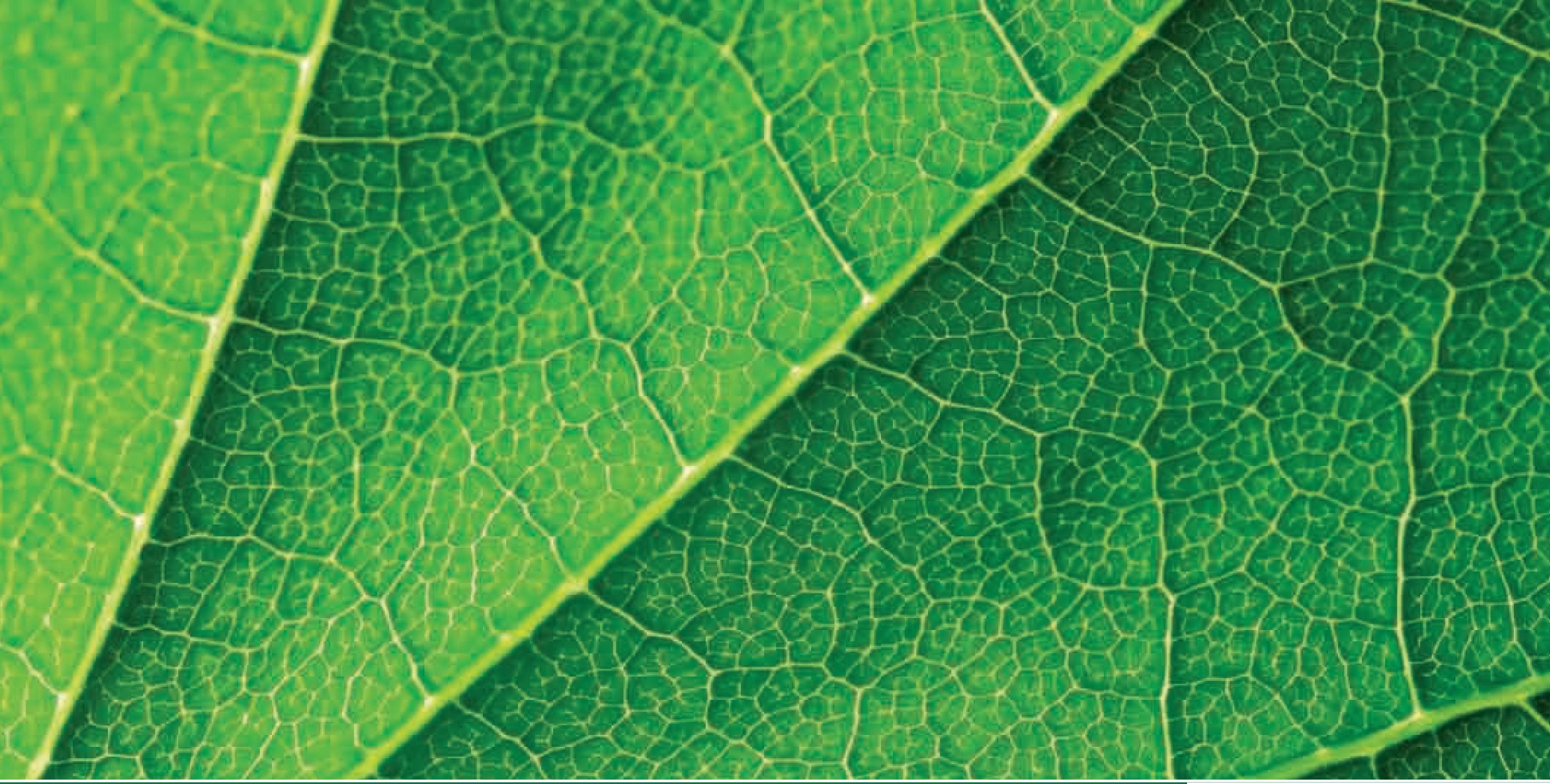


ANNUAL REPORT

For the year ended 30 June 2012

Leaf

clean energy company

CONTENTS

MANAGEMENT AND ADMINISTRATION

Directors	Peter Tom (Non-executive Chairman)* Bran Keogh (Executive Director) J. Curtis Moffatt (Non-executive Director)* Peter O'Keefe (Non-executive Director)* * independent
Administrator	EHM International Limited Becket House 36 Old Jewry London EC2R 8DD
Nominated Advisor, 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
Banks	HSBC Bank (Cayman) Limited P.O. Box 1109 HSBC House 68 West Bay Road George Town Grand Cayman KY1-1102 Cayman Islands The Royal Bank of Scotland International Limited Royal Bank House 2 Victoria Street Douglas Isle of Man IM99 1NJ
Solicitors	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS Wilson Sonsini Goodrich & Rosati 1700 K Street, NW Fifth Floor Washington, D.C. 20006-3817 USA
Registered Office	PO Box 309GT Ugland House George Town Grand Cayman KY1-1104 Cayman Islands

BIOGRAPHIES OF THE DIRECTORS

Peter Tom (Non-executive Chairman)

Peter W. G. Tom, CBE is chairman of Leaf Clean Energy Company's board of directors. He is also executive chairman of AIM-listed building materials group, Breedon Aggregates Limited; chairman of Leicester Football Club (Leicester Tigers), the rugby club for which he made 130 appearances between 1963 and 1968; and chairman of the Channel Islands Property Fund. Peter was formerly chief executive of international building materials group Aggregate Industries, negotiating its sale to Holcim for £1.8bn in 2005. Peter was awarded a CBE for Services to Business and Sport in 2006 and has an honorary degree from De Montfort University.

Bran Keogh (Executive Director)

Bran has been director of Leaf since its formation in 2007. In 2010, he took up the position of executive director where he oversees its investment strategy and the active management of its investee companies. He previously worked for the Irish government agency, Irish Productivity Centre, as a business development and strategic planning specialist. He has led large-scale financings for various projects in the construction and energy sectors and has a particular expertise in the appraisal and commercial development of renewable energy projects, with an emphasis on structured finance. Bran is a shareholder and director of a number of companies with investments in both renewable and conventional power generation in Ireland. These include: Tynagh Energy Ltd, a 400MW combined cycle gas turbine (CCGT) project and one of the first independent power producers in Ireland; Western Power, which is developing a number of large wind farm opportunities; and Greener Ideas, a joint venture with Bord Gáis Éireann (BGE) to develop 400MW of open cycle gas turbine (OCGT) projects.

J. Curtis Moffatt (Non-executive Director)

Curtis Moffatt is a partner at Van Ness Feldman, a law firm specialising in US energy and environmental laws where he counsels clients on issues including project development, climate change, and corporate restructuring. Curtis has represented energy clients for over 30 years before state and federal regulatory commissions, courts and legislative bodies. In addition, he has served as special regulatory counsel in financial transactions that include public and private placements involving cogeneration and gas and petroleum products pipeline projects. Curtis is a member of the Board of Visitors of the Nicholas School of the Environment at Duke University, and is a regular participant in the Energy and Environment programs of the Aspen Institute. He has served on the board of the Charitable Foundation of the Energy Bar Association and has served on the boards of several philanthropic organisations. Curtis was selected by Energy Law as one of the Best Lawyers in America (2010-2012). He has also been recognized in Chambers Global (2009-2012) Chambers USA (2008-2012), and Legal 500 USA (2011) for his expertise in energy and environmental law. Curtis is the chair of the Company's Audit Committee.

Peter O'Keefe (Non-executive Director)

Peter O'Keefe is an investor in the renewable energy industry and developer of renewable energy projects and technologies. His company, Greenvale Ventures, is active in biomass export markets developing a platform of wood pellet production and storage facilities in the southeastern US. Peter also serves in an advisory capacity to a diverse group of businesses in several industries, including engineering, financial services and direct marketing media. Peter is a director on the boards of electric car company, Ordos GreenTech Automotive Company, and 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 served as the senior advisor to the chairman of the Democratic National Committee, the finance director for the William J. Clinton Presidential Foundation and the associate director for business in the White House under President Clinton. He is an original member of the Clinton Global Initiative and a member of the Economic Club of Washington, DC. Peter serves as a member of Leaf's Audit Committee.

CHAIRMAN'S STATEMENT

I am pleased to report on the progress made by Leaf Clean Energy Company ("Leaf" or the "Company") for the year ended 30 June 2012.

Three years ago we made three key structural changes to deal with the impact on the private equity market of a global contraction, which continues to hamper a return to the targeted gains we came to expect during the mid-2000s:

- We replaced our asset advisor with experienced professionals who could partner with our portfolio company management teams to help them navigate toward growth; we also replaced the operational teams in several of our active investments with more experienced asset managers and O&M operators;
- We employed rigorous methods to identify opportunities in areas where others are not focused, such as companies trading at a steep discount or where experienced management teams are in place and growth equity is needed to scale up proven concepts; and
- We assumed the worst and husbanded our resources to ensure that we could ride out a very difficult and sustained downturn.

Now the focus of the directors and the Leaf management team is to continue to support our portfolio companies and realise the investments when opportune to maximise returns to our shareholders.

Portfolio update

Cumulative public market forces and near-term growth concerns in our industry resulted in generally lower valuations, most prominently in the wind and solar PV sub-sectors. We were therefore rigorous in reflecting mark-to-market values in line with relevant investment barometers in the sector. Although our aggregate NAV consequently decreased, the great majority of Leaf's portfolio companies continued to hit their milestones and several delivered on value creation initiatives put in place since our last annual report, reflecting our successful strategy of actively partnering with management.

Johnstown Regional Energy, LLC ("JRE") secured long-term contracts to sell its reclaimed landfill gas production to buyers in California, commanding premium prices due to the fuel's green attributes. Leaf's management team and board members worked closely with JRE's operators to put the company in a considerably more favorable economic position while natural gas prices remain low for the foreseeable future.

Multitrade Telogia, LLC, one of the company's biomass generation assets, performed above expectations from an operational standpoint, benefiting from the experienced operators and asset managers we had earlier put in place.

Evidence of our ability to be rigorous and opportunistic in our acquisition strategy came shortly after the end of the reporting period with our investment in Atlanta-based Lehigh Technologies, Inc. ("Lehigh"). Lehigh's proprietary technology transforms end-of-life tires and post-industrial rubber into new materials that are incorporated into high-performance tires, consumer and industrial plastics goods, asphalt and coatings and construction materials. This investment further diversifies our portfolio and reduces our exposure to natural gas prices and government incentives. Lehigh has a seasoned management team with which we are partnering closely, delivering solid sales to tire manufacturers and operating in a number of other very promising vertical markets.

SkyFuel, Inc. ("SkyFuel") is an excellent example of the way in which we are conserving our resources and planning for the long term. During the year SkyFuel sold, shipped and delivered on its first large-scale commercial project with a large European power company. It also became the first company in the concentrated solar power (CSP) industry to offer insurance to support the company's product warranties through a first-of-its-kind performance guarantee from Munich Re, a multinational reinsurance company. As a result of Leaf's successful partnership with management and additional financial support, SkyFuel is now one of the few remaining standalone CSP technology providers, with a strongly growing pipeline.

In summary, I am pleased to say that many of the portfolio's operational assets have now been de-risked and optimized for further performance improvements, positioning them for continued growth as our diverse portfolio matures.

Economic and political background

The past year saw continued global equity market volatility and clean energy sector underperformance. Factors contributing to the volatile investment climate included the lingering European sovereign debt crisis, investment concerns over sustained global growth and mixed economic indicators from two of the world's largest economies, the United States and China.

The clean energy sector saw significant challenges over the period, including high-profile solar bankruptcies in North America and Europe and workforce reductions in some of the world's largest wind turbine manufacturers. These events all took place under intense public scrutiny, leading to scepticism amongst media outlets, conservative political leaders and the public at large about the long-term viability of renewables as a supplement to traditional fossil fuels and about the US government's decision to use taxpayer-funded incentives to support a struggling industry. This fallout may continue in the short term, further exacerbating the current trade tensions between China and Western economies, with lasting implications for investors.

Despite these political headwinds, the re-election of President Obama and the positive remarks he made during the State of the Union Address in the early part of 2012, as well as his remarks and those of Governor Cuomo and Mayor Bloomberg of New York regarding increased severe weather and its relationship to climate change, assured us that the renewable energy sector will continue to be a growing part of the US's energy future. To date, this has rung true and the next four years may see renewed focus in the sector. According to Bloomberg New Energy Finance, total installed renewable energy generation capacity in the US grew by 21% over the past year, providing approximately 12% of the nation's energy supply. Furthermore, between the first quarter of 2011 and the first quarter of 2012 US installed capacity from wind and solar power generation increased by 17% and 85% respectively.

