Leaf Clean Energy Company

Annual Report

For the year ended 30 June 2015

Contents

Management and administration

Directors

Mark Lerdal (executive chairman) appointed 1 April 2014
Stephen Coe (non-executive director) appointed 1 April 2014
Peter O'Keefe (non-executive director)

Administrator

EHM International Limited
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16-10 Ely Place
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EC1N 6SN

Nominated Advisor, Broker

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Auditors

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Cayman Islands

Depositary, Registrar

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Biographies of the directors

Mark David Lerdal (executive chairman)

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

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

Stephen Charles Coe was appointed as a non-executive director of Leaf Clean Energy Company in April 2014. He qualified as a Chartered Accountant with Price Waterhouse Coopers in 1990. From 1997 to 2006 he was a director of the Bachmann Trust Company Limited and managing director of Bachmann Fund Administration Limited. Between 2003 and 2006, Stephen was managing director of Investec Administration Services Limited and of Investec Trust (Guernsey) Limited prior to becoming self-employed in 2006, providing director services to financial services clients. Currently, Stephen sits on the board of a number of companies listed on AIM and on the Main Market of the LSE, including Raven Russia Limited, Weiss Korea Opportunities Fund Limited and European Real Estate Investment Trust Limited. He resides in Guernsey.

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

Chairman's Statement

For the year ended 30 June 2015 Leaf Clean Energy Company ("Leaf") and its subsidiaries (together, the "Leaf Group") transitioned from an investing organization to a company realizing the value of its investments. As a result of those realizations we have today announced a distribution of 5 pence per share (US$10.1 million).

Investment Realizations

As previously disclosed, Leaf sold Johnstown Regional Energy, LLC, Multitrade Telogia, LLC, Multitrade Rabun Gap, LLC and Skyfuel, Inc. (after the period end) for an aggregate of US$8.4 million. Leaf's carrying cost for the four investments at 30 December 2014 was US$9.1 million.

Expenses

Leaf's expenses for the one year period ended 30 June 2015 were US$2.7 million, US$2.7 million lower than the comparable prior period. The budget for the next financial year is US$2.4 million. The budget does not include transaction-related costs or payments of incentives under the Company incentive plans. No payments have been made under these plans because all amounts are due and payable when distributions are made to shareholders, but US$3.0 million has been accrued as an estimate of the total expense for the incentive plans of the Company through completion of the remaining realizations.

Financial

Net asset value ("NAV") on 30 June 2015 was US$120.3 million, US$4.5 million higher than on 30 June 2014. This change resulted from the US$4.5 million comprehensive gain for the period, which consisted of a US$18.4 million gain on revaluation in the carrying value of the portfolio companies and US$0.3 million of interest income, offset by US$8.5 million for a provision for US federal income taxes, US$3.0 million for a provision for future company incentive plan payments and US$2.7 million of administration expenses. At the end of the period, US$12.6 million of Leaf's NAV was held in cash and US$117.3 million in investments. Subsequent to year end, Leaf received US$3.9 million of proceeds from the sales of Skyfuel and JRE.

NAV per share for the Leaf Group was 93.41 cents or 59.40 pence at the year-end exchange rate of $1.57/£.

Portfolio Overview

Invenergy Wind LLC ("Invenergy"). Invenergy develops, owns, and operates wind power generation facilities in North America and Europe. It has a proven track record in establishing and maintaining longstanding, profitable relationships with utilities, suppliers, and the communities in which its projects are located. Invenergy reports that it is North America's largest independent wind power generation company.

On 6 July 2015, TerraForm Power, Inc. ("TerraForm") announced the signing of definitive agreements for a proposed US$2 billion purchase from Invenergy of approximately 930 megawatts of contracted wind powered generation, (the "Proposed TerraForm Sale"). The Proposed Terraform Sale has not yet been closed.

Leaf's original 2008/2009 investments were in convertible notes of Invenergy. On 18 June 2015, Leaf submitted an election to convert its notes into equity in Invenergy. Invenergy submitted the conversion for regulatory approval, which was granted in September 2015. As a result of the conversion, Leaf now owns 2.3% of the issued equity of Invenergy.

Leaf's equity investment in Invenergy is governed by Invenergy's Third Amended and Restated Limited Liability Company Agreement (the "Operating Agreement"). Under the terms of the Operating Agreement, Leaf believes that Invenergy is required to obtain Leaf's consent to the Proposed TerraForm Sale prior to its consummation and that, absent such consent, Invenergy is required to make a payment to Leaf upon the closing of the sale. The amount of such payment is determined by a formula in the Operating Agreement which includes an internal rate of return calculation. The rate used in the calculation for transactions closing prior to 23 December 2015, is 23% and for transactions closing thereafter the rate is 21%. By way of example, if the Proposed TerraForm Sale were to close on 30 November 2015, we have calculated the amount of the payment by Invenergy to Leaf to be US$124.8 million. If the sale were to close on 31 December 2015, we have calculated the amount of the payment by Invenergy to Leaf would be US$113.3 million.

There can be no assurance that the Proposed TerraForm Sale will occur. There are several conditions precedent contained in the agreement evidencing the Proposed TerraForm sale. Additionally, either Terraform or Invenergy may, under certain circumstances, terminate such agreement if the Proposed TerraForm Sale has not closed by 15 December 2015. Moreover, Invenergy has informed Leaf that it does not believe that Leaf will be entitled to the payment described above if the Proposed TerraForm Sale closes. Therefore, there can be no assurance that the payment described above will be made to Leaf even if the Proposed TerraForm Sale occurs.

Chairman’s Statement (continued)

Because of the uncertainty associated with the risk that the Proposed TerraForm Sale may not close (and even if it does close, that Invenergy continues to resist the obligation to make the payments to Leaf described above), we have not used the potential realization from the Proposed Terraform Sale as a basis for our valuation of Invenergy. We have, however, changed our valuation methodology as a result of the conversion of the convertible loan notes into equity. Historically the valuation model considered two items: 1) the outstanding principal and interest on the notes, and 2) comparable M&A transaction ratios. Following the conversion into equity we are valuing Leaf's investment using only comparable transactions. This has led to a revised valuation for Leaf's investment in Invenergy of US$95 million, up from $63.9 million as at 31 December 2014 and is reflected in the net asset value uplift of US$4.5 million in the period for Leaf. Not unlike our other investments, there is no certainty that Leaf will achieve a sale of its investment in Invenergy at this level. The Company has provided for tax on the basis of its carrying value of its investment in Invenergy; in the event that realizations are greater than the carrying value, additional tax would be incurred (based upon 40% of the excess).

