House George Town Grand Cayman KY1-1104 Cayman Islands
Nominated Advisor and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS		
Auditors	KPMG PO Box 493 Century Yard, Cricket Square Grand Cayman KY1-1106 Cayman Islands		
Depositary, Registrar	Computershare Investor Services plc P.O. Box 82 The Pavilions Bridgewater Road Bristol BS99 6ZZ		

Biographies of the directors

Mark David Lerdal (executive chairman)

Mark David Lerdal was appointed as chairman of Leaf Clean Energy Company in April 2014. He was also managing director of MP2 Capital, LLC from 2009 to 2015. From September of 2011 to February of 2013, Mr. Lerdal served as president of Hydrogen Energy California, a developer of a carbon capture and sequestration facility. Prior to that time, Mr. Lerdal was a managing director at KKR Finance in its debt securities division. He has been active in the renewable energy business for 30 years as an investor, operating executive and attorney. Mr. Lerdal also serves as a non-executive board member at Onsite Energy Corporation.

Stephen Charles Coe (non-executive director, chairman of audit committee)

Stephen is currently chairman of TOC Property Backed Lending Trust plc. He is also director (and chairman of the audit committee) of Raven Russia Limited, Weiss Korean Opportunities Fund Limited and Merian Chrysalis Investment Company Limited.

He has been involved with offshore investment funds and managers since 1990 with significant exposure to property, debt, emerging markets and private equity investments.

He qualified as a Chartered Accountant with Price Waterhouse Bristol in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 he was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. From 2003 to 2006 Stephen was a director with Investec in Guernsey and managing director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited. He became self-employed in August 2006 providing services to financial services clients.

Peter O'Keefe (non-executive director)

Peter O'Keefe is a professional in the financial services industry, an advisor to both privately owned & publicly traded companies and an advisor to one of our nation's leading cyber-security consulting companies. He is a recognized national political operative who served as a liaison to the business community in the Clinton White House.

Peter is a director on the board of regulatory compliance services company, Regscan Inc. Previously he worked at Carret Asset Management, a privately-owned investment advisory firm, where he was a registered professional with the National Association of Securities Dealers holding both series 7 and 63 licenses. Peter serves as a member of Leaf Clean Energy Company's audit and remuneration committees.

Chairman’s statement

Dear Shareholder:

At 31 December 2018 Leaf’s Net Asset Value (“NAV”) was $16.7 million (30th June 2018: $19.3 million). Accordingly, at 31 December 2018 NAV per share was 31.67 cents (30th June 2018: 36.80 cents). The $2.7 million reduction in NAV resulted primarily from costs of $1.7 million, and a $1.0 million write down on revaluation of the investments. At the end of the period our assets comprised: cash balances of $2.3 million, a receivable of $14.2 million in respect of the Invenergy put/call redemption (being the balance of the redemption price ordered by the Court as detailed below) and investment balances of $1.0 million. As previously announced, Leaf returned $25.7 million to its shareholders via a compulsory partial share redemption which took place in July 2018.

Invenergy

As previously reported, on April 19, 2018, the Delaware Court of Chancery (the “Court”) issued a post-trial opinion with respect to certain claims asserted in Leaf Invenergy Company, LLC v. Invenergy Wind LLC, C.A. No. 1830-VCL (the “Invenergy Lawsuit”). The Court previously held Invenergy Renewables LLC (formerly known as Invenergy Wind LLC) ("Invenergy") had breached the parties' Third Amended and Restated Limited Liability Company Agreement ("Operating Agreement") by engaging in a defined "Material Partial Sale" without either obtaining Leaf's consent or paying Leaf a contractually defined return on its investment. In its post-trial opinion, the Court held that Leaf is only entitled to nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement. In addition, the Court rejected Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, and ordered the parties to complete the put/call redemption process in accordance with the Operating Agreement.

On June 14, 2018, the Court entered its final order and judgment in the Invenergy Lawsuit, awarding Leaf nominal damages of $1 as a result of Invenergy’s breach of the Operating Agreement. The Court's final order also entered judgment in Leaf's favor on Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, thereby establishing the redemption price to be paid to Leaf in connection with that put/call process at $50.7 million. The final order provided that the parties would complete the put/call process and that Leaf would receive $36.4 million upon filing a notice of appeal to the Delaware Supreme Court. The final order further required Invenergy to place $15.3 million, representing the disputed amount of $14.2 million plus one year of statutory interest, in a court-controlled account pending resolution of Invenergy’s notice of cross-appeal related to its counterclaim.

Also on June 14, 2018, following entry of the Court's final order and judgment, Leaf filed its notice of appeal to the Delaware Supreme Court. Invenergy filed its notice of cross-appeal related to its counterclaim on June 25, 2018. Pursuant to the final order, Invenergy paid Leaf $36.4 million on June 20, 2018. If Leaf is successful on Invenergy’s cross-appeal related to its counterclaim, Invenergy will be required to pay Leaf the remaining $14.2 million plus statutory interest through the conclusion of the appeal. Leaf continues to believe it is entitled to damages of $122.2 million plus pre-judgment interest less $36.4 million already received.

The Delaware Supreme Court heard oral argument in Leaf's appeal of the damages awarded to it in the Invenergy lawsuit on 13 February 2019. Leaf anticipates that the Delaware Supreme Court will issue its opinion within 90 days of the date of the oral argument, with any remaining amounts due to Leaf likely to be known and paid in the first half of 2019, net of any withholdings required for tax purposes. We are of the view that any tax withholdings from the put/call redemption will be recoverable.