CHAIRMAN'S STATEMENT (CONTINUED)

Key drivers of installed capacity growth have been the Production and Investment Tax Credits (PTC and ITC) and the precipitous decline in costs of key renewable technologies, most notably solar PV and wind. According to the Solar Energy Industry Association (SEIA), the average price of a solar panel has declined by 47% since the beginning of 2011. Onshore wind costs have fallen by 15% over the same period. These continued cost declines have led to wind and solar PV energy prices coming within striking distance of conventional fossil-fuel alternatives in many parts of the US. However, government support through subsidies or tax credits is expected to be curtailed over the coming years, which undoubtedly reduces the economic incentives for developers of renewable energy sources to construct projects at the current pace.

In a separate development, the past year saw natural gas match coal as a primary fuel source for US power generation for the first time since the government started collecting data in 1977. According to the Energy Information Agency (EIA), natural-gas-fired plants provided 33% of US generation, compared to coal's 34% share. In 2009, natural gas accounted for 23% of US generation, while coal provided 45%. This historic shift is largely due to the unprecedented discovery of large shale gas reserves and stricter environmental controls around emissions for the aging coal fleet in the US.

Sector performance

The public renewable energy market faced significant challenges as governments in the developed economies pared back investment subsidies, consumers enjoyed access to historically low natural gas prices and investor confidence in the broader sector remained depressed. These factors, coupled with the continued challenge of accessing finance for renewable projects, trade tensions between the US and China and negative political sentiment in the US, led to disappointing headline performance for the year relative to other markets. The WilderHill New Energy Global Innovation Index (NEX), which tracks 96 large clean energy stocks worldwide, has underperformed the S&P 500 by 19% so far this year, hitting a nine-year low in the first quarter of 2012.

Global private equity and venture capital renewable energy investment echoed similar trends in 2012, down from a record 2011. Investment in the first half of 2012 fell 16% to $3.6bn from $4.3bn in 2011. Despite this decline in private investment over the past year, large investments continue to reflect the importance and value-creation opportunities of addressing energy and sustainable solutions both domestically and internationally.

As the renewable energy industry continues to mature and the weaker players exit the stage, I believe the sector will emerge strengthened as sustainable business models become essential.

Outlook

Despite the underperformance of the sector over the past year, the large majority of Leaf's portfolio companies are progressing as expected against their business plans. I believe the team's determination and focus have preserved capital in an unstable environment. As the market recovers, the value creation initiatives put in place will position Leaf to deliver significantly improved shareholder value.

We believe that the long-term fundamentals of the clean energy sector remain strong and, as private market investors, we believe that valuations for maturing private companies are at an attractive level. The current environment is also conducive to making investments in lean companies that have exhibited strong fundamentals and continued resilience in a challenging environment.

Our priorities in the current year are to remain focused on partnering with our portfolio companies to deliver further operational improvements, whilst carefully husbanding our resources.

The Annual Report and Accounts set out below incorporate both financial statements for the Company and consolidated financial statements for the wider Leaf Group. References to NAV in my report and the Management Report reflect the Company's NAV.

Net assets

For the year ended 30 June 2012, Leaf's net asset value (NAV) per share decreased by 14.7 percent, from 165.60 cents to 141.22 cents. Of Leaf's US$182 million of net assets, US$42 million was held in cash. The Board is of the view that this balance provides sufficient liquidity to meet the continuing needs of the portfolio.

Peter Tom
Chairman

12 November 2012

[1] *Based on US$/£ exchange rate of 1.5685 on 30 June 2012*

MANAGEMENT REPORT

During the year ended 30 June 2012 the clean energy investment markets faced continued uncertainty and delays to company realizations, largely due to global economic and political conditions, as described below in the "Market Environment" section. The WilderHill New Energy Global Innovation Index (NEX) of publicly-quoted renewable energy companies has lost more than 75% of its value since its high point in December 2007, and is down 44% in the year ended 30 June 2012. In the US, abundant and low-cost shale gas has been a game-changer for renewable and non-renewable energy alike, and is a major cause of the significant and sustained collapse in power prices in the US over the past five years, as natural gas is now setting the marginal price of power. Nonetheless, certain sub-sectors of the investment markets offer compelling investment opportunities, especially those that are not dependent on government incentives and those in geographies with high electricity prices.

The Board and management of Leaf continued to support and grow Leaf's existing portfolio to ensure that its investee companies are well-positioned as the market improves. Selected highlights are as follows (with further details given in the "Portfolio Overview" section at the end of this report).

- SkyFuel, Inc. (SkyFuel), a leading concentrated solar equipment provider, achieved the first third-party warranty coverage in the CSP sub-sector. Following more than a year of extensive due diligence on SkyFuel's products, Munich Re, a leading worldwide reinsurance company, agreed to underwrite insurance for SkyFuel's product warranties. These warranties guarantee the thermal output of SkyFuel's SkyTrough system for five years and the specular reflectance of the SkyTrough reflectors for 20 years. SkyFuel's ability to offer innovative and capital-efficient insurance backing in support of its equipment sales provides a distinct advantage in a market that is reliant on risk-averse lenders for project finance.
- Johnstown Regional Energy, LLC (JRE), a large landfill gas reclamation company, negotiated and entered into long-term fixed-price contracts to sell its green biogas to buyers in California. The California market provides an appropriate price incentive for green gas and will partially offset the unfavourable impact on JRE of the dramatic drop in natural gas prices resulting from the development of shale gas.
- Invenergy Wind LLC (Invenergy), the largest independent wind developer in the US, closed a $200 million long-term loan financing and closed project financing for six wind projects. During the period, five of these projects finished construction and commenced commercial operations. In addition, Invenergy completed construction and began commercial operations at its previously financed 138.6 MW Le Plateau Wind Energy Centre in Quebec. Finally, Invenergy completed the sale of its 81 MW Bishop Hill II wind project in Henry County, Illinois to MidAmerican Renewables, capping off a productive year for the company.
- Certain sub-sectors of the broader clean energy and sustainable investment market have provided opportunities for attractive investment and portfolio diversification. The Leaf Board and management reviewed hundreds of new opportunities during the year and were pleased to announce in July 2012 that Leaf has led an investment round in Lehigh Technologies, Inc. ("Lehigh"). The investment in Lehigh closed on 20 July 2012, after the end of the current reporting period.

  Lehigh is a leading sustainable materials manufacturer whose proprietary, cryogenic turbo mill technology turns end-of-life and post-industrial rubber material into sustainable chemical additives that are used in a wide range of industrial and consumer applications. Lehigh's micronized rubber powder ("MRP") products help customers lower their consumption of oil-derived and energy intensive materials. Its MRPs lower costs, increase the sustainability profile of end products, and deliver performance without sacrificing the reliability offered by traditional raw materials. Lehigh is a late-stage venture-backed company with a growing revenue stream.

  Prior to Lehigh, only a few outlets for end-of-life material existed, with it being incinerated, sent to landfills, or reused in lower-value applications. Lehigh addresses these environmental challenges for millions of pounds of material each year, all the while saving customers money and reducing the energy-intensity of its customers' raw materials. This is a disruptive technology, a high-growth company, and is led by a top-tier management team. Lehigh also further diversifies Leaf's investment portfolio.

MANAGEMENT REPORT (CONTINUED)

Financial Performance

Leaf's total NAV on 30 June 2012 was US$182 million, US$38 million lower than the NAV at 30 June 2011. The change in NAV over the annual report period resulted mainly from the US$27.2 million unrealized loss on revaluation of the Company's investments, operating expenses of US$5.9 million, and $4.8 million of share repurchases. US$42 million of the Company's NAV was held in cash and US$143 million in investments.

NAV per share for the Leaf portfolio was 141.22 cents or 90.04 pence at US$1.5685 to the £1. This was a decrease of 14.7 percent for the one year period from 30 June 2011. The decrease for the one year period was due primarily to the unrealised loss on revaluation of the Company's investments (-12.8%) and operating expenses for the period (-2.7%), offset by share repurchases (+0.8%).

For the period under review, there were several other noteworthy events:

- Leaf made an additional US$7.6 million of direct equity and debt investments in existing portfolio businesses;
- The Company earned US$1.8 million of interest income from debt investments in the portfolio companies during the period. This income has been recorded in the accounts of the intermediate holding companies and included in the assessment of valuations for the relevant subsidiaries;
- Leaf repurchased 3.9 million shares at an average price of 77.98 pence, taking advantage of the weakness in the Company's share price to deliver value to shareholders; and
- The Company received cash payments of accrued and current interest and repayments of principal on loans to its investee companies totalling US$5.1 million and US$15.5 million respectively.

Market Environment

The four quarters ended 30 June 2012 witnessed a pull-back in the global recovery in clean energy investing that had been underway during 2010 and 2011. This contraction was due to the combination of continued global economic problems and interrelated political developments in the US and Europe. The continuing sovereign debt crisis has brought austerity measures and credit tightening into play across Europe. The increasing polarisation of the US Congress, exacerbated by presidential election year politics, has made it difficult, if not impossible, for it to address long-term structural issues in the US federal budget. These factors, combined with the impact of abundant and low-cost shale gas in the US, have had a dampening effect on policy support for clean energy in these geographies. Another clear impact of these global economic issues for the sector and for Leaf's portfolio companies has been that it has become much more difficult for clean energy companies to raise new capital.

Ironically, the resulting weakening and increased uncertainty about the continuation and extent of government renewable energy subsidies in Europe and the US has come about just as several renewable energy technologies are approaching, but have not yet quite attained, grid parity versus the fossil fuels against which they compete. A main goal of government subsidisation of renewable energy has been to enable sustainably profitable business models in order to encourage the private investment in capacity and technology required to achieve grid parity with fossil fuels.

The current pull-back in subsidisation has pulled the carpet out from under many who invested on that premise. The end result may be that the timing of grid parity will be delayed and may require even greater subsidisation to reach this goal than would otherwise have been required had governments stayed the course.

In the case of solar PV, the remarkable progress towards grid parity has come at the expense of many of the early-stage and established US and European players in this market. Manufacturers of solar PV panels have continued to experience a brutal pricing environment due to global over-capacity and competition from Asian panel manufacturers who have been accused by US and European firms of pricing below cost in US and European markets. This resulted in the application by the US in March 2012 of countervailing duties on Chinese solar panels and in May 2012 of countervailing duties and anti-dumping duties on Chinese wind towers and solar panels.

By the end of the current reporting period, massive over-capacity and cutthroat pricing in the solar PV market had resulted in the bankruptcies of an additional 13 solar PV panel manufacturers, in the wake of the high-profile bankruptcy of early-stage Solyndra in August 2011. These bankruptcies included several established manufacturers such as Q-Cells, Evergreen Solar and Solon, while many other PV manufacturers have had to cut jobs and reduce production to conserve cash. As expected, the severe depression of public market prices for solar PV panel manufacturers resulting from this environment has brought about a wave of consolidation M&A activity.

For the year ending 30 June 2012, global investment by venture capital ("VC") and private equity ("PE") firms in clean energy was US$7.5 billion, which was flat compared to the previous year ended 30 June 2011. For the latest quarter ending 30 June 2012, investment was down 28% from the previous calendar quarter and down 39% from the prior-year quarter.

In calendar year 2011 solar was the most popular sector for VC/PE investment, with 30% of the US$2.4 billion of total solar investment directed to crystalline PV and the remainder invested in solar thermal, thin film and service and support. A total of US$367 million was invested by VC/PE in solar thermal.

Global acquisition activity in renewable energy was up year-on-year by 10.5% and 12.1% in dollar terms, respectively, for calendar year 2011 and the year ended 30 June 2012. For calendar year 2011, activity in the US was down by 22%, while in Europe it was up 34%. Two European deals dominated: the US$7.9 billion buyout by EDF of the remaining 50% of EDF Energies Nouvelles it did not own and the US$2.1 billion buyout by Iberdrola of the remaining 20% of Iberdrola Renovables it did not own. Without these two large re-acquisitions of corporate spin-offs by their parents – deals that perhaps indicate the parents' view that public market prices in wind and solar are at irrationally low levels – European acquisitions would have been down 4%.

In the public markets, new raises from renewable energy IPOs were down 15% and 77% on a global basis in dollar terms for calendar year 2011 and the year ended 30 June 2012 respectively. The activity during both periods was dominated by solar, wind and China. Macroeconomic and political pressures depressed prices of existing public renewable energy companies, as measured by the NEX index, which fell 40% and 44%, for calendar year 2011 and the year ended 30 June 2012, respectively, as compared to the S&P 500, which was flat for calendar year 2011 and increased by 1.7% during the four quarters ended 30 June 2012. This decline in public market valuations for renewable energy companies has continued to put pressure on private company valuations, including the prices for many businesses comparable or related to Leaf's portfolio companies.

Outlook

While the short-term data are unfavourable, the long-term drivers for increased adoption of renewable energy in North America remain strong. These long-term drivers include the underlying trend of rising fossil-fuel costs, the need to find new industrial sources of economic growth and job creation, the desire to achieve energy independence and to maintain global competitiveness, increasing global demand for energy, and the need to address climate change issues. Collectively, these factors provide evidence that the NEX is in an oversold position. Public and private valuations are attractive to buyers in many cases and have created opportunities for discerning investors such as Leaf who are in a position to identify and capture this value.