Leaf’s conversion to equity provides an additional pathway for Leaf to sell its equity interest to Invenergy. The Operating Agreement provides that after 22 December 2015, Leaf has the option to put its equity interest to Invenergy. The purchase price for such sale is either an agreed upon price between Leaf and Invenergy or the fair market value of the equity interest, as determined by third party independent appraisers. After 22 December 2015, Invenergy has a similar option to call the equity interest from Leaf. The purchase price for the call is determined in the same manner as it is in the put.

Vital Renewable Energy Company (“VREC”), a developer of sugar-cane-based ethanol facilities in Brazil achieved a record 2014/2015 crushing season with growth in excess of 20% over the prior period. The company is also currently undertaking an expansion of its Bom Sucesso Agroindustria (BSA) mill to expand its sugar and ethanol processing capacity. With the expansion, the mill’s production capability will be significantly enhanced. Unfortunately the value of the Brazilian real against the U.S. dollar and pound sterling has significantly deteriorated during the last year. Additionally the political climate in Brazil has made the country less attractive for investment, delaying any potential exit Leaf may have from this investment.

Lehigh Technologies, Inc. (“Lehigh”), the green materials company, continued its global expansion with increased non-U.S. sales and strong overall revenue growth. In the fiscal year ended 30 June 2015, Lehigh completed a strategic investment from JSR Corporation, a leading Asian chemicals manufacturer. Leaf also participated in the funding round. On the commercial front, Lehigh launched a dedicated Polyurethane team, signed a distribution partnership for an important asphalt market chemical, and added internal resources to its R&D function. Lehigh continues to operate in a competitive environment where often the substitute for its products is petroleum based. Falling worldwide oil prices could have a negative impact on Lehigh’s sales and margin.

Energía Escalona (“Escalona”), the hydroelectric project development company based in Mexico City, continued development of its flagship hydroelectric development project. In the fiscal year ended 30 June 2015, Escalona completed and signed a long-term off-take contract with the national utility in Mexico and advanced its negotiations with private off-takers for long-term power purchase agreements. Additionally, Escalona completed a favorable independent engineering review, as commissioned by the lender group. The company is continuing in the financing and final development process with an expectation of beginning construction in late 2015.

Continued Operations

The board of directors of Leaf continue to look for opportunities to realize the value of the remaining investments. While the board is committed to realizing such value as soon as is reasonable practicable, it continually assesses the most appropriate time and method of such realization. As stated in prior statements, the remaining investments are illiquid and cannot be realized without the assistance of the underlying portfolio company and/or other shareholders. Therefore there can be no set timeline for such realizations. We believe it will take at least two years to complete the realization of the remaining investments.

Mark Lerdal
Chairman

28 September, 2015

Management report

Overview

Leaf's management worked diligently during the year ended 30 June 2015 to implement the new strategy approved by the shareholders on 1 July 2014 (see Strategy below). Throughout the period, the management team remained focused on portfolio management and on orderly realisation activities, with due attention to maximizing realisation value.

These activities included the negotiation, and completion during the period of the sales of three of Leaf's investments: the biomass power plants Multitrade Telogia, LLC (MT) and Multitrade Rabun Gap, LLC (MRG), and the landfill gas portfolio owned by Johnstown Regional Energy, LLC (JRE), which closed on 11 March, 31 March, and 24 June, respectively.

As previously disclosed, the management team also concluded the sale of a fourth investment, the solar thermal power technology company SkyFuel, Inc. (SkyFuel), on 13 August 2015, after the end of the period. In addition, Leaf received a partial return of capital from its indirect investment in Energía Escalona I S.A. de C.V. (Escalona) during the period. The up-front aggregate cash proceeds received by Leaf from the four sale transactions and the capital return were US$8.4 million and US$0.5 million, respectively, for a total of US$8.9 million. Leaf's unaudited aggregate carrying value (on a comparable basis) at 31 December 2014 for the investments sold was US$9.1 million.

Following the sale of SkyFuel, Leaf's portfolio consists of four remaining investments: Invenergy, VREC, Lehigh, and Escalona.

Strategy

As previously reported, Leaf's shareholders voted at an extraordinary general meeting (EGM) held on 1 July 2014 to accept the board's proposed resolution to change the Leaf Group's investment strategy to an orderly realisation and return of capital to the shareholders, which will occur on an asset-by-asset basis in timeframes appropriate for each asset. Key elements of the new strategy, disclosed in a circular to shareholders in advance of the EGM are:

- *Orderly and expedient realisation*: The investments are to be realised in an orderly and expedient manner, at the Leaf Board's discretion. The board will balance the goal of returning capital expediently to investors with the goal of maximising the realisation value of the investments.

  In executing this aspect of the new strategy, Leaf will take a flexible approach that appropriately balances timing of any monetisation while still maximising value for shareholders. This means that some investments may be considered appropriate for sale in the short term, while others may be held for a longer period, as required by circumstances and market conditions.

- *No new investments into new companies*: Leaf will not invest in any new portfolio companies, but will make judicious additional investments in existing portfolio companies where required to preserve or enhance the realisation value of these investments.

- *Timing of realisations and redemptions is unpredictable*: Leaf's holdings are all in the debt and equity of unlisted companies. Therefore, realisations of these investments require the cooperation of the investee companies and of other investors as well as Leaf. In addition, the individual circumstances and market conditions surrounding each investment must be taken into account, affecting the timescale before which a particular investment can be realised.

Financial highlights

Below is a summary of financial highlights across the Leaf portfolio during the one year period ended 30 June 2015:

- Completed the realisations of three of its investments: the biomass power plants MT and MRG, and the landfill gas portfolio owned by JRE. In addition, Leaf received a partial return of capital from its indirect investment in Escalona.

- Reduced administration expenses by US$2.7 million (49.8%) over the previous period, not including US$0.2 million of transaction related expenses that were recognised in realised loss/gain from sale of investments.