Investments

Vital Renewable Energy Company (“VREC”)

Leaf has an investment in VREC, the owner of a sugar-cane-based facility in Brazil which produces ethanol and refined sugar. The performance of this investment has been stable over the last 12 months despite the ongoing macroeconomic challenges in Brazil. Notwithstanding the operational performance of this asset, the current market conditions remain challenging and are not conducive to facilitate a realization of this investment in the short to medium term.

Energía Escalona (“Escalona”)

Leaf has an investment in Escalona, a hydroelectric project development company based in Mexico City, which has secured the requisite permit to participate in the Mexican Wholesale Electricity Market (MEM). The new Mexican Administration has initiated a review of the energy policy and regulation in Mexico and the impacts of such a review have yet to be fully understood. While Leaf continues to explore its options for this asset, the prevailing uncertainty in the marketplace might impede an expeditious realization of this asset.

Chairman’s statement (continued)

Conclusion

The outcome of the Invenergy legal case at the trial level has been disappointing. We continue to believe the language of the contract at issue there (as well as the parties’ intent that Leaf would receive its defined return) was clear and fully evidenced. The outcome of the legal appeals process is uncertain, and costs will be incurred for the appeal and to keep Leaf operating. The Board has made significant cost reductions for 2019 and will need to consider how best to operate Leaf to realize value in VREC and any receivables that remain following the finalization of the Invenergy legal process.

Mark Lerdal
Chairman

27 March 2019

Management report

During the six months ended 31 December 2018, Leaf's management continued its work implementing Leaf's orderly realisation strategy (see Strategy section below). These activities consisted of working with Leaf's legal counsel in pursuing the breach of contract claim filed by Leaf against its investee, Invenergy, while also monitoring Leaf's remaining investments with a view towards future realisation events for these holdings.

Following the October 2017 sale of Lehigh Technologies, Inc. to Michelin, and the June 2018 redemption by Invenergy of Leaf's ownership stake in Invenergy pursuant to the Court's order, Leaf's portfolio consists of two remaining investments: VREC and Escalona. Leaf is a minority holder in VREC and a majority holder in Escalona.

While Leaf no longer held Invenergy as an investment as at 30 June 2018, most of the value for Leaf's shareholders still hinges on Invenergy-related future events, namely the resolution of Leaf's appeal from the award of only nominal damages by the Court in Leaf's breach of contract claim against Invenergy, and Invenergy's cross-appeal of the Court's ruling against Invenergy on their counterclaim regarding the put/call process. See below for more information about these events that will likely result in Leaf receiving an additional $14.2 million of put/call redemption proceeds, or possibly as much as $85 million of additional damages, plus any pre- and post-judgment interest where applicable.

Strategy

The Leaf's investment strategy is an orderly realisation and return of capital to the shareholders, which will occur on an asset-by-asset basis in timeframes appropriate for each asset. The Leaf Board at its discretion will balance the goal of returning capital expediently to investors with the goal of maximising the realisation value of the investments.

Leaf's remaining holdings are in the equity of two unlisted companies. Therefore, realisations of these investments require the cooperation of the investee companies and of other investors as well as Leaf. In addition, the individual circumstances and market conditions surrounding each investment must be taken into account, affecting the timescale before which a particular investment can be realised. This means that some investments may be considered appropriate for sale in the short term, while others may be held for a longer period.

Leaf will not invest in any new portfolio companies but may make additional investments in existing portfolio companies where required to preserve or enhance the realisation value of these investments.

Financial highlights

Below is a summary of financial highlights for Leaf during the six-month period ended 31 December 2018:

Invenergy-related highlights

Please refer to Note 19 to the consolidated financial statements for more background and information regarding the Invenergy lawsuit and put/call process.

Background from prior periods:

- On 18 July 2016 Leaf filed a motion for entry of an order and final judgment, asking the Court to order Invenergy to pay damages of $126.1 million, based on the calculation of the Target Multiple per the terms of the Operating Agreement, less the $3.9 million previously reported tax distribution from Invenergy, plus interest on the net $122.2 million in damages at the Delaware statutory rate of interest of 6%, compounded quarterly, from the date of the breach.

- On 12 August 2016, Invenergy filed an answering brief to Leaf's motion, disputing that Leaf is entitled to the damages Leaf is seeking and arguing that Leaf is entitled, at most, to nominal damages. Invenergy also asserted that any obligation it owes to Leaf is excused because of the put/call process described in the interim statements. On this same date, Invenergy also filed a motion to amend its original answer to the lawsuit to add five additional affirmative defences and two counterclaims.

- On 6 October 2016, the Court heard oral arguments by the parties on the Leaf and Invenergy motions.

- In two orders on 7 and 10 October 2016 which can be downloaded and viewed in their entirety at the following URL: http://www.leafcleanenergy.com/media-relations/download-centre/, the Court denied Leaf's and Invenergy's motions, apart from allowing one of Invenergy's counterclaims.

    - The Court allowed Invenergy to assert a counterclaim against Leaf alleging that Leaf acted in bad faith by causing its appraiser in the put/call to provide a biased and inaccurate appraisal.

  - The Court made additional rulings, including: 1) finding that Leaf's claims are not excused as a result of Leaf exercising the put, 2) that an exchange of mutual releases required in the put/call will not moot the lawsuit, and 3) that Leaf's right to a remedy for Invenergy's breach is not barred because Leaf did not seek injunctive relief to block the closing of the TerraForm Transaction.

- On 7 April 2017, the third appraisal in the put-call process was completed by an appraiser mutually selected by Leaf and Invenergy. This appraiser valued Leaf's 2.3% stake in Invenergy at $42.5 million.

- A trial was held by the Court on 25-27 October 2017 to determine the damages that will be awarded to Leaf due to Invenergy's breach and to rule on Invenergy's counterclaim. The Court held post-trial argument on 19 January 2018.