Given the increase in the expected length of time to liquidity events for its existing portfolio companies as a result of the current state of the global economy, Leaf has continued to focus in the short term on the management of its existing portfolio, having prudently maintained sufficient cash to provide appropriate financing for its portfolio.

Portfolio Overview

A. Active Investments – Growth Companies

MaxWest Environmental Systems ("MaxWest") — Waste-to-Energy Gasification

Investment: US$23.8mm

Company Summary

MaxWest designs, builds, owns and operates waste-to-energy gasification facilities specifically applied to waste water facilities.

MaxWest plants can be "bolted-on" to existing water treatment facilities, providing municipalities and industrial sites with a cost-effective, environmentally friendly alternative to traditional methods of waste disposal.

www.maxwestenergy.com

Ownership: Significant Stake

Recent Highlights

- Completed the next-generation version of the proprietary MaxWest gasification technology and successfully installed it at the Sanford site
- Highlighted at the Clinton Global Initiative's (CGI) Seventh Annual Meeting in New York City for its Commitment to Action, "Landfill Reduction through Biosolids Processing", which noted its exemplary approach to addressing challenges in environment and energy

MANAGEMENT REPORT (CONTINUED)

SkyFuel Inc. ("SkyFuel") — Concentrated Solar Power

Investment: US$28.3mm

Company Summary

SkyFuel was founded in 2007 and is an emerging technology leader in the solar thermal power equipment sector.

SkyFuel is one of the few remaining stand-alone concentrated solar power ("CSP") technology providers.

SkyFuel possesses proprietary and patented technologies which provide a meaningful cost advantage relative to its competitors:

- SkyTrough® – an advanced, low-cost, accurate parabolic trough based on ReflecTech®, and
- ReflecTech® Mirror Film – a shatterproof glass alternative

www.skyfuel.com

Ownership: Significant Stake

Recent Highlights

- Became first in the CSP industry to offer insurance to support the company's product warranties, underwritten by one of the world's leading reinsurance companies, Munich Re
- Secured a large-scale domestic commercial order

www.skyfuel.com/#/NEWS/

B. Active Investments – Projects

Johnstown Regional Energy, LLC ("JRE") — Landfill Gas

Investment: US$33mm

Company Summary

JRE owns and operates three high-Btu landfill gas-to-methane projects in Pennsylvania.

JRE extracts raw landfill gas that is subsequently cleaned in advanced technology processing plants and sold to utility gas providers via connecting pipelines as an alternative to fossil-based natural gas.

This high quality "green" gas ultimately displaces the use of fossil-fuel-based natural gas, making it eligible for premium pricing in states which have renewable protocol standards (RPSs) incorporating reclaimed landfill gas.

www.jreenergy.com

Ownership: Wholly owned

Recent Highlights

- Entered into long-term, fixed-price contracts to sell JRE's green gas to California buyers
- Currently selling 100% of JRE's gas to buyers in California

Multitrade Rabun Gap ("Rabun Gap") — Wood-fuelled biomass

Investment: US$11.4mm

Company Summary

Rabun Gap is a 20 MW capacity wood-fuelled bio-mass facility in Georgia.

Rabun Gap utilises renewable fuel from the local forest industry and sells power to a Georgia co-operative under a long-term power purchase agreement.

Ownership: Majority

Recent Highlights

- O&M management firm has completed operational improvement plans which have decreased burn rate and increased output
- Experiencing continued higher-than-expected fuel prices due to the US Department of Agriculture's apparent decision to refocus its BCAP Program

MANAGEMENT REPORT (CONTINUED)

B. Active Investments – Projects (Continued)

Multitrade Telogia ("Telogia") — Wood-fuelled biomass

Investment: US$7.3mm

Company Summary

Telogia is a 14 MW capacity wood-fuelled bio-mass facility in Telogia, Florida.

Telogia utilises renewable fuel from the local forest industry and sells power to a local co-operative under a long-term power purchase agreement.

Ownership: Majority

Recent Highlights

- Closed permanent financing via a USDA guaranteed loan from a commercial bank and repaid Leaf's outstanding construction loan principal and interest
- Experiencing higher-than-expected fuel prices due to the US Department of Agriculture's apparent decision to refocus its BCAP Program
- Optimization of plant performance resulted in record output and EBITDA for Telogia during the annual reporting period

Vital Renewable Energy Company ("VREC") — Biofuels – Ethanol

Investment: US$20.9mm

Company Summary

VREC is a renewable energy company focused on the development of sugar-cane-based ethanol facilities and electricity generation in Brazil, as well as related infrastructure projects.

www.vrec.com.br

Ownership: Significant stake

Recent Highlights

- VREC pursuing industrial and agricultural expansion plans

Energía Escalona ("Escalona") — Hydro

Investment: US$8.6mm

Company Summary

Escalona is a hydroelectric project development company based in Mexico City. The company's flagship development is a 12 MW run-of-river hydroelectric facility located in Veracruz, Mexico.

Ownership: Majority

Recent Highlights

- Escalona reached several development milestones in the past fiscal year, including permitting approval from the Mexican archaeological authority and approval of the final design and pathway
- The Escalona project in Veracruz continues to be one of the premier projects in Mexico given the large pressure and steady water flows

C. Passive Investments

Invenergy Wind LLC ("Invenergy") — Wind Power

Investment: US$30.0mm

Company Summary

The largest independently-owned wind energy developer in North America, having put more than 3,000 MW into operation since 2004.

In addition to its large portfolio of operating assets, Invenergy also has a strong and diversified pipeline of 700 MW of wind power projects in advanced stages of development across North America and Europe.

www.invenergyllc.com

Ownership: Minority

Recent Highlights

- Completed construction and began commercial operations at its 110 MW Gratiot County wind project in Breckenridge, Michigan, for which it had obtained equity financing from GE Energy Financial Services in October 2011
- Closed financing and commenced commercial operations at three of the wind projects it owns with its partner, Enerco, with a combined capacity of 80 MW located in northwest Poland
- Closed debt financing for its 200 MW California Ridge wind project currently under construction in central Illinois
- Completed construction and began commercial operations at its 138.6 MW Le Plateau Wind Energy Centre in Quebec
- Completed the sale of its 81 MW Bishop Hill II wind project in Henry County, Illinois to MidAmerican Renewables
- Closed a strongly oversubscribed $200 million long-term loan financing
- Closed project financing for its 200 MW Bishop Hill wind project in Henry County, Illinois

www.invenergyllc.com/news.html

Miasolé — Solar PV

Investment: US$21.5mm

Company Summary

Miasolé develops and manufactures thin-film copper-indium-gallium-diselenide (CIGS) solar photovoltaic cells.

Miasolé's panels are designed to be used in residential, commercial and utility developments.

Miasolé utilises a differentiated vacuum deposition process that is highly efficient and designed to apply CIGS material over large-area substrates in a continuous fashion.

Miasolé is leveraging expertise in semiconductor manufacturing and a deep understanding of CIGS material to manufacture new, versatile and low-cost solar products.

www.miasole.com

Ownership: Minority

Recent Highlights

- Announced the achievement of a champion device efficiency of 17.3% and that it is producing modules with 14% efficiency in commercial volumes
- Strengthened its senior leadership, appointing a new CEO, John Carrington and new president, Bob Baker, both former senior executives at First Solar and Intel

www.miasole.com/pgs-news/overview.shtml

REPORT OF THE DIRECTORS

The Directors hereby submit their annual report of the Parent company together with the audited consolidated financial statements of Leaf Clean Energy Company (the "Company") and its subsidiaries (together "the Group") for the financial year ended 30 June 2012.

The Company

The Company was incorporated in the Cayman Islands and 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 Company seeks to achieve long term capital appreciation primarily through making privately negotiated acquisitions of interest (principally equity but also equity-related and subordinated or mezzanine debt securities) in both projects and companies which own assets or which participate in the clean energy sector and through the generation and commercialisation of carbon credits derived from these projects.

Results and Dividends

The results and financial position of the Parent company and the Group for the year ended 30 June 2012 are set out in the attached financial statements.

The Directors do not intend to declare a dividend at this time (2011: US$Nil).

Directors and Directors' Interests

The Directors during the year and up to the date of this Report were:

Peter Tom (Non-executive Chairman)

Bran Keogh (Executive Director)

J. Curtis Moffatt (Non-executive Director)

Peter O'Keefe (Non-executive Director)

Details of Interests

The interests of the Directors in the share capital of the Company as at 30 June 2012 are set out below:

Name	2012 No of Ordinary Shares	2011 No of Ordinary Shares
Bran Keogh	500,000	500,000
Peter Tom	200,000	200,000
J. Curtis Moffatt	66,500	66,500
Peter O'Keefe	51,000	51,000

Notified Shareholdings

As at the date of this report, the following interests in the Ordinary shares of the Company of 3% and over of the issued share capital had been notified to the Company:

Name	No. of shares	% of Issued Share Capital
INVESCO Asset Management Limited	59,000,000	45.83%
Lansdowne Partners Limited	18,340,000	14.25%
Kames Capital	17,871,159	13.88%
Aviva Investors Global Services Limited	10,044,600	7.80%
Jupiter Asset Management Ltd.	9,550,000	7.42%
J.P. Morgan Chase	5,048,300	3.92%
BlueCrest Capital Management LLP	4,275,000	3.32%

Independent Auditors

Our Auditors, KPMG, being eligible have expressed their willingness to continue in office.

Corporate Governance

The Directors have taken measures to ensure that the Company complies with the UK Corporate Governance Code to the extent they consider appropriate, taking into account the size of the Company and nature of its business.

Board of Directors

The Company has an experienced Board and currently comprises four Directors, all of whom are independent Directors except Bran Keogh who was appointed by the Board to become an Executive Director in February 2010. Peter Tom is the Non-Executive Chairman of the Board of Directors.

In addition to service on the Leaf Board, Peter O'Keefe serves the Boards of Multitrade Rabun Gap, LLC and Multitrade Telogia, LLC, Bran Keogh serves the Board of Vital Renewable Energy Company, LLC. J. Curtis Moffatt serves the Board of Johnstown Regional Energy, LLC. No additional compensation is paid to the Directors for the services on the referenced portfolio companies' Boards.

Audit Committee

The Company established the Audit Committee, which comprises J. Curtis Moffatt (Chairman of the Committee), Peter Tom and Peter O'Keefe. The Audit Committee meets at least twice a year and considers the appointment and fee of the external auditors and also discusses the scope of the audit and its findings. This Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements of the Company prior to their submission for approval by the Board. The Audit Committee also focuses on ensuring that an effective system of internal financial and non-financial controls is maintained. The Audit Committee has unrestricted access to the Company's external auditors.

Remuneration Committee

The Company established the Remuneration Committee, which comprises Peter Tom and Bran Keogh. The Remuneration Committee meets at least once a year and reviews the level of Directors' fees. The Committee engaged Mercer Limited ("Mercer") in February 2011 to conduct an independent remuneration review.

REPORT OF THE DIRECTORS (CONTINUED)

The Committee met on 3 March 2011 and recommended that the Board adopt the recommendations from Mercer. The Board voted at the Board meeting on 3 March 2011 to adopt the Mercer recommendations effective 1 April 2011. As a result, effective 1 April 2011, the basic annual remuneration for the Chairman and the Executive Director was maintained at US$200,000 and US$400,000 respectively. In addition, the Executive Director will be entitled to receive an annual bonus of US$350,000. The Non-Executive Directors' fees, were reduced from US$150,000 to US$60,000 with a US$2,500 fee for each board meeting attendance, a US$10,000 fee for Audit Committee membership and a US$1,500 fee reimbursement for each additional day of attendance at the Company's meetings.

The Company does take all reasonable steps to ensure compliance by the Directors, the Directors' families and any employees with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted the Model Code under the FSA's Listing Rules for this purpose.

Nomination Committee

The Company does not currently consider it necessary to establish a nomination committee.

Internal Control

There are inherent limitations in any system of internal control and such a system can provide only reasonable, but not absolute, assurances against material misstatement or loss. The Company does not have its own internal audit function but places reliance on compliance and other control functions of its service providers.

Where necessary the Board obtains specialist advice from either its external auditors or other advisers.