- Made an additional US$3.3million of direct equity and debt investments in existing portfolio businesses, (two of which were subsequently sold) inclusive of the previously announced US$1.25 million additional investment in Lehigh;

- Received cash payments of accrued and current interest, and repayments of principal on loans to its investee companies totalling US$0.3 million and US$2.1 million respectively.

- Provided notice of conversion of Leaf's Invenergy Series B-2 Convertible Notes on 18 June 2015.

Management report (continued)

Financial performance

The Leaf Group's total net asset value ("NAV") on 30 June 2015 was US$120.3 million, US$4.5 million higher than on 30 June 2014. This change resulted from the US$5.4 million comprehensive gain for the period, which consisted of a US$18.4 million gain on revaluation in the carrying value of the portfolio companies (including realised gains and losses from the sale of investments) and US$0.3 million of interest income, offset by US$8.5 million of tax expense provision, US$3.0 million of incentive plans provision and US$2.7 million of administration expenses. At the end of the period, US$12.6 million of Leaf's NAV was held in cash and US$117.3 million in investments.

NAV per share for the Leaf Group was 93.41 cents or 59.40 pence at US$1.5726 to the GBP1. This was an increase of 3.9% for the year from 30 June 2014. The increase was primarily due to the gain on investments (15.9%) and interest income (0.3%), offset by tax provision (-7.3%), incentive plan provision (-2.6%) and administration expense (-2.4%).

As a result of measures taken to bring spending in line with the new strategy, Leaf's expenses for the one year period ended 30 June 2015 were US$2.7 million lower than the comparable prior period. Leaf came in significantly below the previously announced US$3.1 million budget for the current fiscal year. Note that, due to uncertain timing and amounts the budget did not include transaction-related costs or payments under the Company's incentive plans. Leaf has notaccrued anything for future transaction costs, other than certain transaction-related costs that were incurred during the period and recognised either in administration expenses or in recognised gain or loss from the sale of investments. Leaf has made a US$3.0 million provision for future pay outs from the Company's incentive plans.

Portfolio update

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

Invenergy Wind LLC (Invenergy)

Invenergy, North America's largest independently owned wind power generation company, commenced commercial operations at its Miami, Marsh Hill, Spring Canyon, Le Plateau II and Des Moulins II wind energy projects during the period, increasing its installed capacity by approximately 450 megawatts. In addition, the company completed project financings for several wind energy projects including Rattlesnake, Miami, Marsh Hill, Darlowo, Spring Canyon, Le Plateau II, Des Moulins II, Buckeye and Prairie Breeze II. Invenergy has now put into service 45 wind farms in the United States, Canada and Europe, totalling over 4,000 megawatts.

In addition to its large portfolio of operating assets, Invenergy has a strong and diversified pipeline of wind power projects across North America and Europe. The company continues to accelerate its growth having commenced construction of numerous projects with generating capacity in excess of 600 megawatts, some of which are expected to be commissioned during the 2015 calendar year.

Invenergy has also been successful in pursing strategic monetisation of selected projects, having closed the sale of a 90.1% interest in Spring Canyon expansion project to NRG Yield on 7 May 2015. On 30 June 2015, Invenergy agreed to sell a majority stake in a portfolio of wind farms in the U.S. and Canada to TerraForm Power Inc., a transaction valued at a combined US$2 billion.

Vital Renewable Energy Company (VREC)

VREC, 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, achieved a record 2014/2015 crushing season with growth in excess of 20% over the prior period. The company closed a US$40 million debt financing during the period, led by Santander and Banco do Brasil. Proceeds from the financing will be used to fund VREC's agricultural and industrial expansion plans, including expansion of its Bom Sucesso Agroindustria (BSA) mill to increase its sugar and ethanol processing capacity. With the expansion, the mill's production capability will be significantly enhanced. VREC has also progressed plans to commence development of a biomass cogeneration project at its Bom Sucesso facility. Market conditions continue to be challenging in Brazil with VREC facing pressure from declining sugar prices, weakness in the Brazilian real as well as structural headwinds such as domestic cost inflation.

Management report (continued)

Lehigh Technologies, Inc. (Lehigh)

Lehigh, the green materials company, continued its global expansion with increased non-U.S. sales and strong overall revenue growth. In the fiscal year ended 30 June 2015, Lehigh completed a strategic investment from JSR Corporation, a leading Asian chemicals manufacturer, in a transaction nominated for "Venture Capital Deal of the Year". Leaf also participated in the funding round, investing US$1.25 million, as previously announced. The company was also the recipient of the Bloomberg "New Energy Pioneer Award," and the "Environmental Achievement of the Year" at the Tire Technology International Awards for Innovation and Excellence, both in 2015. Lehigh added two independent directors to its board: the former Chief Operating Officer of Yokohama Tire Corporation; and the former Chief Financial Officer of Ashland Inc. On the commercial front, Lehigh launched a dedicated Polyurethane team, signed an exclusive licensing deal for an important asphalt market chemical, and added internal resources to its R&D function. The rapid decline in oil prices, including an overall decrease in many plastics and petrochemical commodity prices, has not created a material impact on the company to-date. However, continued low oil prices or further oil price decreases may slow the adoption rate of Lehigh's products in the future.

Energía Escalona (Escalona)

Escalona, the hydroelectric project development company based in Mexico City, continued development of its flagship hydroelectric development project. In the fiscal year ended 30 June 2015, Escalona completed and signed a long-term off-take contract with the national utility in Mexico and advanced its negotiations with private off-takers for long-term power purchase agreements. Additionally, Escalona completed a favourable independent engineering review, as commissioned by the lender group, a customary and required step in the project financing process. The electricity sector reforms in Mexico continue to move forward with the day-ahead market scheduled to launch in January 2016. The reforms open up the market to additional private participation. The company is continuing in the financing and final development process with an expectation of beginning construction in late-2015. Leaf will review its strategic options for this asset as further milestones are met, such as the expected commencement of construction in the coming months.

Johnstown Regional Energy, LLC (JRE)

JRE, a landfill gas reclamation company, completed the monetization process and closed a sale transaction for 100% of the stock of JRE's sole parent, Leaf LFG US Investments, Inc. in June 2015, as previously announced. The transaction includes certain customary as well as specific regulatory-related hold-back amounts for a period of approximately twelve months. Leaf Management is pleased to complete a successful transaction, which was supported by the company's long-term fixed-price natural gas contracts amidst an otherwise challenging natural gas market.