- On 19 April 2018, the Court issued a post-trial opinion with respect to Leaf's claims and Invenergy's counterclaim. In its opinion, the Court held that Leaf is only entitled to nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement. In addition, the Court rejected Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, and ordered the parties to complete the put/call process in accordance with the Operating Agreement.

- On 14 June 2018, the Court entered its final order and judgment with respect to Leaf's claims and Invenergy's counterclaim, awarding Leaf nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement by engaging in a defined "Material Partial Sale" without either obtaining Leaf's consent or paying Leaf a contractually defined return on its investment. The Court's final order also entered judgment in Leaf's favor on Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, thereby establishing the redemption price to be paid to Leaf in connection with that put/call process at $50.7 million.

  The final order and judgment contemplated that, in the event Leaf appealed the Court's award of nominal damages in its final order and judgment, Invenergy intended to cross-appeal the Court's determination with respect to its counterclaim and therefore would be obligated to pay Leaf $36.4 million, representing an amount that Invenergy does not contest is owed to Leaf, within 5 business days of Leaf's notice of appeal and that the remainder of the redemption price would be paid into an interest bearing account controlled by the Court to be distributed following, and depending on, the appeal. Leaf continues to believe, as the Court found, that Invenergy's counterclaim is without merit.

  The Court's orders of 19 April 2018 and 14 June 2018 can be downloaded and viewed in their entirety at the following URL: http://www.leafcleanenergy.com/media-relations/download-centre/.

- Also on 14 June 2018, following entry of the Court's final order and judgment, Leaf filed its notice of appeal to the Delaware Supreme Court.

- On 20 June 2018, as ordered by the Court, Invenergy redeemed all of Leaf's ownership interests in Invenergy, paying Leaf $36.4 million. Subsequently, Invenergy deposited an additional $15.3 million into the Court-controlled account.

- On 25 June 2018, Invenergy filed its notice of cross-appeal related to its counterclaim to the Delaware Supreme Court.

Developments during the period:

- The Delaware Supreme Court heard oral argument in Leaf's appeal of the damages awarded to it in the Invenergy lawsuit on 13 February 2019. Leaf anticipates that the Delaware Supreme Court will issue its opinion within 90 days of the date of the oral argument.

Other highlights

- On 4 July 2018, Leaf repurchased and cancelled 65,592,161 of the 118,162,853 shares that were outstanding as at 30 June 2018. The Redemption was completed on 10 July 2018, following payment to the holders of the cancelled shares. In relation to the Redemption Leaf has booked a liability of $25.7 million in the accounts as at 30 June 2018 and has accordingly reduced share capital and premium by this same aggregate amount. Following the 4 July 2018 cancellation of the repurchased shares, there were 52,570,692 ordinary shares in issue.

Financial performance

The Leaf Group's total net asset value (NAV) on 31 December 2018 was $16.7 million, $2.7 million lower than on 30 June 2018. This change resulted mainly from the $1.7 million comprehensive loss for the period, which in turn consisted primarily of $1.0 million of administration expenses and $0.6 million of transaction-related costs. In addition, there was a $1.0 million write down upon revaluation of the investments. At the end of the period, $2.3 million of Leaf's NAV was held in cash and $1.0 million in investments.

Management report (continued)

NAV per share for the Leaf Group was 31.67 cents or 24.82 pence at $1.2760 to the £1. This was a decrease of 13.9 per cent for the six-month period from 30 June 2018. The decrease was entirely due to the expenses for the period. Due to the decrease in the value of the GBP relative to the US dollar over the period, NAV per share in pence decreased by 10.9%, as the 3.4 per cent decrease in the £/$ exchange rate over the six-month period partly offset the US dollar loss in GBP terms as a result of the translation of Leaf's mostly US dollar denominated NAV into GBP.

Leaf's administrative expenses for the six-month period ended 31 December 2018 were $261 thousand higher than the comparable prior period, due to unbudgeted employee severance costs. Without these costs, having otherwise adhered to the previously announced $1.55 million budget for the current fiscal year, Leaf would have been below budget and on track to meet this budget for the full year. Note that, due to uncertain timing and amounts the budget did not include transaction-related costs or payments under the Company's incentive plans. Leaf has not accrued anything for future transaction costs. Leaf has made an $820 thousand provision for contingent costs associated with concluding the Invenergy lawsuit and returning cash to the shareholders.

Portfolio update

Key updates regarding Leaf's portfolio companies during the interim report period included the following:

Vital Renewable Energy Company (VREC)

VREC, a renewable energy company focused on the development of sugar-cane-based ethanol and sugar concluded its 2018/2019 crushing season with strong year over year performance. Additionally, VREC completed its industrial expansion program and is well positioned to leverage its capacity to deliver further growth once its agricultural program is fully developed.

Energía Escalona (Escalona)

Escalona, the hydroelectric project development company based in Mexico City, has obtained its wholesale electricity generation permit. Escalona will need to modify certain other permits of the project in order to comply with the requirements of this permit and such efforts are currently ongoing. In conjunction with the aforementioned project related activities, Leaf and its partner continue to review strategic options for this late-stage development project.

In the coming months, the Leaf Board and management will continue to focus on achieving realisations of the remaining assets and resolution of the Invenergy lawsuit appeal to enable additional future distributions to the shareholders. The Leaf Board and management have maintained and will continue to maintain an appropriate cash balance to ensure that Leaf can continue to execute its strategy.