On behalf of the Board

Peter Tom
Chairman

12 November 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required to give a true and fair view of the state of affairs of the Parent Company and Group and of the profit or loss of the Parent Company and Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

REPORT OF THE INDEPENDENT AUDITORS, KPMG, TO THE MEMBERS OF LEAF CLEAN ENERGY COMPANY

We have audited the accompanying Consolidated and Parent Company ("the Company") statements of financial position as at 30 June 2012, and the related Consolidated and Parent Company statements of comprehensive income, changes in equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Consolidated and Parent Company financial statements referred to above present fairly, in all material respects, the financial position of the Group and Parent Company as at 30 June 2012, and the results of their operations, changes in equity, and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG
Chartered Accountants
PO Box 493
Century Yard, Cricket Square
Grand Cayman KYT-1105
Cayman Islands

12 November 2012

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	NOTE	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Interest income on cash balances	7	65	48
Unrealised losses on revaluation of investments at fair value through profit or loss	12.2	(27,261)	(5,339)
Gain on restructuring of subsidiary	11		3,381
Net foreign exchange gain (loss)		(8)	125
Gross portfolio return		**(27,204)**	**(1,785)**
Management service fees	8	(3,721)	(3,776)
Other administration expenses	9	(2,214)	(2,752)
Total expenses		**(5,935)**	**(6,528)**
Loss before taxation		**(33,139)**	**(8,313)**
Taxation	3.7	–	–
Loss for the year and comprehensive loss for the year		**(33,139)**	**(8,313)**
Basic and diluted loss per share (cents)	17	**(25.35)**	**(5.83)**

The accompanying notes form an integral part of these financial statements

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	NOTE	30 June 2012 US$'000	30 June 2011 US$'000
Assets			
Investments in subsidiaries at fair value through profit or loss	12.2	143,237	178,400
Total non-current assets		**143,237**	**178,400**
Trade and other receivables	13	1,966	2,509
Cash and cash equivalents	14	42,120	40,559
Total current assets		**44,086**	**43,068**
Total assets		**187,323**	**221,468**
Equity			
Share capital	15	28	29
Share premium	15	306,809	311,574
Retained losses		(125,029)	(91,890)
Total equity		**181,808**	**219,713**
Trade and other payables	8,9.2,16	5,064	1,729
Unpaid capital contributions to subsidiaries		451	26
Total current liabilities		**5,515**	**1,755**
Total liabilities		**5,515**	**1,755**
Total equity and liabilities		**187,323**	**221,468**
Net asset value per share (cents)	6	**141.22**	**165.60**

The financial statements were approved by the Board of Directors on 12 November 2012 and signed on their behalf by:

Peter Tom
Non-Executive Chairman

J. Curtis Moffatt
Non-Executive Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Share Capital US$'000	Share Premium US$'000	Retained losses US$'000	Total US$'000
Balance at 1 July 2011	29	311,574	(91,890)	219,713
Total comprehensive loss	–	–	(33,139)	(33,139)
Transactions with owners, recorded directly in equity:				
Contributions by and distributions to owners				
Repurchase of shares	(1)	(4,765)	–	(4,766)
Total contributions by and distributions to owners	(1)	(4,765)	–	(4,766)
Balance at 30 June 2012	**28**	**306,809**	**(125,029)**	**181,808**
Balance at 1 July 2010	30	323,115	(83,577)	239,568
Total comprehensive loss	–	–	(8,313)	(8,313)
Transactions with owners, recorded directly in equity:				
Contributions by and distributions to owners				
Repurchase of shares	(1)	(11,541)	–	(11,542)
Total contributions by and distributions to owners	(1)	(11,541)	–	(11,542)
Balance at 30 June 2011	**29**	**311,574**	**(91,890)**	**219,713**

The accompanying notes form an integral part of these financial statements

PARENT COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	NOTE	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Cash flows from operating activities			
Interest received on cash balances		65	48
Operating expenses paid		(5,960)	(6,417)
Net cash used in operating activities		**(5,895)**	**(6,369)**
Cash flows from investing activities			
Repayment of capital by subsidiaries at fair value through profit or loss	12.2	15,909	8,409
Additional investments in subsidiaries at fair value through profit or loss	12.2	(7,582)	(31,355)
Amount repaid by/(paid to) group companies		3,903	(1,389)
Payment of unpaid share capital to subsidiaries		–	(6,930)
Net cash generated from/(used in) investing activities		**12,230**	**(31,265)**
Cash flows from financing activities			
Repurchase of shares	15	(4,766)	(11,542)
Net cash used in financing activities		**(4,766)**	**(11,542)**
Net increase/(decrease) in cash and cash equivalents		**1,569**	**(49,176)**
Cash and cash equivalents at start of the year		40,559	89,609
Effect of exchange rate fluctuations on cash and cash equivalents		(8)	126
Cash and cash equivalents at end of year		**42,120**	**40,559**

Reconciliation of loss before taxation to net cash used in operating activities	NOTE	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Loss before taxation		(33,139)	(8,313)
Adjustments for:			
Unrealised losses on revaluation of investments at fair value through profit or loss	12.2	27,261	5,339
Gain on restructuring of subsidiary	11	–	(3,381)
Foreign exchange (loss)/gain		8	(125)
Movement in trade and other receivables		8	(912)
Movement in trade and other payables		(33)	1,023
Net cash used in operating activities		**(5,895)**	**(6,369)**

The accompanying notes form an integral part of these financial statements

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
for the year ended 30 June 2012

1 The Company

Leaf Clean Energy Company ("Leaf" or the "Company") was incorporated in the Cayman Islands on 14 May 2007. The Company 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 Company seeks to achieve long term capital appreciation primarily through making privately negotiated acquisitions of interest (principally equity but also equity-related and subordinated or mezzanine debt securities) in both projects and companies which own assets or which participate in the clean energy sector and through the generation and commercialisation of carbon credits derived from these projects.

Pursuant to the Company's Admission Document dated 22 June 2007 there was an original placing of up to 200,000,000 Ordinary Shares of GBP0.0001 par value for GBP1 each.

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

The Company's agents and the in-house management team perform all significant functions.

2 Basis of preparation

2.1 Statement of compliance

The Company's separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). In order to present information that is comparable with other investment companies, Leaf publishes separate financial statements of the Company in addition to consolidated financial statements, which include investments in subsidiaries regarded as part of the Company's investing business at fair value.

The financial statements were authorised for issue by the Board of Directors on 12 November 2012.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the investments in subsidiaries that are measured at fair value in the statement of financial position.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollars ("US$"), which is the Company's functional currency. All financial information presented in US$ has been rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant area requiring estimation and judgement by the Directors is the valuation of unquoted investments, see note 5 and 12.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

(i) Non-derivative financial assets

The Company classifies non-derivative financial assets into the following categories: investments at fair value through profit or loss and, loans and receivables.

The Company initially recognised loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

The Company derecognise a financial asset when the contractual rights to the cash flows from the instrument expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise and settle the liability simultaneously.

Investments in subsidiaries

The Company designated its investments in subsidiaries, including equity, loan and similar instruments, as at fair value through profit or loss on initial recognition. Attributable transaction costs are recognised in the profit or loss as incurred. Gains and losses arising from changes in fair value of investments, including foreign exchange movements, are recognised in the profit or loss.

Unquoted investments are valued using recognised valuation methodologies, based on the International Private Equity and Venture Capital Guidelines, which reflect the amount for which an asset could be exchanged between knowledgeable, willing parties on an arm's length basis.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturities of three months or fewer from the acquisition date that are subject to an insignificant risk of changes in value, and are used by the Company in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised costs using the effective interest method.

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

The Company derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

(ii) Non-derivative financial liabilities (continued)

Other financial liabilities comprise bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.2 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

3.3 Revenue and expense recognition

Interest income is recognised on a time-proportionate basis using the effective interest rate method.

Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received.

Fixed returns on debt securities and loans are recognised on an effective interest rate basis, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Expenses are accounted for on an accrual basis and are charged to profit or loss. This includes expenses directly related to making an investment which is held at fair value through profit or loss.

3.4 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.5 Dividends payable

Dividends payable are recognised as a liability in the period in which they are declared and approved.

3.6 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

3 Significant accounting policies (continued)

3.7 Income tax expense

Cayman Islands taxation

The Company received from the Governor-in-Cabinet of the Cayman Islands, an undertaking that, for a period of 20 years from 5 June 2007 no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation shall apply to the Company and that no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on the shares, debentures or other obligations of the Company. Under the current Cayman Islands law, no tax will be charged on profits or gains of the Company and dividends of the Company would be payable to Shareholders resident in or outside the Cayman Islands without deduction of tax.

3.8 Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (June 2011)	1 July 2012
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 19 Employee Benefits – Amendment resulting from the Post-Employment Benefits and Termination Benefits projects (as amended in June 2011)	1 January 2013
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IAS 32 Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (December 2011)	1 January 2014
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (December 2011)	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Amendments requiring disclosures about the initial applicable of IFRS 9 (December 2011)	1 January 2015
IFRS 9 Financial Instruments – Classification and measurement of financial assets (as amended in December 2011)	1 January 2015
IFRS 9 Financial Instruments – Accounting for financial liabilities and derecognition (as amended in December 2011)	1 January 2015
IFRS 10 Consolidated Financial Statements (May 2011)	1 January 2013
IFRS 11 Joint Arrangements (May 2011)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (May 2011)	1 January 2013
IFRS 13 Fair Value Measurement (May 2011)	1 January 2013
IFRIC Interpretation	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Company's financial statements in the period of initial application.

4 Financial risk management

The Parent Company's investments expose it to a variety of financial risks: market risk (including currency risk, market price risk and interest rate risk), credit risk and liquidity risk.

Market price risk

The subsidiaries in which the Company invests operate in sectors that may be affected by the prevailing prices of electricity, oil, natural gas and other commodities. As energy and fuels derived from non-renewable sources become more expensive or scarce, renewable energy and alternative fuels become more valuable. Conversely, if non-renewable energy and fuels become more abundant or, for other reasons become less expensive, the value of renewable or alternative fuels may be negatively affected. As a result, the performance of the project companies is likely to be dependent upon prevailing prices for these commodities, which have been historically, and may continue to be, volatile and subject to wide variations for a variety of reasons beyond the control of the Company. These factors include the level of consumer product demand, weather conditions, governmental regulations in producing and consuming countries, the price and availability of alternative fuels, the supply of oil and natural gas, and overall geo-political and economic conditions. Therefore, volatility of commodity prices may adversely affect the value of the Company's investments.

Market price risk is managed by the management team of the Company, in accordance with parameters set by the Board.

All of the Company's investments comprise interests in companies which are not publicly traded or freely marketable. The Company may also be restricted from selling certain securities by contract or regulatory considerations. Such investments may therefore be difficult to value or realise. Any such realisation may involve significant time and expense.

If the value of the Company's investment portfolio increased/decreased by 5%, the net assets of the Company would increase/decrease by US$7,232,372 (2011: US$9,015,949)

Foreign exchange risk

The Company is exposed to foreign exchange risk with regard to transactions made in Sterling and balances held in Sterling.

An analysis of net assets by currency exposure as at 30 June 2012 is as follows:

	Net Assets US$'000s 30 June 2012	Net Assets US$'000s 30 June 2011
US Dollars	181,702	219,881
Sterling	106	(168)
Total	**181,808**	**219,713**

An appreciation of the Sterling against the US Dollar of 5% would have decreased net assets by US$5,034 (2011: US$5,232). A decrease of 5% would have an equal and opposite effect.

Interest rate risk

The Company is exposed to cash flow interest rate risk on cash balances which are all short term fixed deposits. The weighted average interest rates on short term fixed deposits as at 30 June 2012 were:

	30 June 2012 %	30 June 2011 %
Cash balances		
US Dollars	0.15	0.05
Sterling	–	–

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

4 Financial risk management (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

30 June 2012	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 Years	Non-interest bearing	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial Assets							
Investments in subsidiaries at fair value through profit or loss	–	–	–	–	–	143,237	143,237
Trade and other receivables	–	–	–	–	–	1,966	1,966
Cash and cash equivalents	35,027	–	–	–	–	7,093	42,120
Total financial assets	**35,027**	**–**	**–**	**–**	**–**	**152,296**	**187,323**
Financial Liabilities							
Trade and other payables	–	–	–	–	–	(5,064)	(5,064)
Unpaid capital contributions to subsidiaries	–	–	–	–	–	(451)	(451)
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**(5,515)**	**(5,515)**
Total interest rate sensitivity gap	**35,027**	**–**	**–**	**–**	**–**		

30 June 2011	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 Years	Non-interest bearing	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial Assets							
Investments in subsidiaries at fair value through profit or loss	–	–	–	–	–	178,400	178,400
Trade and other receivables	–	–	–	–	–	2,509	2,509
Cash and cash equivalents	39,110	–	1,449	–	–	–	40,559
Total financial assets	**39,110**	**–**	**1,449**	**–**	**–**	**180,909**	**221,468**
Financial Liabilities							
Trade and other payables	–	–	–	–	–	(1,729)	(1,729)
Unpaid capital contributions to subsidiaries	–	–	–	–	–	(26)	(26)
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**(1,755)**	**(1,755)**
Total interest rate sensitivity gap	**39,110**	**–**	**1,449**	**–**	**–**		

No fair value interest rate sensitivity analysis has been provided as no financial assets or liabilities are subject to fair value interest rate risk. If interest rates have been 1% higher/lower for the year, interest receivable would have been US$350,265 (2011: US$405,590) higher/lower.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates also to financial assets carried at amortised cost, as they have a short term maturity.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	30 June 2012 US$'000	30 June 2011 US$'000
Investments in subsidiaries at fair value through profit or loss	143,237	178,400
Trade and other receivables	1,966	2,509
Cash and cash equivalents	42,120	40,559
	187,323	**221,468**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations. No impairment provisions have been made as at the year end and no debtors were past their due date.

Cash balances are held with P-1* financial institutions.