SkyFuel, Inc. (SkyFuel)

On 12 August 2015, SkyFuel, the solar thermal power technology company, announced that it has been acquired by Chinese-based Sunshine Kaidi New Energy Group ("Kaidi") of Wuhan, China, through their US subsidiary Harvest International New Energy, Inc.

Multitrade Telogia, LLC (MT) and Multitrade Rabun Gap, LLC (MRG)

The sale of MT, the biomass power plant, was completed on 11 March 2015. The sale of MRG, the biomass power plant, was completed on 30 March 2015.

28 September 2015

Report of the directors

The directors hereby submit their annual report of the audited consolidated financial statements of Leaf Clean Energy Company and its subsidiaries (together the "Leaf Group") for the financial year ended 30 June 2015.

The Company

Leaf Clean Energy Company ("Leaf") was incorporated and registered in the Cayman Islands on 14 May 2007. Leaf was established to invest in clean energy projects, predominantly in North America. Clean energy includes activities such as the production of alternative fuels, renewable power generation and the use of technologies to reduce the environmental impact of traditional energy. The investments of Leaf will be realised in an orderly and expedient manner, that is, with a view to achieving a balance between: (i) returning cash to shareholders at such times and from time to time and in such manner as the board may (in its absolute discretion) determine; and (ii) maximising the realisation value of Leaf's investments. In light of the realisation strategy, there will be no specific investment restrictions applicable to Leaf's portfolio going forward, except that Leaf will not make any investment in a new portfolio company.

Results and dividends

The results and financial position of the Leaf Group for the year ended 30 June 2015 are set out in the attached consolidated financial statements.

The directors do not intend to declare a dividend at this time (2014: US$nil).

Redemption

As permitted under the modifications to Leaf's memoranda and articles passed by the shareholders at the 1 July 2014 EGM, the directors approved a 5 pence per share (US$10.1 million, 2014: US$nil) compulsory redemption. Further details about the redemption will be announced separately.

Directors and directors' interests

The directors during the year were:

Mark Lerdal (executive chairman)
Stephen Coe (non-executive director)
Peter O'Keefe (non-executive director)
James Potochny (executive director) Resigned on 24 November 2014

Details of interests

The interests of the directors in the share capital of Leaf as at 30 June 2015 are set out below:

Name	2015 No. of ordinary shares	2014 No. of ordinary shares
Peter O'Keefe	51,000	51,000

Notified shareholdings

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

Name	No. of shares	% of issued share capital
INVESCO Asset Management Limited	51,424,526	39.94%
Crystal Amber Advisers (UK) LLP	38,490,369	29.90%
Weiss Asset Management	24,495,588	19.03%
JPMorgan Asset Management U.K. Limited	5,010,000	3.89%

Report of the directors (continued)

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 Leaf Group complies with the Quoted Companies Allliance (QCA) Guidelines for AIM Companies to the extent they consider appropriate, taking into account the size of the Leaf Group and nature of its business.

Board of directors
Leaf has an experienced board which is currently comprised of three directors, Mark Lerdal is the executive chairman of the board, Stephen Coe and Peter O'Keefe are non-executive directors.

Audit committee
An audit committee has been established to operate with effect from Admission. The current audit committee is chaired by non-executive director Stephen Charles Coe. Mr. Coe qualified as a Chartered Accountant with PriceWaterhouseCoopers in 1990. Mark Lerdal, Leaf's executive chairman, and non-executive director Peter O'Keefe are the other members on this three-member committee. It meets whenever there is business to discuss and at least twice each year. The audit committee is responsible for ensuring that the financial performance of the Leaf Group is properly monitored, controlled and reported on. It also communicates with the auditors and reviews the auditors' reports relating to accounts and internal control systems.

Remuneration committee
Leaf has established a remuneration committee, comprising Mark Lerdal and Peter O'Keefe. The remuneration committee meets at least once a year and reviews the level of directors' fees.

Leaf takes 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 Leaf and has adopted the Model Code under the FCA's Listing Rules for this purpose.

Nomination committee
Leaf 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 Leaf Group 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 advisers.

On behalf of the board

Mark Lerdal
Chairman
28 September 2015

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 consolidated financial statements in accordance with applicable law and regulations. In addition, the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards.

The consolidated financial statements are required to give a true and fair view of the state of affairs of the Leaf Group and the profit or loss of the Leaf Group for that year.

In preparing these consolidated 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 consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Leaf Group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Leaf Group'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 Leaf 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 Leaf's website. Legislation governing the preparation and dissemination of consolidated financial statements may differ from one jurisdiction to another.

Independent auditors' report to the directors

We have audited the accompanying consolidated financial statements of Leaf Clean Energy Company (the "Company") which comprises the consolidated statement of financial position as of 30 June 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as of 30 June 2015, and its consolidated financial performance and its consolidated 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 KY1-1106
Cayman Islands
28 September 2015

Consolidated statement of comprehensive income for the year ended 30 June 2015

	Note	**Year ended 30 June 2015 US$'000**	**Year ended 30 June 2014 US$'000**
Interest income on cash balances		1	7
Interest income on investments at fair value through profit or loss		295	1,160
Net gain/(loss) on investments at fair value through profit or loss	12.1	18,445	(63,387)
Net foreign exchange loss		(6)	(12)
Gross portfolio return		**18,735**	**(62,232)**
Administration expenses	7	(2,735)	(5,446)
Incentive plans expense	8	(3,000)	-
Gain/(loss) before taxation		**13,000**	**(67,678)**
Taxation	18	(8,474)	(249)
Total gain/(loss) and total comprehensive gain/(loss) for the year		**4,526**	**(67,927)**
Basic and diluted gain/(loss) per share (cents)	10	**3.52**	**(52.76)**