27 March 2019

Leaf Clean Energy Company

Condensed consolidated statement of comprehensive income for the six months ended 31 December 2018

	Note	(Unaudited) 6 months ended 31 December 2018 $'000	(Unaudited) 6 months ended 31 December 2017 $'000
Net (loss)/gain on investments at fair value through profit or loss	12.1	(1,000)	620
Net foreign exchange (loss)/gain		(46)	23
Other income		-	2
Gross portfolio (loss)/return		**(1,046)**	**645**
Transaction-related costs	7	(627)	(3,009)
Administration expenses	6	(1,032)	(771)
Interest on shareholders loan and amortisation of loan facility fee		-	(89)
Provision for doubtful intercompany receivable		(49)	(11)
Contingent costs provision reversal/(expense)	8	60	(3,450)
Loss before taxation		**(2,694)**	**(6,685)**
Taxation	18	(1)	8,039
Total (loss)/gain and total comprehensive (loss)/income for the period		**(2,695)**	**1,354**
(Loss)/earnings for the period attributable to equity holders		**(2,695)**	**1,354**
Basic and diluted (loss)/earnings per share (cents)	10	**(5.13)**	**1.15**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of financial position as at 31 December 2018

	Note	(Unaudited) 31 December 2018 $'000	(Audited) 30 June 2018 $'000
Assets			
Investments at fair value through profit or loss	12.1	1,000	2,000
Total non-current assets		**1,000**	**2,000**
Cash and cash equivalents		2,320	29,975
Trade and other receivables	14	48	106
Additional proceeds receivable from put/call redemption of Invenergy stake	19	14,237	14,237
Total current assets		**16,605**	**44,318**
Total assets		**17,605**	**46,318**
Equity			
Share capital	17	18	18
Share premium	17	271,310	271,310
Retained losses		(254,677)	(251,982)
Total equity		**16,651**	**19,346**
Liabilities			
Provision for future contingent costs		820	880
Trade and other payables	15	134	347
Accrual for compulsory redemption of shares		-	25,745
Total current liabilities		**954**	**26,972**
Total liabilities		**954**	**26,972**
Total equity and liabilities		**17,605**	**46,318**
Net asset value per share (cents)		31.67	36.80

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were approved by the board of directors on 27 March 2019 and signed on their behalf by:

Mark Lerdal
Executive Chairman

Stephen Coe
Non-Executive Director

Condensed consolidated statement of changes in equity for the six months ended 31 December 2018

	Share Capital	Share Premium	Retained losses	Total equity
	$'000	$'000	$'000	$'000
Balance at 30 June 2018 (audited)	18	271,310	(251,982)	19,346
Total comprehensive loss for the period	-	-	(2,695)	(2,695)
Balance at 31 December 2018 (unaudited)	**18**	**271,310**	**(254,677)**	**16,651**

	Share Capital	Share Premium	Retained losses	Total equity
	$'000	$'000	$'000	$'000
Balance at 30 June 2017 (audited)	27	297,046	(208,799)	88,274
Total comprehensive income for the period	-	-	1,354	1,354
Balance at 31 December 2017 (unaudited)	**27**	**297,046**	**(207,445)**	**89,628**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the six months ended 31 December 2018

	(Unaudited) 6 months ended 31 December 2018 $'000	(Unaudited) 6 months ended 31 December 2017 $'000
Cash flows from operating activities		
Refund from account closure	-	2
Transaction-related expenditures	(1,080)	(1,409)
Operating expenditures	(778)	(818)
Fees for shareholders loan	-	(125)
Advances to investee companies	(6)	(8)
Net cash used in operating activities	**(1,864)**	**(2,358)**
Cash flows from investing activities		
Additional proceeds from sale of investments	-	30
Net cash generated from investing activities	**-**	**30**
Cash flows from financing activities		
Proceeds from shareholders loan	-	2,000
Partial redemption of shares	(25,745)	-
Net cash (used in)/generated from financing activities	**(25,745)**	**2,000**
Net decrease in cash and cash equivalents	**(27,609)**	**(328)**
Cash and cash equivalents at start of the period	29,975	2,286
Effect of exchange rate fluctuations on cash and cash equivalents	(46)	23
Cash and cash equivalents at end of the period	**2,320**	**1,981**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the six months ended 31 December 2018

	(Unaudited) 6 months ended 31 December 2018	(Unaudited) 6 months ended 31 December 2017
Reconciliation of total loss and total comprehensive loss for the period to net cash used in operating activities	$'000	$'000
Total (loss)/gain and total comprehensive (loss)/income for the period	(2,695)	1,354
Adjustments for:		
Increase/(Decrease) in net deferred tax liability	-	(8,039)
Net unrealised loss/(gain) on investments at fair value through profit or loss	1,000	(590)
(Decrease)/increase in provision for future contingent costs	(60)	3,450
Net foreign exchange loss/(gain)	46	(23)
Loan facility expenses	-	21
Provision for doubtful intercompany receivables	-	11
Net realised gain on investments at fair value through profit or loss	-	(30)
Other income	-	(6)
Operating loss before changes in working capital	**(1,709)**	**(3,852)**
Movement in trade and other receivables	58	(62)
Movement in trade and other payables	(213)	1,556
Net cash used in operating activities	**(1,864)**	**(2,358)**

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018

1. Leaf

Leaf Clean Energy Company (the "Company" or "Leaf") was incorporated and registered in the Cayman Islands on 14 May 2007. Leaf was established to invest in clean energy projects, predominantly in North America. Clean energy includes activities such as the production of alternative fuels, renewable power generation and the use of technologies to reduce the environmental impact of traditional energy. The investments of Leaf will be realised in an orderly and expedient manner, that is, with a view to achieving a balance between: (i) returning cash to Shareholders at such times and from time to time and in such manner as the Board may (in its absolute discretion) determine; and (ii) maximising the realisation value of Leaf's investments. In light of the realisation strategy, there will be no specific investment restrictions applicable to Leaf's portfolio going forward.

The shares of Leaf were admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 28 June 2007 when dealings also commenced.