*- A Moody's rating of Prime-1 (P-1) means that the issuer has a superior ability to repay short-term debt for the obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses. The Company's liquidity position is monitored by the Board of Directors.

Residual undiscounted contractual maturities of financial liabilities:

30 June 2012	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 Years US$'000	No stated maturity US$'000
Financial liabilities						
Trade and other payables	(5,064)	–	–	–	–	–
Unpaid capital contributions to subsidiaries	(451)					
	(5,515)	**–**	**–**	**–**	**–**	**–**

30 June 2011	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 Years US$'000	No stated maturity US$'000
Financial liabilities						
Trade and other payables	(1,729)	–	–	–	–	–
Unpaid capital contributions to subsidiaries	(26)					
	(1,755)	**–**	**–**	**–**	**–**	**–**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

4 Financial risk management (continued)

Fair values

All assets and liabilities at 30 June 2012 are considered to be stated at fair value.

5 Critical accounting estimates and assumptions

These disclosures supplement the commentary on financial risk management (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. 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 Company’s accounting policies

Critical judgements made in applying the Company’s accounting policies include:

Valuation of financial instruments

The Company’s accounting policy on fair value measurements is discussed in accounting policy 3.1. The Company measures fair value using the following hierarchy that reflects the significant 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 Company determines fair values using valuation techniques.

The Company, through its wholly-owned subsidiaries, holds full or partial ownership interests in a number of unquoted clean energy companies. The Company’s investments are classified as level 3 in the fair value hierarchy. A reconciliation from the beginning balances to the ending balances is shown in note 12.

6 Net Asset Value per Share

The net asset value per share as at 30 June 2012 is 141.22 cents based on net assets of US$181,808,657 and 128,745,726 ordinary shares in issue as at that date (2011: 165.60 cents based on net assets of US$219,713,487 and 132,675,726 ordinary shares).

7 Interest income on cash balances

	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Interest income receivable on Sterling cash balances	–	1
Interest income receivable on US Dollar cash balances	65	47
	65	**48**

8 Management service fees

Leaf's wholly-owned subsidiary, Leaf Clean Energy USA, LLC ("Leaf USA"), in Washington, DC provides assets advisory, portfolio management and certain administrative services to the Company. Leaf USA is entitled to management fees which are calculated based on 20% mark up on the costs of the asset advisory and portfolio management services provided to Leaf Clean Energy Company. The administrative services provided to Leaf Clean Energy Company are at cost base with nil mark up.

Leaf USA Service fees for the year ended 30 June 2012 payable to Leaf USA were US$3,721,087 (year ended 30 June 2011: US$3,775,686) and the amount accrued but not paid at the period end was US$584,690 (30 June 2011: US$364,626).

9 Other administration expenses

	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Directors' remuneration (note 10)	1,248	1,069
Legal and professional fees (note 9.1)	228	715
Administration fees (note 9.2)	195	313
Travel and subsistence expenses	289	259
Directors' and Officers' insurance expense	97	106
Audit fees	89	99
Other expenses	9	93
Printing and stationery expenses	15	50
Registrar fees and costs	44	48
Total	**2,214**	**2,752**

9.1 Legal and professional fees

Legal and professional fees represent legal, advisory and consultancy fees incurred during and after the implementation of investment acquisitions.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

9.2 Administration fees

With effect from November 2009, the Company administrator is entitled to an administration fee, payable quarterly in arrears and calculated in respect of each quarter or other period with a minimum fee of GBP25,000 per quarter at the rate of 0.1% per annum where the total assets of the parent company less borrowings is less than US$100,000,000; 0.09% where the total assets of the Company less borrowings at the end of the relevant quarter is greater than or equal to US$100,000,000 but less than US$200,000,000; and at the rate of 0.08% per annum where the total assets of the Company less borrowings at the end of the relevant quarter is greater than or equal to US$200,000,000.

Administration fees for the year amounted to US$195,056 (2011: US$312,840) and US$42,493 was outstanding as at 30 June 2012 (2011: US$53,049).

10 Directors' remuneration

In February 2011, Mercer Limited ("Mercer") was engaged to conduct an independent remuneration review, and Mercer's recommendation was adopted by the Board at its meeting on 3 March 2011. As recommended by Mercer, the basic annual remuneration for the Chairman and the Executive Director was maintained at US$200,000 and US$400,000 respectively. In addition, the Executive Director is eligible to receive an annual bonus of US$350,000. The Non-Executive Directors fees were reduced from US$150,000 to US$60,000 with a US$2,500 fee for each board meeting attendance, a US$10,000 fee for Audit Committee membership and a US$1,500 fee reimbursement for each additional day attending the Company's meetings.

Details of the Directors' basic annual remuneration during the year were as follows:

	Remuneration for year to 30 June 2012 US$'000	Remuneration for the period from 1 April 2011 to 30 June 2011 US$'000	Remuneration for the period from 1 July 2010 to 31 March 2011 US$'000
Peter Tom (Chairman)	200	200	200
Bran Keogh	400	400	400
J. Curtis Moffatt	148	60	150
Peter O'Keefe	150	60	150
	898	**720**	**900**

Directors' fees and expenses paid during the year were as follows:

30 June 2012	Directors' fees US$'000	Annual bonus US$'000	Total US$'000
Peter Tom (Chairman)	200	–	200
Bran Keogh	400	350	750
J. Curtis Moffatt	148	–	148
Peter O'Keefe	150	–	150
	898	**350**	**1,248**

30 June 2011	Directors' fees US$'000	Other emoluments US$'000	Total US$'000
Peter Tom (Chairman)	200	–	200
Bran Keogh	400	175	575
J. Curtis Moffatt	143	–	143
Peter O'Keefe	151	–	151
	894	**175**	**1,069**

The Directors are also entitled to receive reimbursement of any expenses in relation to their appointment. Total reimbursement fees paid to the Directors for the year ended 30 June 2012 amounted to US$218,230 (2011: US$216,750) of which US$nil was outstanding at 30 June 2012 (June 2011: US$nil).

11 Gain on restructuring of subsidiary

For efficient portfolio management purposes, the Company dissolved one of its subsidiaries in 2011, Leaf Finance Company, and distributed its net assets to the Company. The dissolution resulted in a one-time net gain of US$3,381,454. This had no effect on profit or loss or net assets of the Company as investments in subsidiaries are stated at fair value and there was a consequent movement in the unrealised gain/loss on revaluation.

12 Investments

12.1 The subsidiaries

Since incorporation, for efficient portfolio management purposes, the Company has established the following subsidiary companies:

	Country of incorporation	Percentage of shares held
Leaf Bioenergy Company	Cayman Islands	100%
Leaf Biomass Company	Cayman Islands	100%
Leaf Biomass Investments, Inc.*	USA (Delaware)	100%
Leaf Clean Energy USA, LLC	USA (Delaware)	100%
Leaf Escalona Company*	Cayman Islands	100%
Leaf Hydro Company	Cayman Islands	100%
Leaf Invenergy Company*	Cayman Islands	100%
Leaf Invenergy US Investments, Inc*	USA (Delaware)	100%
Leaf LFG Company	Cayman Islands	100%
Leaf LFG US Investments, Inc.*	USA (Delaware)	100%
Leaf MaxWest Company*	USA (Delaware)	100%
Leaf Miasolé*	Cayman Islands	100%
Leaf Skyfuels Company*	Cayman Islands	100%
Leaf Solar Company	Cayman Islands	100%
Leaf VREC*	Cayman Islands	100%
Leaf Waste Energy	Cayman Islands	100%
Leaf Wind Company	Cayman Islands	100%

*Indirect subsidiaries

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

12 Investments (continued)

The Company also has control over the following underlying investee companies:

	Country of incorporation	Principal activity	Effective interest held
Energia Escalona Coopertief U.A	Netherlands	Hydro Energy	87.5%
Escalona B.V	Netherlands	Hydro Energy	87.5%
Energia Escalona I S.A. de C.V	Mexico	Hydro Energy	87.5%
Energia Escalona s.r.l.	Mexico	Hydro Energy	87.5%
Energentum S.A. de C.V	Mexico	Hydro Energy	86.6%
Johnstown Regional Energy LLC	USA (Pennsylvania)	Landfill Gas	100%
Multitrade Rabun Gap LLC	USA (Virginia)	Biomass	75%(1)
Multitrade Telogia LLC	USA (Virginia)	Biomass	61.25%(2)
Telogia Power LLC	USA (Virginia)	Biomass	61.25%(2)

(1) Voting rights 81.9%

(2) Voting rights 66.25%

12.2 Investments in subsidiaries at fair value through profit or loss

	30 June 2012 US$'000	30 June 2011 US$'000
Balance brought forward	178,400	159,331
Additional investments in subsidiaries	7,582	33,974
Repayment of capital investment	(15,909)	(8,409)
Increase in unpaid share capital contributions	425	–
Unpaid share capital reversed	–	(1,157)
Movement in fair value of investments in subsidiaries	(27,261)	(5,339)
Balance carried forward	**143,237**	**178,400**

12.3 Portfolio valuation methodology

Unquoted investments are valued by applying an appropriate valuation technique, which makes maximum use of market-based information, is consistent with models generally used by market participants and is applied consistently from period to period, except where a change would result in a better estimation of fair value. The Company primarily invests in unquoted direct investments. Unquoted direct investments have characteristics similar to private equity investments, in that the value is generally determined through the sale or flotation of the entire business, rather than the sale of an individual instrument. Valuations of such investments are based upon the "International Private Equity and Venture Capital Valuation Guidelines."

The in-house management conducted a valuation analysis of the Company's investment portfolio based upon standard valuation approaches compatible with the "International Private Equity and Venture Capital Valuation Guidelines." Given the uncertainties inherent in estimating the fair value of unquoted direct investments, a degree of caution was applied by the in house management in exercising judgements and making the necessary estimate.

13 Trade and other receivables

	30 June 2012 US$'000	30 June 2011 US$'000
Inter-company receivables	1,885	2,420
Prepayments	73	89
Other receivables	8	–
Total	**1,966**	**2,509**

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

14 Cash and cash equivalents

	30 June 2012 US$'000	30 June 2011 US$'000
Short term fixed deposits	35,027	29,137
Bank current account balances	7,026	9,973
Restricted cash*	67	1,449
Total	**42,120**	**40,559**

* Restricted cash balance consists of a credit card cash security of US$67,481.

The short-term deposits are subject to interest rates at 0.12% per annum and are fixed for periods ranging up to 1 month from the statement of financial position date.

15 Share capital

Ordinary shares of GBP0.0001 each	Number of shares	Share capital US$'000	Share premium US$'000
At 30 June 2011	132,675,726	29	311,574
Repurchased during the year	(3,930,000)	(1)	(4,765)
At 30 June 2012	**128,745,726**	**28**	**306,809**

The authorised share capital of the Company is GBP25,000 divided into 250 million Ordinary Shares of GBP0.0001 each.

Under the terms of the placement on 22 June 2007, the Company issued 200,000,000 shares of GBP0.0001 each par value at a price of GBP1 each. The difference between the issue price and the par value was transferred to share premium account, net of share issue expenses.

Share capital and premium received was translated to US Dollars at the exchange rate prevailing at the date of receipt of the proceeds.

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 the Company. All shares rank equally with regards to the Company's assets.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

15 Share capital (continued)

During the year 3,930,000 shares were repurchased by the Company leaving 128,745,726 shares in issue as at 30 June 2012. The shares were repurchased in 3 tranches at an average price of 77.98 pence per share for a total cost, including transaction costs, of GBP3,086,097 (US$4,766,063). The Company's share price has averaged 77 pence during the year.

The repurchases of the Company's shares are in line with its capital management philosophy whereby the Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

Company capital comprises share capital, share premium and reserves. The Company is not subject to externally imposed capital requirements.

16 Trade and other payables

	30 June2012 US$'000	30 June 2011 US$'000
Amounts due to subsidiaries*	4,455	1,087
Other creditors	124	520
Audit fees payable	65	69
Administration fees payable	43	53
Directors' fees payable	377	–
Total	**5,064**	**1,729**

*Amounts due to subsidiaries and other related parties are unsecured, interest free and payable on demand.

17 Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	Year ended 30 June 2012	Year ended 30 June 2011
Loss attributable to equity holders of the Company (US$'000)	(33,139)	(8,313)
Weighted average number of ordinary shares in issue (thousands)	130,720	142,649
Basic and fully diluted loss per share (cents per share)	(25.35)	(5.83)

There is no difference between the basic and diluted loss per share for the year as there are no potential dilutive ordinary shares.

18 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

The Company administrator and the Directors are considered related parties due to the significance of the contracts with these parties. Details of the fee arrangements with these parties are given in notes 9.2 and 10.

19 Capital commitments

As at 30 June 2012, there were no capital commitments in respect of investments.

20 Exchange rates

The following exchange rates were used to translate assets and liabilities into the reporting currency at 30 June 2012:

GBP Sterling to US$	1.5685 (2011: 1.6054)

21 Conversion to US GAAP

There is no material difference between the net assets as stated under International Financial Reporting Standards and as they would have been stated if the accounts had been prepared under US GAAP.