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

Consolidated statement of financial position as at 30 June 2015

	Note	**Year ended 30 June 2015 US$'000**	**Year ended 30 June 2014 US$'000**
Assets			
Investments at fair value through profit or loss	12.1	117,320	103,300
Deferred tax assets	3.7,18	9,884	-
Property, plant and equipment		5	15
Total non-current assets		**127,209**	**103,315**
Trade and other receivables	14	2,062	884
Restricted cash	6,15	30	69
Cash and cash equivalents	15	12,522	12,002
Total current assets		**14,614**	**12,955**
Total assets		**141,823**	**116,270**
Equity			
Share capital	17	28	28
Share premium	17	306,809	306,809
Retained losses		(186,571)	(191,097)
Total equity		**120,266**	**115,740**
Liabilities			
Deferred tax liabilities	3.7,18	18,103	-
Provision for future incentive plans payouts	8	3,000	-
Total non-current liabilities		**21,103**	**-**
Trade and other payables	16	454	530
Total current liabilities		**454**	**530**
Total liabilities		**21,557**	**530**
Total equity and liabilities		**141,823**	**116,270**
Net asset value per share (cents)	5	93.41	89.90

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

The consolidated financial statements were approved by the board of directors on 28 September 2015 and signed on their behalf by:

Mark Lerdal
Executive Chairman

Stephen Coe
Non-executive Director

Leaf Clean Energy Company

Consolidated statement of changes in equity for the year ended 30 June 2015

	Share Capital	Share Premium	Retained Losses	Total Equity
	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2013	28	306,809	(123,170)	183,667
Total comprehensive loss for the year	-	-	(67,927)	(67,927)
Balance at 30 June 2014	**28**	**306,809**	**(191,097)**	**115,740**
Balance at 1 July 2014	28	306,809	(191,097)	115,740
Total comprehensive gain for the year	-	-	4,526	4,526
Balance at 30 June 2015	**28**	**306,809**	**(186,571)**	**120,266**

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

Leaf Clean Energy Company

Consolidated statement of cash flows for the year ended 30 June 2015

	Year ended 30 June 2015 US$'000	Year ended 30 June 2014 US$'000
Cash flows from operating activities		
Interest received on cash balances	1	7
Interest received on loans	322	389
Tax, security and cost reimbursements	189	-
Dividend income (preferred return)	-	441
Operating expenses paid	(2,995)	(5,825)
Income tax paid	(28)	(199)
Net cash used in operating activities	**(2,511)**	**(5,187)**
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(3,280)	(9,883)
Repayment of capital by investee companies	2,081	6,160
Proceeds from sale of investments	4,399	-
Transaction related expenses paid and included in realised loss from sale of investments	(207)	-
Net purchases of property, plant and equipment	-	(2)
Net cash generated from/(used in) investing activities	**2,993**	**(3,725)**
Net increase/(decrease) in cash and cash equivalents	**482**	**(8,912)**
Cash and cash equivalents at start of the year	12,071	20,995
Effect of exchange rate fluctuations on cash and cash equivalents	(1)	(12)
Cash and cash equivalents at end of the year	**12,552**	**12,071**

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

Consolidated statement of cash flows for the year ended 30 June 2015 (continued)

Reconciliation of total (loss)/gain and total comprehensive (loss)/gain for the year to net cash used in operating activities	**Year ended 30 June 2015 US$'000**	**Year ended 30 June 2014 US$'000**
Total gain/(loss) and total comprehensive loss for the year	4,526	(67,927)
Adjustments for:		
Movement in net unrealised (gain)/loss on investments at fair value through profit or loss	(21,288)	63,387
Net realised loss on investments at fair value through profit or loss	2,843	-
Other movement in FV of investments - reclassification to receivables	1,503	-
Incentive plans expense	3,000	-
Cash interest received on loans in excess of accrued interest	27	-
Depreciation expense	10	10
Written off tax receivables	-	(53)
Non-cash interest received on loans	-	(331)
Net foreign exchange loss	5	12
Taxation	8,219	249
Operating loss before changes in working capital	**(1,155)**	**(4,653)**
Movement in trade and other payables	(128)	3
Movement in trade and other receivables	(1,178)	(338)
Income taxes paid	(50)	(199)
Net cash used in operating activities	**(2,511)**	**(5,187)**

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

Notes to the consolidated financial statements for the year ended 30 June 2015

1. Leaf

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

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

Leaf's agents and the management team (all employees of Leaf's subsidiary, Leaf Clean Energy USA LLC) perform all significant functions. Accordingly, Leaf itself has no employees.

The consolidated financial statements as at and for the year ended 30 June 2015 are for the Leaf Group. Refer to note 20.

The consolidated financial statements of Leaf as at and for the year ended 30 June 2015 are available upon request from Leaf's registered office at PO Box 309, Ugland House, George Town, Grand Cayman KY1-1104, Cayman Islands or at www.leafcleanenergy.com.

2. Basis of preparation

2.1 Statement of compliance

Leaf and its subsidiaries' (together the "Leaf Group") consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Leaf has consistently applied the accounting policies as set out in note 3 to all periods presented. There were no new or changes to existing accounting standards that impacted the Leaf Group's financial statements for the year ended 30 June 2015.

These consolidated financial statements were approved by the board of directors on 28 September 2015.

2.2 Basis of measurement

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

2. Basis of preparation (continued)

2.3 Functional and presentation currency

The consolidated financial statements are presented in thousands of United States Dollars ("US$"), which is the Leaf Group's functional currency. All financial information presented in US$ 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, 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 year in which the estimate is revised and in any future years affected.

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

3. Significant accounting policies

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

3.1 Financial instruments

(i) Non-derivative financial assets

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

The Leaf Group initially recognises 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 the trade date, which is the date that the Leaf Group becomes a party to the contractual provision of the instrument.

The Leaf Group derecognises a financial asset when the contractual rights to the cash flows from the instrument expire, or the rights to receive the contractual cash flows are transferred 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 Leaf Group is recognised as a separated asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Leaf 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 held at fair value through profit or loss

The Leaf Group records its investments in equity, loans and similar instruments, at fair value through profit or loss on initial recognition. Attributable transaction costs are recognised in the consolidated statement of comprehensive income as incurred. Gains and losses arising from changes in fair value of investments, including foreign exchange movements, are recognised in the consolidated statement of comprehensive income.

3. Significant accounting policies (continued)

3.1 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Unquoted investments are valued at fair value using recognised valuation methodologies, based on the International Private Equity and Venture Capital Guidelines, which reflect the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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, restricted cash and trade and other receivables.