During the period, Leaf's executive chairman, agents, and management team (the latter being employees of Leaf) performed all significant functions.

The interim condensed consolidated financial statements as at and for the six months ended 31 December 2018 are for the Leaf Group. Refer to note 16.

The consolidated financial statements of the Leaf Group as at and for the six-month period ended 31 December 2018 are available upon request from Leaf's registered office at PO Box 309, Ugland House, George Town, Grand Cayman KY1-1104, Cayman Islands or at www.leafcleanenergy.com.

2. Statement of compliance

These interim condensed consolidated financial statements 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 Leaf as at and for the year ended 30 June 2018.

These interim condensed consolidated financial statements were approved by the board of directors on 27 March 2019.

3. Significant accounting policies

Save as for explained above, the accounting policies applied by Leaf in these interim condensed consolidated financial statements are the same as those applied by Leaf in its consolidated financial statements as at and for the year ended 30 June 2018.

4. **Use of estimates and judgements**

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying Leaf's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2018.

The most significant area requiring estimation and judgement by the directors is the valuation of unquoted investments, (see note 12).

5. Financial risk management

The Leaf Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2018.

The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments as at 31 December 2018 of $1.0 million (30 June 2018: $2.0 million):

Name of Investment	Valuation methodology	Significant inputs / assumptions
Vital Renewable Energy Company, LLC ("VREC")	Market multiples	Choice of comparable companies, publicly available data about operating results
Energia Escalona s.r.l. ("Escalona")	Income approach	Forecast cash flows discount rate

The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments as at 30 June 2018.

Name of Investment	Valuation methodology	Significant inputs / assumptions
Vital Renewable Energy Company, LLC ("VREC")	Market multiples	Choice of comparable companies, publicly available data about operating results
Energia Escalona s.r.l. ("Escalona")	Income approach	Forecast cash flows discount rate

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

6. Administration expenses

	(Unaudited) 6 months ended 31-Dec-18 $'000	(Unaudited) 6 months ended 31-Dec-17 $'000
Salaries and related costs [2]	573	255
Directors' remuneration (note 9)	173	173
Administration fees	75	75
Other expenses	67	73
Legal and professional fees [1]	61	106
Audit fees	32	31
Directors' and officers' insurance expense	27	26
Rental fees	20	19
Travel and subsistence expenses	4	13
Total	**1,032**	**771**

[1]Administration expenses do not include transaction related legal or professional services costs, which are reported as transaction related expenses on the condensed consolidated statement of comprehensive income.

[2]Salaries and related costs include one-time severance payments to employees which were paid out after the period end, in January 2019. These payments have been accrued as part of the contingent costs provision and will be deducted from any incentive plans payments made to these employees in respect of any future returns of cash to the shareholders.

7. Transaction-related costs

The amount disclosed for the six months period ended 31 December 2018 consists primarily of legal and professional services costs incurred during the period in connection with the complaint filed on 21 December 2015 by Leaf against Invenergy Renewables LLC, including Leaf's ongoing appeal of the damages award and defence of Invenergy's cross-appeal.

8. Contingent costs provision

The Leaf Board has adopted incentive compensation arrangements for Leaf and its advisors under which Company payees will receive incentive payments only when cash is returned to the shareholders and certain advisors may receive incentive payments depending on any additional damages awarded Leaf following the conclusion of the Invenergy lawsuit. The arrangements for Leaf payees include a sliding scale of incentives based on cash returned to the shareholders, in addition to severance payments to Leaf employees to be deducted from any future incentive payments owed to employees under these arrangements. As at 31 December 2018, the Leaf Group updated its prior estimate of these contingent costs to be $0.82 million (30 June 2018: $0.88 million), using an estimate of total cash that will be returned to the shareholders that is based on the 31 December 2018 net asset value, including net proceeds expected from the $14.2 million of additional put/call proceeds from Invenergy, less the estimated remaining cash requirements of Leaf in completing the appeal of the Invenergy lawsuit and the realisation of the remaining investments. Revisions to the estimate of total cash that will be returned to shareholders and other factors result in adjustments to the provision for future incentive payments, which are recognised in profit or loss during the period of the adjustment.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

9. Directors' remuneration

Details of the directors' basic annual remuneration areas in effect during the period was as follows:

31 December 2018	**Basic annual remuneration**
	$'000
Mark Lerdal (chairman)	250
Stephen Coe (non-executive director)	70
Peter O'Keefe (non-executive director)	25
	345

Directors' fees and expenses payable during the six months ended 31 December 2018 were:

31 December 2018	**Directors' fees**	**Reimbursements**	**Total**
	$'000	$'000	$'000
Mark Lerdal (Chairman)	125	3	128
Stephen Coe	35	-	35
Peter O'Keefe	13	-	13
	173	**3**	**176**

31 December 2017	**Directors' fees**	**Reimbursements**	**Total**
	$'000	$'000	$'000
Mark Lerdal (Chairman)	125	10	135
Stephen Coe	35	-	35
Peter O'Keefe	13	-	13
	173	**10**	**183**

Each director is also entitled to receive reimbursement of any expenses in relation to their appointment. Total reimbursement to the directors for the six-months ended 31 December 2018 amounted to $3,403 (2017: $9,952) of which $3,403 was outstanding at 31 December 2018 (2017: $nil).

During the period the directors approved a 70% reduction to all directors' fees with effect from 1 January 2019. Whilst the Company has sufficient cash reserves, this reduction is made in-line with its strategy of realisation, as the Company seeks to return cash to shareholders in an orderly manner. Additionally, the employees and administrator have agreed to reduced salaries and fees.