22 Subsequent events

On 20 July 2012, Leaf announced that it had made a $5 million equity investment in Lehigh Technologies, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	NOTE	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Interest income on cash balances		68	49
Interest income on investments at fair value through profit or loss	9	4	2,601
Gain on deconsolidation of subsidiary		–	5,176
Fair value movement on investments	14.1	(16,053)	750
Net foreign exchange gain/(loss)		10	115
Gross portfolio return		**(15,971)**	**8,691**
Other administration expenses	8	(2,214)	(2,752)
Net portfolio return		**(18,185)**	**5,939**
Sales revenue and other income		27,081	23,151
Profit on disposal of assets		39	5
Impairment of non-financial assets	11	(9,801)	(7,048)
Operating expenses		(31,786)	(36,714)
Loss before finance costs		**(32,652)**	**(14,667)**
Finance costs	9.2	(1,458)	(1,557)
Loss before taxation		**(34,110)**	**(16,224)**
Taxation		(331)	(218)
Loss for the year		**(34,441)**	**(16,442)**
Other comprehensive income			
Exchange differences on translation of foreign operations		58	(24)
Total comprehensive income		**(34,383)**	**(16,466)**
Loss for the year attributable to			
Equity holders of the parent		(34,005)	(10,109)
Non-controlling interests		(436)	(6,333)
		(34,441)	**(16,442)**
Total comprehensive income attributable to			
Equity holders of the parent		(33,954)	(10,133)
Non-controlling interests		(429)	(6,333)
		(34,383)	**(16,466)**
Basic and diluted loss per share (cents)	12	**(26.01)**	**(7.10)**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2012

	NOTE	30 June 2012 US$'000	30 June 2011 US$'000
Assets			
Investments at fair value through profit or loss	14.1	110,171	131,424
Property, plant and equipment	17	43,053	45,014
Intangible assets	18	3,470	13,424
Total non-current assets		**156,694**	**189,862**
Inventories		517	521
Trade and other receivables	15	6,483	8,183
Cash and cash equivalents	16	49,101	46,622
Total current assets		**56,101**	**55,326**
Total assets		**212,795**	**245,188**
Equity			
Share capital	19	28	29
Share premium	19	306,809	311,574
Foreign currency translation reserve		(97)	(148)
Retained losses		(132,756)	(98,751)
Total equity attributable to equity holders of the parent		**173,984**	**212,704**
Non-controlling interests		(804)	(991)
Total equity		**173,180**	**211,713**
Liabilities			
Loans and borrowings	21	33,743	28,094
Total non-current liabilities		**33,743**	**28,094**
Loans and borrowings	21	2,687	2,840
Trade and other payables	7,8.2,20	3,185	2,541
Total current liabilities		**5,872**	**5,381**
Total liabilities		**39,615**	**33,475**
Total equity and liabilities		**212,795**	**245,188**

The financial statements were approved by the Board of Directors on 12 November 2012 and signed on their behalf by:

Peter Tom
Non-Executive Chairman

J. Curtis Moffatt
Non-Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Share capital US$'000	Share premium US$'000	Foreign currency translation reserve US$'000	Retained losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 July 2011	29	311,574	(148)	(98,751)	212,704	(991)	211,713
Total comprehensive loss	–	–	51	(34,005)	(33,954)	(429)	(34,383)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners							
Repurchase of shares	(1)	(4,765)	–	–	(4,766)	–	(4,766)
Total contributions by and distributions to owners	(1)	(4,765)	–	–	(4,766)	–	(4,766)
Changes in ownership interest in subsidiaries							
Contributions by non-controlling interests	–	–	–	–	–	616	616
Total changes in ownership interests in subsidiaries	–	–	–	–	–	616	616
Balance at 30 June 2012	**28**	**306,809**	**(97)**	**(132,756)**	**173,984**	**(804)**	**173,180**
Balance at 1 July 2010	30	323,115	(124)	(88,642)	234,379	1,951	236,330
Total comprehensive loss	–	–	(24)	(10,109)	(10,133)	(6,333)	(16,466)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners							
Repurchase of shares	(1)	(11,541)	–	–	(11,542)	–	(11,542)
Total contributions by and distributions to owners	(1)	(11,541)	–	–	(11,542)	–	(11,542)
Changes in ownership interest in subsidiaries							
Deconsolidation of subsidiary	–	–	–	–	–	3,391	3,391
Total changes in ownership interests in subsidiaries	–	–	–	–	–	3,391	3,391
Balance at 30 June 2011	**29**	**311,574**	**(148)**	**(98,751)**	**212,704**	**(991)**	**211,713**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	NOTE	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Cash flows from operating activities			
Interest received on cash balances		2,694	49
Cash received from customers		26,166	22,992
Interest paid		(1,458)	(1,557)
Operating expenses paid		(30,378)	(39,218)
Net cash used in operating activities		**(2,976)**	**(17,734)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss	14.1	(4,800)	(26,155)
Repayment of financial assets at fair value through profit or loss	14.1	10,000	–
Purchase of customer contract		–	(1,381)
Net purchases of property, plant and equipment		(1,159)	(2,086)
Net cash on deconsolidation of subsidiary		–	88
Net cash generated from/(used in) investing activities		**4,041**	**(29,534)**
Cash flows from financing activities			
Repurchase of shares during the year	19	(4,766)	(11,542)
Capital contributions from non-controlling interests		616	–
Net borrowings received	21	5,496	6,333
Net cash generated from/(used in) financing activities		**1,346**	**(5,209)**
Net increase/(decrease) in cash and cash equivalents		**2,411**	**(52,477)**
Cash and cash equivalents at start of the year		46,622	98,978
Effect of exchange rate fluctuations on cash and cash equivalents		68	121
Cash and cash equivalents at end of the year		**49,101**	**46,622**

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

for the year ended 30 June 2012

Reconciliation of loss for the year to net cash used in operating activities	NOTE	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Loss for the year		(34,441)	(16,442)
Adjustments for:			
Gain on deconsolidation of subsidiary		–	(5,176)
Fair value movement on investments	14.1	16,053	(750)
Impairment of non-financial assets	11	9,801	7,048
Depreciation expense/net of grant amortisation	17	3,159	4,328
Amortisaton of intangible assets	18	153	133
Foreign exchange gain		(10)	(145)
Profit on disposal of assets		(39)	(5)
Operating loss before changes in working capital		(5,324)	(11,009)
Movement in inventories		4	(145)
Movement in trade and other receivables		1,700	(4,380)
Movement in trade and other payables		644	(2,200)
Net cash used in operating activities		**(2,976)**	**(17,734)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2012

1 The Company

Leaf Clean Energy Company ("Leaf" or the "Company") was incorporated in the Cayman Islands on 14 May 2007. The Company 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 Company seeks to achieve long term capital appreciation primarily through making privately negotiated acquisitions of interest (principally equity but also equity-related and subordinated or mezzanine debt securities) in both projects and companies which own assets or which participate in the clean energy sector and through the generation and commercialisation of carbon credits derived from these projects.

Pursuant to the Company's Admission Document dated 22 June 2007 there was an original placing of up to 200,000,000 Ordinary Shares of GBP0.0001 par value for GBP1 each.

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

The Company's agents and the management team perform all significant functions. Accordingly, the Company itself has no employees.

The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were authorised for issue by the Board of Directors on 12 November 2012.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss measured that are measured at fair value in the statement of financial position.

2.3 Functional and presentation currency

The consolidated financial statements are presented in United States Dollars ("US$"), which is the Company's functional currency. All financial information presented in US$ has been rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgements

The preparation of 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.

Except as described below, in preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are as follows:

During the year ended 30 June 2012 management reassessed its estimates in respect of:

- the valuation of unquoted investments (see note 14); and
- impairment of goodwill and other intangible assets (see note 11 and 18)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2012

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expenses as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (“replacement awards”) are required to be exchanged for awards held by the acquiree’s employees (“acquiree’s awards”) and relate to past services, then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement wards relate to past and/or future service.

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from the transactions that do not involve the loss of control are based on a proportionate amount of the net asset assets of the subsidiary.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investment in associates and jointly controlled entities (equity-accounted investees)

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through the financial and operating policy decisions of the investee entity. As Leaf is an investment company, and its investments held in associates are designated as held at fair value through profit or loss, the provisions of IAS 28 'Investments in Associates' do not apply. Such investments are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they occur.

(vi) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. As the Company is an investment company, and its interests held in joint ventures are designated as held at fair value through profit or loss, the provisions of IAS 31 'Interests in Joint Ventures' do not apply. Such interests are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they occur.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to US Dollars at exchange rates at the dates of the transaction.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

3 Significant accounting policies (continued)

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 39 years
- plant and equipment 5 to 20 years
- fixtures and fittings 5-7 years
- motor vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.4 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3.1 (i).

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

3.5 Financial instruments

(i) Non-derivative financial assets

The Group classifies non-derivative financial assets into the following categories: investments at fair value through profit or loss and, loans and receivables.

The Group initially recognised loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the instrument expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise and settle the liability simultaneously.

Investments at fair value through profit or loss

The Group designates its investments, including equity, loan and similar instruments, as at fair value through profit or loss on initial recognition. Attributable transaction costs are recognised in the profit or loss as incurred. Gains and losses arising from changes in fair value of investments, including foreign exchange movements, are recognised in the profit or loss for the year.

Unquoted investments are valued using recognised valuation methodologies, based on the International Private Equity and Venture Capital Guidelines, which reflect the amount for which an asset could be exchanged between knowledgeable, willing parties on an arm's length basis.

The Group holds a number of investments in entities over which it has significant influence which meet the definition of associates in IAS 28 Investment in Associates. The Group has taken advantage of the exemption from applying IAS 28 as these investments are held as part of the Group's portfolio with a view to the ultimate realisation of capital gains. These investments are accounted for at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

3 Significant accounting policies (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost suing the effective interest method, less any impairment losses (see (note 3.6).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturities of three months or fewer from the acquisition date that are subject to an insignificant risk of changes in value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised costs using the effective interest method.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest method allocates the interest expense over the life of the instrument so as to reflect a constant return on the carrying amount of the liability.

Borrowings include a component of the Company's deferred ordinary shares and preference shares in subsidiaries held by third parties that fall under the definition of financial liabilities under IAS 32.

3.6 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

3.7 Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.8 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.9 Government grants
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

3.10 Revenue and expense recognition
Interest income is recognised on a time-proportionate basis using the effective interest rate method.

Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received.

Fixed returns on debt securities and loans are recognised on an effective interest rate basis, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Revenue from gas sales is recognised upon delivery and passage of title to the customer based on production as measured in cubic feet.

Expenses are accounted for on an accrual basis. Expenses are charged to the profit or loss. This includes expenses directly related to making an investment which is held at fair value through profit or loss.

3.11 Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.12 Income tax expense
The Company received from the Governor-in-Cabinet of the Cayman Islands, an undertaking that, for a period of 20 years from 5 June 2007 no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation shall apply to the Company and that no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on the shares, debentures or other obligations of the Company. Under the current Cayman Islands law, no tax will be charged on profits or gains of the Company and dividends of the Company would be payable to Shareholders resident in or outside the Cayman Islands without deduction of tax.

Tax arises in the consolidated financial statements from taxation payable with respect to subsidiaries companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

3 Significant accounting policies (continued)

3.13 Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (June 2011)	1 July 2012
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 19 Employee Benefits – Amendment resulting from the Post-Employment Benefits and Termination Benefits projects (as amended in June 2011)	1 January 2013
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IAS 32 Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (December 2011)	1 January 2014
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (December 2011)	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Amendments requiring disclosures about the initial applicable of IFRS 9 (December 2011)	1 January 2015
IFRS 9 Financial Instruments – Classification and measurement of financial assets (as amended in December 2011)	1 January 2015
IFRS 9 Financial Instruments – Accounting for financial liabilities and derecognition (as amended in December 2011)	1 January 2015
IFRS 10 Consolidated Financial Statements (May 2011)	1 January 2013
IFRS 11 Joint Arrangements (May 2011)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (May 2011)	1 January 2013
IFRS 13 Fair Value Measurement (May 2011)	1 January 2013
IFRIC Interpretation	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

4 Segment information

The Group operates in one business and geographic segment, being investment in clean energy companies and projects predominantly in North America.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, market price risk and interest rate risk), credit risk and liquidity risk.

Market price risk

The project companies in which the Group invests operate in sectors that may be affected by the prevailing prices of electricity, oil, natural gas and other commodities. As energy and fuels derived from non-renewable sources become more expensive or scarce, renewable energy and alternative fuels become more valuable. Conversely, if non-renewable energy and fuels become more abundant or, for other reasons become less expensive, the value of renewable or alternative fuels and energy may be negatively affected. As a result, the performance of the project companies is likely to be dependent upon prevailing prices for these commodities, which have been historically, and may continue to be, volatile and subject to wide variations for a variety of reasons beyond the control of the Group. These factors include the level of consumer product demand, weather conditions, governmental regulations in producing and consuming countries, the price and availability of alternative fuels, the supply of oil and natural gas, and overall geo-political and economic conditions. Therefore, volatility of commodity prices may adversely affect the value of the Group's investments.