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

The Leaf 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 cost using the effective interest method.

The Leaf Group initially recognises debt securities issued and subordinated liabilities on the date that they 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 Leaf Group becomes a party to the contractual provision of the instrument.

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

Financial liabilities comprise trade and other payables, deferred tax and incentive plans payouts.

Bank overdrafts that are repayable on demand and form an integral part of the Leaf Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated 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 Significant accounting policies (continued)

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 the ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. 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 the consolidated statement of comprehensive income. This includes expenses directly related to making an investment which is held at fair value through profit or loss.

Incentive fees have been accrued for as per note 8.

3.4 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Leaf Group at the exchange rates at the date of the transaction. 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 on the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

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

3.7 Income tax expense

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

3 Significant accounting policies (continued)

3.7 Income tax expense (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Leaf Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

United States taxation

Certain of Leaf's investments are in the equity of US companies which are considered to be US Real Property Interests as defined by the US Foreign Investor Real Property Tax Act ("FIRPTA"). Also, certain of Leaf's investments are in US partnership interests. Leaf is subject to US federal taxation under FIRPTA on income attributable to US Real Property Interests and is generally subject to US federal and state income taxation on income earned as a foreign partner of a US partnership.

With respect to such investments, Leaf recognises a deferred tax liability equal to the applicable blended US federal and state tax rates multiplied by the difference between the carrying value of Leaf's investment for financial reporting purposes and the applicable tax base used for applicable US federal and state taxation. Leaf reviews the deferred tax liability in connection with the revaluation process and adjusts accordingly.

Leaf recognises a deferred tax asset with respect to unused taxable losses, to the extent that Leaf will have sufficient future taxable income against which to offset such losses. The tax asset is equal to such unused losses multiplied by the applicable blended US federal and state tax rates. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Cayman Islands taxation

Leaf 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 Leaf 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 Leaf. Under the current Cayman Islands law, no tax will be charged on profits or gains of Leaf and dividends of Leaf would be payable to Shareholders resident in or outside the Cayman Islands without deduction of tax.

3. Significant accounting policies (continued)

3.8 Subsidiaries

Subsidiaries are investees controlled by Leaf. Leaf controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Leaf Board concluded that Leaf meets the definition of an investment entity and measures investments in its subsidiaries at fair value through profit or loss.

These consolidated financial statements include the results of Leaf Clean Energy USA LLC for the year ended 30 June 2015.

3.9 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)	**European Union Effective date** (accounting periods commencing on or after)
IFRS 9 Financial Instruments	Not yet endorsed IASB effective date 1 January 2018

4. Financial risk management

The Leaf Group's investments expose it to a variety of financial risks: market risk (including market price risk, foreign exchange - risk and interest rate risk), credit risk and liquidity risk.

Market price risk

The portfolio companies in which Leaf 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 Leaf 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 Leaf Group's investments.

Leaf does not have any material direct market price risk. Leaf does not manage the market price risk of its investee companies either, relying instead on the management of each investee company to appropriately manage its own risks.

All of the Leaf Group's investments comprise interests in companies which are not publicly traded or freely marketable. The Leaf 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.

4. Financial risk management (continued)

Market price risk (continued)

The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments of US$117.3 million (2014: US$103.3 million):

Name of Investment	**Valuation methodology**	**Significant inputs / assumptions**
Invenergy Wind LLC (“Invenergy”)	Market value	Choice of comparable companies, publicly available data about transactions and operating results
SkyFuel Inc (“SkyFuel”)	Market value	Transaction terms
Vital Renewable Energy Company, LLC ("VREC")	Market value	Choice of comparable companies, publicly available data about transactions and operating results
Energia Escalona s.r.l. (“Escalona”)	Income approach	Forecast cash flows discount rate
Lehigh Technologies Inc. (“Lehigh”)	Market value Income approach	Transaction terms and Forecast cash flows discount rate

Notes to the consolidated financial statements for the year ended 30 June 2015 (continued)

4. Financial risk management (continued)

Market price risk (continued)

The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments as at 30 June 2014.

Name of Investment	Valuation methodology	Significant inputs / assumptions
Johnstown Regional Energy LLC ("JRE")	Market value	Proposed transaction terms
Invenergy Wind LLC (“Invenergy”)	Market value	Choice of comparable companies, publicly available data about transactions and operating results
SkyFuel Inc (“SkyFuel”)	Market value	Proposed transaction terms, forecast cash flows discount rate
Multitrade Rabun Gap, LLC ("MRG")	Estimated recovery value	Estimated recovery value
MaxWest Environmental Systems, Inc. (“MaxWest”)	Estimated recovery value	Estimated recovery value
Vital Renewable Energy Company, LLC ("VREC")	Market value	Choice of comparable companies, publicly available data about transactions and operating results
Multitrade Telogia, LLC ("MT")	Market value	Transaction terms, discount rate
Energia Escalona s.r.l. (“Escalona”)	Market value Income approach	Forecast cash flows discount rate
Lehigh Technologies Inc. (“Lehigh”)	Market value	Transaction terms

Foreign exchange risk

The Leaf Group was 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 2015 is as follows:

	Net Assets US$’000 30 June 2015	Net Assets US$’000 30 June 2014
US Dollars	120,266	115,740
Total	**120,266**	**115,740**

The Leaf Group’s investments in VREC and Escalona are exposed to the Brazilian Real and the Mexican Peso, respectively. VREC has primary operations in Brazil with most of its costs (including debt-related costs) and revenues denominated in Reals. The Escalona hydroelectric project is being developed in Mexico, with current and future costs (including debt-related costs) and future expected revenues denominated in Pesos. The Leaf Group does not currently take any measures to hedge against these exposures.

4. Financial risk management (continued)

Interest rate risk

The Leaf Group has no borrowings. As interest rates earned on the Leaf Group's cash balances are minimal, and interest earned on its loans to the portfolio companies are small, there was no material interest rate risk to the Leaf Group as at 30 June 2015 and 2014.

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 Leaf Group.