10. Basic earnings/loss per share

Basic and Diluted

Basic and diluted earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of Leaf by the weighted average number of ordinary shares in issue during the period:

	(Unaudited) 6 months ended 31 December 2018	(Unaudited) 6 months ended 31 December 2017
Earnings/(loss) attributable to equity holders ($'000)	(2,695)	1,354
Weighted average number of ordinary shares in issue (thousands)	52,571	118,163
Basic and fully diluted earnings/(loss) per share (cents)	**(5.13)**	**1.15**

There is no difference between the basic and diluted loss per share for the period.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

11. Investments

Investments in underlying investee companies (held through various wholly owned intermediary subsidiaries) comprise membership units, ordinary stock, and preferred stock, preferential return of capital and capped rights to share in profits. The directors, with advice from Leaf's employee management team, have reviewed the carrying value of each investment and calculated the aggregate value of the Leaf Group's portfolio. Investments are measured at the directors' estimate of fair value at the reporting date, in accordance with IAS 39 'Financial Instruments: Recognition and measurement.

12. Critical accounting estimates and assumptions

These disclosures supplement the commentary on the use of estimates and judgments (see note 4).

Key sources of estimation uncertainty

Determining fair values
The determination of fair values for financial assets for which there is no observable market prices requires the use of valuation techniques as described in accounting policy 3.1 from the 30 June 2018 financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Critical judgements in applying the Leaf Group's accounting policies
Critical judgements made in applying the Leaf Group's accounting policies include:

Valuation of financial instruments
The Leaf Group's accounting policy on fair value measurements is discussed in accounting policy 3.1 from the 30 June 2018 consolidated financial statements. The Leaf Group measures fair value using the following hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments: quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Leaf Group determines fair values using valuation techniques.

Leaf, through its wholly-owned subsidiaries, holds full or partial ownership interests in two unquoted clean energy companies. These investments are classified as level 3 in the fair value hierarchy.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

12 Critical accounting estimates and assumptions (continued)

12.1 Investments at fair value through profit or loss

The following table shows a reconciliation of the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	(Unaudited) Year ended 31 December 2018	(Audited) Year ended 30 June 2018
Balance brought forward	2,000	101,410
Proceeds from sale of investments	-	(36,462)
Additional proceeds receivable from sale of investments	-	(14,237)
Movement in fair value of investments	(1,000)	(48,711)
Balance carried forward	**1,000**	**2,000**
Total gain/(losses) for the year included in profit or loss relating to investments held at the end of the reporting period.	(1,000)	-

Investments are stated at fair value through profit or loss on initial recognition. All investee companies are unquoted. Leaf has an established control framework with respect to the measurement of fair values. The directors, with advice from the management team, has overall responsibility for all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

12.2 (a) Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 December 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 December 2018 $'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	$1,000	Market multiples, income approach	Operational multiples	$41.5/mm tons - $67.5/mm tons	The estimated fair value would increase (decrease) if the operational multiples were higher/lower.
			Discount rates	7.2%	The estimated fair value would increase/(decrease) if the discount rate were lower/higher
			Forecast cash flows	n/a	n/a

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

12 Critical accounting estimates and assumptions (continued)

12.2 (a) Significant unobservable inputs used in measuring fair value (continued)

The table below sets out information about significant unobservable inputs used at 30 June 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 30 June 2018 $'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	$2,000	Market multiples, income approach	Operational multiples	$54/mm tons - $57/mm tons	The estimated fair value would increase (decrease) if the operational multiples were higher/lower.
			Discount rates	7.2%	The estimated fair value would increase/(decrease) if the discount rate were lower/higher
			Forecast cash flows	n/a	n/a

Significant unobservable inputs are developed as follows.

Operational multiples: Represent amounts that market participants would use when pricing the investments. Operational multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its operational metric and further adjusted if appropriate for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

Discount rate: Represents the rate used to discount projected levered or unlevered forecasted cash flows and terminal value for a project or company to their present values as part of the calculation of enterprise value for the project or company, or for the expected cash flows to Leaf from a forecasted transaction.

Forecast cash flows: Cash flows are forecast by Leaf by considering possible operational scenarios and transaction terms, the amount to be paid or received under each scenario and the probability of each scenario.

12.2 (b) Effects of unobservable input on fair value measurement

Although Leaf believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Leaf's net asset value (NAV) at 31 December 2018 ($ millions): (Favourable: 0.2, Unfavourable: 0.0).

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the above unobservable inputs for the valuation of Leaf's unlisted private equity investments have been calculated by varying these inputs in the applicable valuation models based on a reasonable lower and upper range as determined by Leaf Management. The most significant unobservable inputs are the discount rate, and operational multiples. The discount rate used in the models at 31 December 2018 was 7.2% (with reasonably possible alternative assumptions ranging between 6.2% and 8.2%). The operational multiples used in the model at 31 December 2018 ranged between $41.5/mm tons and $67.5/mm tons, with reasonably possible alternative assumptions of $41.5/mm tons to $67.7/mm tons.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

12 Critical accounting estimates and assumptions (continued)

12.2 (b) Effects of unobservable input on fair value measurement (continued)

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Leaf's net asset value (NAV) at 30 June 2018 ($ millions): (Favourable: 1.0, Unfavourable: (1.0)).

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the above unobservable inputs for the valuation of Leaf's unlisted private equity investments have been calculated by varying these inputs in the applicable valuation models based on a reasonable lower and upper range as determined by Leaf Management. The most significant unobservable inputs are the discount rate, and operational multiples. The discount rate used in the models at 30 June 2018 was 7.2% (with reasonably possible alternative assumptions ranging between 6.2% and 8.2%). The operational multiples used in the model at 30 June 2018 ranged between $54/mm tons and $57/mm tons, with reasonably possible alternative assumptions of $41.5/mm tons to $72/mm tons.

13. Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate their fair value, these are all categorised within level 2 of the fair value hierarchy.

14. Trade and other receivables

	(Unaudited) 31 December 2018 $'000	**(Audited) 30 June 2018 $'000**
Prepayments	45	103
Other receivables	3	3
Total	**48**	**106**

Amounts due from group companies are unsecured, interest free and receivable on demand.

15. Trade and other payables

	(Unaudited) 31 December 2018 $'000	**(Audited) 30 June 2018 $'000**
Other creditors	102	282
Audit fees payable	32	65
Total	**134**	**347**

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

16. The subsidiaries

The following subsidiaries of the Leaf Group are held at fair value on the consolidated financial statements in accordance with IFRS 10:

	Country of incorporation	Principal activity	Effective interest held
Escalona Coopertief U.A	Netherlands	Hydro Energy	87.5%
Escalona B.V	Netherlands	Hydro Energy	87.5%
Energentum Renewable Energy S.A. de C.V.	Mexico	Hydro Energy	87.5%
Energía Escalona s.r.l.	Mexico	Hydro Energy	51.2%
Leaf Invenergy Company	Cayman Islands		100%
Leaf Biomass Investments, Inc.	USA (Delaware)		100%
Leaf VREC Company	Cayman Islands		100%

17. Share capital

Ordinary shares of £0.0001 each	Number of shares	Share capital	Share premium
		$'000	$'000
At 31 December 2018	**52,570,692**	**18**	**271,310**
At 30 June 2018	**52,570,692**	**18**	**271,310**

Leaf resolved to repurchase and cancel 65,592,161 shares on 22 June 2018. In relation to this repurchase, Leaf had booked a liability of $25.7 million as at 30 June 2018 and had reduced share capital and premium by this same aggregate amount. Following the cancellation of the repurchased shares on 4 July 2018, there were 52,570,692 ordinary shares in issue.

The authorised share capital of the Leaf Group is £25,000 divided into 250 million Ordinary Shares of 0.0001 each.

Under the terms of the placement on 22 June 2007, Leaf issued 200,000,000 shares of £0.0001 each par value at a price of £1 each. The difference between the issue price and the par value was transferred to share premium account, net of share issue expenses.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Leaf. All shares rank equally with regards to the Leaf Group's assets.

Capital management

At an extraordinary general meeting ("EGM") held on 1 July 2014, Leaf's shareholders voted to accept the board's proposed resolution to change the Leaf Group's investment strategy to an orderly realisation and return of capital to the shareholders, which will occur on an asset-by-asset basis in timeframes appropriate for each asset. The details of the new strategy are disclosed in the EGM circular for this meeting, which can be found on Leaf's website.

The Leaf Group's capital comprises share capital, share premium and reserves and is not subject to externally imposed capital requirements.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

18. Income tax

	(Unaudited) Six months ended 31 December 2018 $'000	(Unaudited) Six months ended 31 December 2017 $'000
Current tax expense		
Current year	1	-
	-	**-**
Deferred tax expense		
Temporary differences	-	(8,039)
	-	**-**
Tax expense/(gain) on continuing operations	**1**	**(8,039)**

The Leaf Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

			(Unaudited) Balance as at 31 December 2018		
2018	**(Audited) Net balance at**	**Recognised in profit or loss during the**		**Deferred tax**	**Deferred tax**
$'000	**01 July 2018**	**period**	**Net**	**assets**	**liabilities**
Investments held at fair value through profit and loss	-	-	-	-	-
Net tax assets (liabilities)	**-**	**-**	**-**	**-**	**-**

19. Investment in Invenergy

On 21 December 2015, as previously announced, Leaf filed a lawsuit in Delaware Court of Chancery (the “Court”) against Invenergy alleging, in part, that Invenergy breached the Third Amended and Restated Limited Liability Company Agreement governing the membership interests in Invenergy (the "Operating Agreement"). Leaf alleged that Invenergy was required to either obtain Leaf's prior consent to a sale of 832 megawatts of Invenergy’s wind power generation facilities to TerraForm Power for approximately $2 billion (the “TerraForm Transaction”), or, absent such consent, make a payment to Leaf upon the closing date of the sale.

On 28 December 2015, Invenergy exercised its rights under the Operating Agreement to redeem the LLC membership units owned by Leaf, and Leaf exercised its right to put these units to Invenergy.

On 7 January 2016, Leaf received a $3.9 million cash distribution from Invenergy pursuant to the terms of Invenergy’s Operating Agreement.

On 15 April 2016, Leaf filed a motion for partial judgment on the pleadings with respect to its claim that Invenergy breached the Operating Agreement.

On 30 June 2016, the Court granted Leaf’s motion, ruling that, because Invenergy did not obtain Leaf’s prior consent to the closing of the TerraForm Transaction, Invenergy breached the Operating Agreement.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

19. Investment in Invenergy (continued)

On 18 July 2016, Leaf filed a motion for entry of an order and final judgment, asking the Court to order Invenergy to pay damages of $126.1 million, based on the calculation of the Target multiple per the terms of the Operating Agreement, less the $3.9 million previously reported tax distribution from Invenergy, plus interest on the net $122.2 million in damages at the Delaware statutory rate of interest of 6%, compounded quarterly, from the date of the breach.

On 12 August 2016 Invenergy filed an answering brief to Leaf's motion, disputing that Leaf is entitled to the damages Leaf is seeking and arguing that Leaf is entitled, at most, to nominal damages. Invenergy also asserted in its brief that any obligation it owes to Leaf is excused because of the put/call process described in the interim statements. On this same date, Invenergy also filed a motion to amend its original answer to the lawsuit to add five additional affirmative defenses and two counterclaims.