Market price risk is managed by the management team, in accordance with parameters set by the Board.

All of the Group's investments comprise interests in companies which are not publicly traded or freely marketable. The Group may also be restricted from selling certain securities by contract or regulatory considerations. Such investments may therefore be difficult to value or realise. Any such realisation may involve significant time and expense.

If the value of the Group's investment portfolio increased/decreased by 5%, the net assets of the Group would increase/decrease by US$5,579,042 (2011: US$6,571,200)

Foreign exchange risk

The Group is exposed to foreign exchange risk with regard to transactions made in Sterling and balances held in Sterling.

An analysis of net assets by currency exposure as at 30 June 2012 is as follows:

	Net Assets US$'000s 30 June 2012	Net Assets US$'000s 30 June 2011
US Dollars	173,074	211,881
Sterling	106	(168)
Total	**173,180**	**211,713**

An appreciation of the Sterling against the US Dollar of 5% would have decreased net assets by US$5,034 (2011: US$5,232). A decrease of 5% would have an equal and opposite effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

5 Financial risk management (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk on cash balances which are all short term fixed deposits. The weighted average interest rates on short term fixed deposits as at 30 June 2012 were:

	30 June 2012 %	30 June 2011 %
Cash balances		
US Dollars	0.15	0.05
Sterling	–	–

The table below summarises the Group's exposure to interest rate risks. It includes the Groups' financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

30 June 2012	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 Years US$'000	Non-interest bearing US$'000	Total US$'000
Financial Assets							
Financial assets at fair value through profit or loss	–	–	–	–	–	110,171	110,171
Trade and other receivables	18	–	–	–	–	6,465	6,483
Cash and cash equivalents	35,026	–	96	–	–	13,979	49,101
Total financial assets	**35,044**	**–**	**96**	**–**	**–**	**130,615**	**165,755**
Financial Liabilities							
Trade and other payables	–	–	–	–	–	(3,185)	(3,185)
Loans and borrowings	–	–	(2,687)	(18,188)	(15,555))	–	(36,430)
Total financial liabilities	**–**	**–**	**(2,687)**	**(18,188)**	**(15,555)**	**(3,185)**	**(39,615)**
Total interest rate sensitivity gap	**35,044**	**–**	**(2,591)**	**(18,188)**	**(15,555)**		

30 June 2011	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 Years US$'000	Non-interest bearing US$'000	Total US$'000
Financial Assets							
Financial assets at fair value through profit or loss	–	–	–	–	–	131,424	131,424
Trade and other receivables	–	–	3,050	–	–	5,133	8,183
Cash and cash equivalents	45,173	–	1,449	–	–	–	46,622
Total financial assets	**45,173**	**–**	**4,499**	**–**	**–**	**136,557**	**186,229**
Financial Liabilities							
Trade and other payables	–	–	–	–	–	(2,541)	(2,541)
Loans and borrowings	–	–	(2,840)	(18,855)	(9,239)	–	(30,934)
Total financial liabilities	**–**	**–**	**(2,840)**	**(18,855)**	**(9,239)**	**(2,541)**	**(33,475)**
Total interest rate sensitivity gap	**45,173**	**–**	**1,659**	**(18,855)**	**(9,239)**		

No fair value interest rate sensitivity analysis has been provided as no financial assets or liabilities are subject to fair value interest rate risk. If interest rates have been 1% higher/lower for the year, interest receivable would have been US$5,788 (2011: US$187,380) higher/lower.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the consolidated statement of financial position date. This relates also to financial assets carried at amortised cost, as they have a short term maturity.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	30 June 2012 US$'000	30 June 2011 US$'000
Financial assets at fair value through profit or loss	110,171	131,424
Trade and other receivables	6,483	8,183
Cash and cash equivalents	49,101	46,622
	165,755	**186,229**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations. No impairment provisions had been made as at the year end and no debtors were past their due date.

Cash balances are held with P-1* financial institutions.

*- A Moody's rating of Prime-1 (P-1) means that the issuer has a superior ability to repay short-term debt for the obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

5 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses. The Group's liquidity position is monitored by the management team and the Board of Directors.

Residual undiscounted contractual maturities of financial liabilities:

30 June 2012	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 Years US$'000	No stated maturity US$'000
Financial liabilities						
Trade and other payables	(3,185)	–	–	–	–	–
Loans and borrowings	–	–	(2,687)	(18,188)	(15,555)	–
	(3,185)	**–**	**(2,687)**	**(18,188)**	**(15,555)**	**–**

30 June 2011	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 Years US$'000	No stated maturity US$'000
Financial liabilities						
Trade and other payables	(2,541)	–	–	–	–	–
Loans and borrowings	–	–	(2,840)	(18,855)	(9,239)	–
	(2,541)	**–**	**(2,840)**	**(18,855)**	**(9,239)**	**–**

Fair values

All financial assets and liabilities at 30 June 2012 are considered to be stated at fair value or a reasonable approximation to fair value.

6 Critical accounting estimates and assumptions

These disclosures supplement the commentary on financial risk management (see note 5).

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 3.5(i). 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 Company's accounting policies

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

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in accounting policy 3.1. The 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 Group determines fair values using valuation techniques.

The Group holds full or partial ownership interests in a number of unquoted clean energy companies. The Group's investments are classified as level 3 in the fair value hierarchy. A reconciliation from the beginning balances to the ending balances is shown in note 14.1.

7 Management Service Fees

Leaf's wholly-owned subsidiary, Leaf Clean Energy USA, LLC ("Leaf USA"), in Washington, DC provides assets advisory, portfolio management and certain administrative services to the Company. Leaf USA is entitled to management fees which are calculated based on 20% mark up on the costs of the asset advisory and portfolio management services provided to Leaf Clean Energy Company. The administrative services provided to Leaf Clean Energy Company are at cost base with nil mark up.

Leaf USA Service fees for the year ended 30 June 2012 payable to Leaf USA were US$3,721,087 (year ended 30 June 2011: US$3,775,686) and the amount accrued but not paid at the period end was US$584,690 (30 June 2011: US$364,626). These fees are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

8 Other administration expenses

	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Directors' remuneration (note 10)	1,248	1,069
Travel and subsistence expenses	289	259
Legal and professional fees (note 8.1)	228	715
Administration fees (note 8.2)	195	313
Directors' and Officers' insurance expense	97	106
Audit fees	89	99
Registrar fees and costs	44	48
Printing and stationery expenses	15	50
Other expenses	9	93
Total	**2,214**	**2,752**

8.1 Legal and professional fees

Legal and professional fees represent legal, advisory and consultancy fees incurred during and after the implementation of investment acquisitions.

8.2 Administration fees

With effect from November 2009, the Company administrator is entitled to an administration fee, payable quarterly in arrears and calculated in respect of each quarter or other period with a minimum fee of GBP25,000 per quarter at the rate of 0.1% per annum where the total assets of the parent company less borrowings is less than US$100,000,000; 0.09% where the total assets of the Company less borrowings at the end of the relevant quarter is greater than or equal to US$100,000,000 but less than US$200,000,000; and at the rate of 0.08% per annum where the total assets of the Company less borrowings at the end of the relevant quarter is greater than or equal to US$200,000,000.

Administration fees for the year amounted to US$195,056 (2011: US$312,840) and US$42,493 was outstanding as at 30 June 2012 (2011: US$53,049).

9 Interest income and expense

9.1 Interest income on investments at fair value through profit or loss

The Group had US$1,837,199 (2011: US$4,949,564) of interest income earned during the year from loans made by the parent company to its portfolio companies, not including impairment of accrued interest brought forward from prior periods. Of this, US$804,504 (2011: US$2,601,133) was from non-subsidiaries and is recognised in profit or loss net of impairment of accrued interest brought forward from prior periods in relation to such non subsidiaries. US$1,032,695 (2011: US$2,348,431) was from Leaf's investment in subsidiaries and was eliminated on consolidation.

9.2 Finance costs

Finance costs relate to cost of borrowing of underlying investee companies (see note 21).

10 Directors' remuneration

In February 2011, Mercer Limited ("Mercer") was engaged to conduct an independent remuneration review, and Mercer's recommendation was adopted by the Board at its meeting on 3 March 2011. As recommended by Mercer, the basic annual remuneration for the Chairman and the Executive Director was maintained at US$200,000 and US$400,000 respectively. In addition, the Executive Director is eligible to receive an annual bonus of US$350,000. The Non-Executive Directors fees were reduced from US$150,000 to US$60,000 with a US$2,500 fee for each board meeting attendance, a US$10,000 fee for Audit Committee membership and a US$1,500 fee reimbursement for each additional day attending the Company's meetings.

Details of the Directors' basic annual remuneration during the year were as follows:

	Remuneration for year to 30 June 2012 US$'000	Remuneration for the period from 1 April 2011 to 30 June 2011 US$'000	Remuneration for the period from 1 July 2010 to 31 March 2011 US$'000
Peter Tom (Chairman)	200	200	200
Bran Keogh	400	400	400
J. Curtis Moffatt	148	60	150
Peter O'Keefe	150	60	150
	898	**720**	**900**

Directors' fees and other expenses paid during the year were as follows:

30 June 2012	Directors' fees US$'000	Annual bonus US$'000	Total US$'000
Peter Tom (Chairman)	200	–	200
Bran Keogh	400	350	750
J. Curtis Moffatt	148	–	148
Peter O'Keefe	150	–	150
	898	**350**	**1,248**

30 June 2011	Directors' fees US$'000	Other emoluments US$'000	Total US$'000
Peter Tom (Chairman)	200	–	200
Bran Keogh	400	175	575
J. Curtis Moffatt	143	–	143
Peter O'Keefe	151	–	151
	894	**175**	**1,069**

The Directors are also entitled to receive reimbursement of any expenses in relation to their appointment. Total reimbursement fees paid to the Directors for the year ended 30 June 2012 amounted to US$218,230 (2011: US$216,750) of which US$nil was outstanding at 30 June 2012 (June 2011: US$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

11 Impairment of non-financial assets

Non-financial assets are assessed for impairment at each reporting period end. This review is undertaken in conjunction with the review of the Company's investment in each subsidiary.

	Year ended 30 June 2012 US$'000	Year ended 30 June 2011 US$'000
Goodwill (note 18)	(9,801)	(3,320)
Property, plant and equipment (note 17)	–	(3,728)
Total	**(9,801)**	**(7,048)**

12 Loss per share

Basic and Diluted

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year:

	Year ended 30 June 2012	Year ended 30 June 2011
Loss attributable to equity holders of the parent (US$'000)	(34,005)	(10,109)
Weighted average number of ordinary shares in issue (thousands)	130,720	142,649
Basic and fully diluted loss per share (cents per share)	**(26.01)**	**(7.10)**

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

13 The subsidiaries

Since incorporation, for efficient portfolio management purposes, the Company has established the following subsidiary companies:

	Country of incorporation	Percentage of shares held
Leaf Bioenergy Company	Cayman Islands	100%
Leaf Biomass Company	Cayman Islands	100%
Leaf Biomass Investments, Inc.*	USA (Delaware)	100%
Leaf Clean Energy USA, LLC	USA (Delaware)	100%
Leaf Escalona Company*	Cayman Islands	100%
Leaf Hydro Company	Cayman Islands	100%
Leaf Invenergy Company*	Cayman Islands	100%
Leaf Invenergy US Investments, Inc*	USA (Delaware)	100%
Leaf LFG Company	Cayman Islands	100%
Leaf LFG US Investments, Inc.*	USA (Delaware)	100%
Leaf MaxWest Company*	USA (Delaware)	100%
Leaf Miasolé*	Cayman Islands	100%
Leaf Skyfuels Company*	Cayman Islands	100%
Leaf Solar Company	Cayman Islands	100%
Leaf VREC*	Cayman Islands	100%
Leaf Waste Energy	Cayman Islands	100%
Leaf Wind Company	Cayman Islands	100%

*Indirect subsidiaries

The Company also has control over the following underlying investee companies:

	Country of incorporation	Principal activity	Effective interest held
Energia Escalona Coopertief U.A	Netherlands	Hydro Energy	87.5%
Escalona B.V	Netherlands	Hydro Energy	87.5%
Energia Escalona I S.A. de C.V	Mexico	Hydro Energy	87.5%
Energia Escalona s.r.l.	Mexico	Hydro Energy	87.5%
Energentum S.A. de C.V	Mexico	Hydro Energy	86.6%
Johnstown Regional Energy LLC	USA (Pennsylvania)	Landfill Gas	100%
Multitrade Rabun Gap LLC	USA (Virginia)	Biomass	75%(1)
Multitrade Telogia LLC	USA (Virginia)	Biomass	61.25%(2)
Telogia Power LLC	USA (Virginia)	Biomass	61.25%(2)

(1) Voting rights 81.9%

(2) Voting rights 66.25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

14 Investments

Investments comprise ordinary stock, loans and preferred stock carrying a cumulative preferred dividend, preferential return of capital and capped rights to share in profits. The Directors, with advice from the inhouse management team, Leaf Clean Energy USA, LLC, have reviewed the carrying value of each investment and calculated the aggregate value of the Company'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'.