The carrying amounts of financial assets, excluding equity investments in portfolio companies, 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 Leaf Group's financial assets exposed to credit risk amounted to the following:

	Year ended 30 June 2015 US$'000	Year ended 30 June 2014 US$'000
Investments at fair value through profit or loss	2,450	68,576
Trade and other receivables	2,062	884
Cash and cash equivalents	12,552	12,071
Total	**17,064**	**81,531**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated 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.

Leaf's intermediary subsidiaries are equity investments of the Leaf Group which would not usually be subject to credit risk. However, the purpose of these subsidiaries is to hold the Leaf Group's underlying investments in the investee companies. Portions of the underlying investments are in the form of loans, convertible notes or other instruments that are subject to credit risk, and therefore the value attributable to such instruments is provided in the credit risk table above.

Cash balances are held with P-2* financial institutions.

**- A Moody's rating of Prime-2 (P-2) means that the issuer has a strong ability to repay short-term debt obligations.*

Liquidity risk

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

4. Financial risk management (continued)

Liquidity risk (Continued)

Residual undiscounted contractual maturities of financial liabilities:

30 June 2015	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	(454)	-	-	-	-	-
Total	**(454)**	**-**	**-**	**-**	**-**	**-**

30 June 2014	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	(530)	-	-	-	-	-
Total	**(530)**	**-**	**-**	**-**	**-**	**-**

Fair values

All assets and liabilities at 30 June 2015 are considered to be stated at fair value.

5. Net Asset Value per Share

The net asset value per share as at 30 June 2015 is 93.41 cents based on net assets of US$120.3 million and 128,745,726 ordinary shares in issue as at that date (2014: 89.90 cents based on net assets of US$115.7 million and 128,745,726 ordinary shares).

6. Restricted cash

The restricted cash balance at 30 June 2015 consisted of collateral deposits US$30,179 associated with the corporate credit cards for Leaf Clean Energy USA, LLC held by HSBC US.

7. Administration expenses

	Year ended 30 June 2015 US$'000	Year ended 30 June 2014 US$'000
Salaries and related costs	970	1,756
Legal and professional fees [1]	394	1,255
Directors' remuneration (note 8)	345	812
Other expenses	310	355
Administration fees	200	225
Rental fees	177	170
Travel and subsistence expenses	144	597
Audit fees	84	117
Directors' and officers' insurance expense	61	90
Registrar fees and costs	43	46
Printing and stationery expenses	7	23
Total	**2,735**	**5,446**

[1]The legal and professional fees of US$385 thousand included US$98 thousand of transaction related costs

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8. Incentive plans expense

The Leaf Board has adopted incentive compensation plans for the Company under which payees will only receive incentive payments when cash is returned to the shareholders. These plans include a sliding scale of incentives. As at 30 June 2015, the Leaf Group estimates the incentive payments to be US$3 million, using an estimate of total cash that will be returned to the shareholders that is based on the year-end net asset value less the cash requirements of the Company in completing the realisation of the investments.

9. Directors' remuneration

Details of the directors' basic annual remuneration are as follows:

	Basic annual remuneration
	US$'000
Mark Lerdal (executive chairman)	250
Stephen Coe (non-executive director)	70
Peter O'Keefe (non-executive director)	25
James Potochny (executive director) resigned on 24 November 2014	-

Mr. Potochny currently receives an annual base salary of US$230,000 (2013: US$302,500) as CFO of Leaf's wholly-owned investment advisory subsidiary, and will participate from 1 July 2014 in the incentive plans described above in note 8.

Directors' fees and expenses were:

30 June 2015	**Directors' fees**	**Reimbursements**	**Total**
	US$'000	US$'000	US$'000
Mark Lerdal (Chairman)	250	46	296
Stephen Coe	70	30	100
Peter O'Keefe	25	-	25
James Potochny	-	7	7
Total	**345**	**83**	**428**

30 June 2014	**Directors' fees**	**Annual bonus**	**Reimbursements**	**Total**
	US$'000	US$'000	US$'000	US$'000
Mark Lerdal (Chairman)	62	-	30	92
Stephen Coe	58	-	9	67
Peter O'Keefe	64	-	8	72
James Potochny	-	-	4	4
Bran Keogh	283	175	7	465
Peter Tom	121	-	-	121
J. Curtis Moffatt	49	-	2	51
Total	**637**	**175**	**60**	**872**

The composition of the board changed during the year ended 30 June 2015 with the resignation of James Potochny.

Each director is also entitled to receive reimbursement of any expenses in relation to their appointment. Total reimbursement to the directors for the year ended 30 June 2015 amounted to US$83,399 (2014: US$59,694) of which US$10,286 was outstanding at 30 June 2015 (2014: US$7,708).

10. Basic earnings/(loss) per share

Basic and Diluted

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

	Year ended 30 June 2015	Year ended 30 June 2014
Gain/(loss) attributable to equity holders (US$'000)	4,526	(67,927)
Weighted average number of ordinary shares in issue (thousands)	128,746	128,746
Basic and fully diluted gain/(loss) per share (cents)	**3.52**	**(52.76)**

There is no difference between the basic and diluted earnings/(loss) per share for the year.

11. Investments

Investments in underlying investee companies (held through various wholly owned intermediary subsidiaries) comprise ordinary stock, loans, convertible notes 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 in-house management team, Leaf Clean Energy USA, LLC, have reviewed the carrying value of each investment and calculated the aggregate value of the Leaf Group's portfolio. Investments are measured at the directors' estimate of fair value at the reporting date, in accordance with IAS 39 'Financial Instruments: Recognition and measurement'.

12. Critical accounting estimates and assumptions

These disclosures supplement the commentary on the use of estimates and judgments (see note 2.4).

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 Leaf Group's accounting policies

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

Valuation of financial instruments

The Leaf Group's accounting policy on fair value measurements is discussed in accounting policy 3.1. The Leaf Group measures fair value using the following hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

12. Critical accounting estimates and assumptions (continued)

Critical judgements in applying the Leaf Group's accounting policies (continued)

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

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

12.1 Investments at fair value through profit or loss

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

	Year ended 30 June 2015	Year ended 30 June 2014
Balance brought forward	103,300	162,633
Additional investments in subsidiaries	3,280	13,502
Repayment of capital by investee companies	(2,010)	(9,448)
Proceeds from sale of investments	(5,902)	-
Transaction related expenses paid and included in realised loss/gain from sale of investment	207	-
Movement in fair value of investments	18,445	(63,387)
Balance carried forward	**117,320**	**103,300**
Total gain/(losses) for the year included in profit or loss relating to investments held at the end of the reporting period.	21,288	(63,387)

Investments are stated at fair value through profit or loss on initial recognition. Loans are reviewed for impairment in conjunction with the related equity investment in the investee company. All investee companies are unquoted. Leaf has an established control framework with respect to the measurement of fair values. The directors, with advice from the in-house management team, Leaf Clean Energy USA, LLC, have overall responsibility for all significant fair value measurements, including Level 3 fair values. The in-house management team regularly reviews significant unobservable inputs and valuation adjustments.