On 6 October 2016, the Court heard oral arguments by the parties on the Leaf and Invenergy motions. In two orders on 7 and 10 October 2016 which can be downloaded and viewed in their entirety at the following URL: http://www.leafcleanenergy.com/media-relations/download-centre/, the Court denied Leaf's and Invenergy's motions, apart from allowing one of Invenergy's counterclaims.

- The Court allowed Invenergy to assert a counterclaim against Leaf alleging that Leaf acted in bad faith by causing its appraiser in the put/call to provide a biased and inaccurate appraisal. Leaf believes this counterclaim to be without merit.
- The Court made additional rulings, including: 1) finding that Leaf's claims are not excused as a result of Leaf exercising the put, 2) that an exchange of mutual releases required in the put/call will not moot the lawsuit, and 3) that Leaf's right to a remedy for Invenergy's breach is not barred because Leaf did not seek injunctive relief to block the closing of the TerraForm Transaction.

A trial was held by the Court on 25-27 October 2017 to determine the damages that will be awarded to Leaf due to Invenergy's breach and to rule on Invenergy's counterclaim. The Court held post-trial argument on 19 January 2018.

On 19 April 2018, the Court issued a post-trial opinion with respect to Leaf's claims and Invenergy's counterclaim. In its opinion, the Court held that Leaf is only entitled to nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement. In addition, the Court rejected Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, and ordered the parties to complete the put/call process in accordance with the Operating Agreement. As a result of and following this ruling, Leaf wrote down its investment in Invenergy from $99.1 million to $50.7 million, the amount determined by the terms of the Operating Agreement governing the put/call process.

On 14 June 2018, the Court entered its final order and judgment in Leaf Invenergy Company, LLC v. Invenergy Wind LLC, C.A. No. 1830-VCL, awarding Leaf nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement by engaging in a defined "Material Partial Sale" without either obtaining Leaf's consent or paying Leaf a contractually defined return on its investment. The trial court's final order also entered judgment in Leaf's favor on Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, thereby establishing the redemption price to be paid to Leaf in connection with that put/call

process at $50.7 million. The final order and judgment contemplated that, in the event Leaf appealed the Court's award of nominal damages in its final order and judgment, Invenergy intended to cross-appeal the Court's determination with respect to its counterclaim and therefore would be obligated to pay Leaf $36.4 million, representing an amount that Invenergy does not contest is owed to Leaf, within 5 business days of Leaf's notice of appeal and that the remainder of the redemption price would be paid into an interest bearing account controlled by the Court to be distributed following, and depending on, the appeal.

Also on 14 June 2018, following entry of the Court's final order and judgment, Leaf filed its notice of appeal to the Delaware Supreme Court.

On 20 June 2018, as ordered by the Court, Invenergy redeemed all of Leaf's ownership interests in Invenergy, paying Leaf $36.4 million. Subsequently, Invenergy deposited an additional $15.3 million into the Court-controlled account. On 25 June 2018, Invenergy filed its notice of cross-appeal to the Delaware Supreme Court.

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2018 (continued)

19. Investment in Invenergy (continued)

Leaf continues to believe it is entitled to damages of $122.2 million (an additional $85.8 million over the $36.4 million Leaf already received following the Court's 20 June 2018 final order) plus pre-judgment interest. Taking into account the amount already received from Invenergy, this would represent at least an additional $85.8 million or 54.6 pence per pre-Redemption share. Leaf has not recognized an asset for this amount in these accounts.

Whilst Leaf believes it is entitled to the damages noted above it is the case that if Leaf were to be unsuccessful in its appeal then Leaf would receive additional amounts due under the put/call process previously described in chairman's statements. Leaf believes it would be due $50.7 million less the amount already received from Invenergy of $36.4 million being 9.1 pence per pre-Redemption share. Leaf has recognized a $14.2 million asset in these accounts reflecting this additional expected put/call proceeds receivable.

As noted above, Invenergy has filed a cross-appeal with the Delaware Supreme Court, contesting the $50.7 million amount and Invenergy has deposited $15.3 million, representing the disputed amount plus one year of interest, in a court-controlled account pending resolution of these matters.

The following key developments with respect to these proceedings occurred during the one-year period ended 31 December 2018:

The Delaware Supreme Court heard oral argument in Leaf's appeal of the damages awarded to it in the Invenergy lawsuit on 13 February 2019. Leaf anticipates that the Delaware Supreme Court will issue its opinion within 90 days of the date of the oral argument, and that the appeal and cross-appeal will be resolved by sometime in the first half of 2019. However, this is just an estimate provided by Leaf's litigation counsel and there can be no assurance that these matters will be resolved by then.

Put/call process summary:

Invenergy called Leaf's interest in Invenergy on 28 December 2015. On the same day, Leaf put its interest to Invenergy in order to mitigate its damages from Invenergy's breach. Each party appointed a third-party appraiser to value Leaf's stake in Invenergy. The results were $73.1 million (from the appraiser appointed by Leaf) and $36.4 million (from the appraiser appointed by Invenergy). In accordance with the Operating Agreement terms, a third appraiser was retained jointly by Leaf and Invenergy to value Leaf's interest in Invenergy and appraised the value of Leaf's stake in Invenergy to be $42.5 million. Pursuant to the Operating Agreement, the average of the three appraisals ($50.7 million) should determine the price for Leaf's interest in Invenergy for purposes of the put/call process. As noted above, Invenergy asserted a counterclaim alleging that Leaf acted in bad faith by allegedly causing its appraiser to provide a biased and inaccurate appraisal. The Court ruled against Invenergy on its counterclaim. Invenergy has filed a cross-appeal with respect to the Court's ruling on its counterclaim.

20. Subsequent Events

There were no subsequent events to report.