14.1 Investments at fair value through profit or loss

	30 June 2012 US$'000	30 June 2011 US$'000
Balance brought forward	131,424	80,676
Addition from deconsolidation of subsidiary	–	23,843
Additional investments	4,800	26,155
Repayment of investments	(10,000)	–
Movement in fair value of investments	(16,053)	750
Balance carried forward	**110,171**	**131,424**

Investments are stated at fair value through profit or loss on initial recognition. Loans are stated at fair value in conjunction with the related equity investment in the investee company. All investee companies are unquoted.

14.2 Portfolio valuation methodology

Unquoted investments are valued by applying an appropriate valuation technique, which makes maximum use of market-based information, is consistent with models generally used by market participants and is applied consistently from period to period, except where a change would result in a better estimation of fair value. The Company primarily invests in unquoted direct investments. Unquoted direct investments have characteristics similar to private equity investments, in that the value is generally determined through the sale or flotation of the entire business, rather than the sale of an individual instrument. Valuations of such investments are based upon the "International Private Equity and Venture Capital Valuation Guidelines."

The inhouse management team conducted a valuation analysis of the Company's investment portfolio based upon standard valuation approaches compatible with the "International Private Equity and Venture Capital Valuation Guidelines." Given the uncertainties inherent in estimating the fair value of unquoted direct investments, a degree of caution was applied by the Asset Advisor in exercising judgements and making the necessary estimates.

15 Trade and other receivables

	30 June 2012 US$'000	30 June 2011 US$'000
Accounts receivable	4,044	3,129
Interest receivable	428	3,050
Prepayments	2,011	2,004
Total	**6,483**	**8,183**

16 Cash and cash equivalents

	30 June 2012 US$'000	30 June 2011 US$'000
Short term fixed deposits	35,027	29,137
Bank current account balances	11,854	15,061
Restricted cash*	2,220	2,424
Total	**49,101**	**46,622**

* Restricted cash balance consists of a credit card cash security of US$95,961. (2011: US$Nil)

In addition, certain Group subsidiaries held restricted cash balances deposited with commercial banks in the aggregate amount of US$2.1 million, which was required to comply with the terms of the loan agreements with respect to these subsidiaries.

The short-term deposits are subject to interest rates at 0.12% per annum and are fixed for periods ranging up to 1 month from the balance sheet date

17 Property, plant and equipment

	30 June 2012 Total US$'000	30 June 2011 Total US$'000
Cost		
Opening balance	57,674	65,802
Additions	1,505	2,206
Deconsolidation of subsidiary	–	(3,562)
Impairment loss	–	–
– Current year	–	(3,728)
– Reclassification from pre-operating expenses	–	(1,099)
Property, plant and equipment grant reclassified	–	(1,830)
Disposals	(307)	(115)
Closing balance	58,872	57,674
Depreciation		
Opening balance	12,660	8,332
Charge for the year	3,159	4,328
Closing balance	15,819	12,660
Carrying amounts	43,053	45,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

18 Intangible assets

	Goodwill US$'000	Other intangibles US$'000	Total US$'000
Cost			
Balance as at 1 July 2011	**16,237**	**2,249**	**18,486**
Balance at 30 June 2012	**16,237**	**2,249**	**18,486**
Amortisation and impairment losses			
Balance as at 1 July 2011	**(4,801)**	**(261)**	**(5,062)**
Amortisation and disposal	–	(153)	(153)
Impairment loss	(9,801)	–	(9,801)
Balance at 30 June 2012	**(14,602)**	**(414)**	**(15,016)**
Carrying amounts			
1 July 2011	11,436	1,988	13,424
30 June 2012	1,635	1,835	3,470

Goodwill

Goodwill is not amortized but is evaluated for impairment by management on 30 June of each year or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment test for the years ended 30 June 2012 and 2011 was performed by determining the fair value of the Group's investee companies using discounted cash flows valuation approach. The valuations were based on both historical and projected financial data, using reasonable assumptions. For the year ended 30 June 2012, management determined goodwill for the Group's investee companies was impaired and recognised an impairment loss of $9,801,000 (2011: US$3,320,000).

Other intangible asset

Other intangible assets comprise an Electric Power Purchase and Sale agreement between Seminole Electric Cooperative and a Group subsidiary, Multitrade Telogia LLC. The subsidiary agreed to sell and Seminole Electric Cooperative agreed to buy power upon commencement of commercial operations. The contract ends in November 2023.

19 Share capital

	Number of shares	Share capital US$'000	Share premium US$'000
Ordinary shares of GBP0.0001 each			
As at 30 June 2011	132,675,726	29	311,574
Repurchased during the year	(3,930,000)	(1)	(4,765)
As at 30 June 2012	**128,745,726**	**28**	**306,809**

The authorised share capital of the Company is GBP25,000 divided into 250 million Ordinary Shares of GBP0.0001 each.

Under the terms of the placement on 22 June 2007, the Company issued 200,000,000 shares of GBP0.0001 each par value at a price of GBP1 each. The difference between the issue price and the par value was transferred to share premium account, net of share issue expenses.

Share capital and premium received was translated to US Dollars at the exchange rate prevailing at the date of receipt of the proceeds.

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 the Company. All shares rank equally with regards to the Company's assets.

During the year 3,930,000 shares were repurchased by the Company leaving 128,745,726 shares in issue as at 30 June 2012. The shares were repurchased in 3 tranches at an average price of 77.98 pence per share for a total cost, including transaction costs, of GBP3,086,097 (US$4,766,063). The Company's share price has averaged 77 pence during the year.

The repurchases of the Company's shares are in line with its capital management philosophy whereby the Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

Company capital comprises share capital, share premium and reserves. The Company is not subject to externally imposed capital requirements.

20 Trade and other payables

	30 June 2012 US$'000	30 June 2011 US$'000
Creditors and accrued payables	2,700	2,419
Directors' fees payable*	377	–
Administration fees payable*	43	53
Audit fees payable*	65	69
Total	**3,185**	**2,541**

* These payables are accrued by the parent company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2012

21 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk (see note 5).

Non-current liabilities

	30 June 2012 US$'000	30 June 2011 US$'000
Promissory notes payable	33,368	27,722
Finance lease liabilities	375	372
Total	**33,743**	**28,094**

Current liabilities

	30 June 2012 US$'000	30 June 2011 US$'000
Promissory notes payable	2,386	2,746
Finance lease liabilities	301	94
Total	**2,687**	**2,840**

Long term debt includes:

(i) a promissory note in the original principal amount of US$8,200,000 executed by a Group subsidiary to finance the construction of a methane recovery project secured by a mortgage and security interest in all the assets of that project and the note is payable over 180 months, which began in October 2006. The current interest rate on this note is 4.65% per year. The note places certain restrictions on the Group subsidiary along with the pledge of most of the assets and income. The promissory note balance as at 30 June 2012 was US$7.1million (2011: US$7.9million).

(ii) a promissory note in the original principal amount of US$20,701,000 through the Rural Utilities Service (RUS), an agency of the U.S. Department of Agriculture, executed by a Group subsidiary as long term financing for its biomass power plant. Repayment began on 31 December 2010 and is payable over 19 years. Interest is payable quarterly at a rate of 3.247% per annum. The note places certain restrictions on the Group subsidiary along with the pledge of most of the assets and income. The promissory note balance was US$18.7 million as at 30 June 2012 (2011: US$19.3 million)

(iii) a promissory note in the original principal amount of US$6,500,000 from a commercial bank, executed by a Group subsidiary as long term financing for its biomass power plant. The note has a guarantee from the U.S. Department of Agriculture, a 20 year term ending on 1 September 2031, and a current interest rate equal to 6.0%. The note places certain restrictions on the Group subsidiary along with the pledge of most of the assets and income. The promissory note balance was US$6.3 million as at 30 June 2012 (2011: US$nil)

(iv) the balance of other long term promissory notes was US$1.2m (2011: US$0.4 million).

22 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

The former Asset Advisor, the Company administrator and the Directors are considered related parties due to the significance of the contracts with these parties. Details of the fee arrangements with these parties are given in note 8.2 and 10.

23 Capital commitments

As at 30 June 2012, there were no capital commitments in respect of investments.

24 Exchange rates

The following exchange rates were used to translate assets and liabilities into the reporting currency at 30 June 2012:

GBP Sterling to US$	1.5685 (2011: 1.6054)

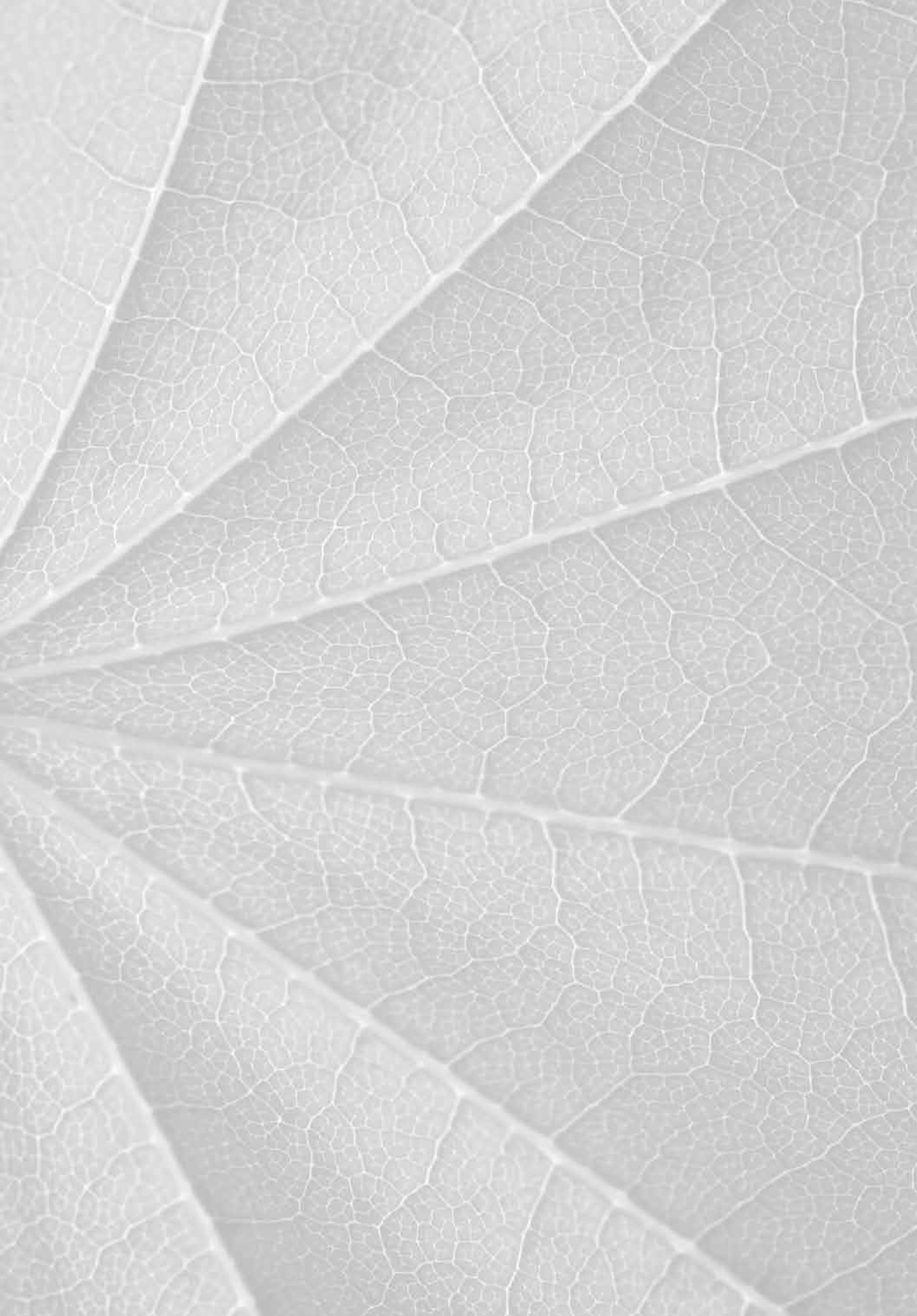
25 Conversion to US GAAP

If the consolidated financial statements had been prepared under US Generally Accepted Accounting Principles instead of International Financial Reporting Standards, the net assets would have been US$181,808,000 instead of US$173,180,000 as stated. The difference arises due to the consolidation of controlled portfolio companies in the IFRS financial statements. If US GAAP financial statements had been prepared. those subsidiaries would not have been consolidated, but would have been instead stated at fair value.

26 Subsequent events

On 20 July 2012, Leaf announced that it had made a $5 million equity investment in Lehigh Technologies, Inc.

FOR YOUR NOTES



Leaf
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