Note that the realised gains/(losses) on the sale of investments above includes US$207 thousand of transaction-related expenses.

12. Critical accounting estimates and assumptions (continued)

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

The table below sets out information about significant unobservable inputs used at 30 June 2015 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 30 June 2015 US$'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	US$117,320	Transaction and market multiples, income approach, transaction terms	Operational multiples	US$48/mm tons - US$109/mm tons	The estimated fair value would increase (decrease) if the operational multiples were higher/lower.
			Operational multiples	US$1,640/kW - US$2,326/kW	
			Discount rates	12.9%-17.0%	The estimated fair value would increase/(decrease) if the discount rate were lower/higher
			Forecast cash flows	n/a	n/a
			Transaction terms	n/a	n/a

The table below sets out information about significant unobservable inputs used at 30 June 2014 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 30 June 2014 US$'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	US$103,300	Transaction and market multiples, income approach, transaction terms	EBITDA multiple	10.4	The estimated fair value would increase (decrease) if the EBITDA or operational multiples were higher/lower.
			Operational multiples	$108/mm tons - $97/mm tons	
			Operational multiples	$1,828/kW - $1,964/kW	
			Discount rates	12.6%-23.9%	The estimated fair value would increase/(decrease) if the discount rate were lower/higher
			Forecast cash flows	n/a	n/a
			Transaction terms	n/a	n/a
			Estimated recovery value	n/a	The estimated fair value would increase/(decrease) if the recovery value were higher/lower

12. Critical accounting estimates and assumptions (continued)

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

Significant unobservable inputs are developed as follows.

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

Discount rate: Represents the rate used to discount projected levered or unlevered forecasted cash flows and terminal value for a project or company to their present values as part of the calculation of enterprise value for the project or company. Leaf uses a capital asset pricing model (CAPM) approach to calculate a discount rate appropriate for each project or company.

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

Estimated recovery value: Estimated recovery value is the amount estimated by management to be realised on an investment in a liquidation scenario.

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

Although Leaf believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Leaf's net asset value (NAV) at 30 June 2015 (US$ millions): (Favourable: US$27.8 million, Unfavourable: US$37.5 million), 2014: (Favourable: US$29.1 million, Unfavourable: US$29.4 million).

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the above unobservable inputs for the valuation of Leaf's unlisted private equity investments have been calculated by varying these inputs in the applicable valuation models based on a reasonable lower and upper range as determined by Leaf Management. The discount rates used in the models at 30 June 2015 ranged between 12.9% and 17.0% (with reasonably possible alternative assumptions ranging between 13.6% and 23.9%). The operational multiples used in the models at 30 June 2015 ranged from US$62/mm tons to US$81/mm tons, and US$2,097/kW, with reasonably possible alternative assumptions of US$48/mm tons to US$109/mm tons, and US$1,640/kW to US$2,326/kW.

13. Financial instruments not measured at fair value

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

14. Trade and other receivables

	Year ended 30 June 2015 US$'000	Year ended 30 June 2014 US$'000
Other receivables	1,667	317
Inter-company receivables	214	288
Prepayments	153	189
Income tax refund receivable	28	90
Total	**2,062**	**884**

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

In relation to the sales of MT and JRE/Leaf LFG, Leaf is eligible to possibly receive additional receipts of up to $1.8 million in aggregate, subject to the satisfaction of certain contingencies and/or achievement by the purchaser of certain milestones. Leaf has not recorded any of these possible receipts due to their not being virtually certain of receipt.

Notes to the consolidated financial statements for the year ended 30 June 2015 (continued)

15. Cash and cash equivalents

	Year ended 30 June 2015 US$'000	Year ended 30 June 2014 US$'000
Bank current account balances	12,522	12,002
Sub Total	**12,522**	**12,002**
Restricted cash	30	69
Total	**12,552**	**12,071**

16. Trade and other payables

	Year ended 30 June 2015 US$'000	Year ended 30 June 2014 US$'000
Income tax payable	243	-
Other creditors	86	378
Audit fees payable	75	96
Administration fees payable	50	56
Total	**454**	**530**

In relation to the sale of JRE/Leaf LFG, Leaf may incur up to US$500 thousand of liability under an indemnity. As this contingent liability is unlikely to occur, it has not been recognised in the financial statements.

17. Share capital

Ordinary shares of GBP0.0001 each	Number of shares	Share capital US$'000	Share premium US$'000
At 30 June 2015 and 30 June 2014	**128,745,726**	**28**	**306,809**

The authorised share capital of the Leaf Group is GBP25,000 divided into 250 million ordinary Shares of GBP0.0001 each.

Under the terms of the placement on 22 June 2007, Leaf 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 Leaf. All shares rank equally with regards to the Leaf Group's assets.

Capital management

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

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

18. Income tax

	Year ended 30 July 2015 US$'000	Year ended 30 July 2014 US$'000
Current tax expense		
Current year	245	-
	245	**-**
Deferred tax expense		
Temporary differences	8,219	
	8,219	**-**
Tax expense on continuing operations	**8,464**	**-**

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

			Balance as at 30 June 2015		
2015 US$'000	**Net balance at 01 July 2014**	**Recognised in profit or loss**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Investments held at fair value through profit and loss	-	(8,219)	(8,219)	9,884	(18,103)
Net tax assets (liabilities)	**-**	**(8,219)**	**(8,219)**	**9,884**	**(18,103)**

The deferred tax asset has been calculated using a 35% top US federal tax rate. The deferred tax liability has an effective tax rate of 40% which consists of a 35% top US federal tax rate plus an estimate of 5% for the blended state tax rate, taking into the account the deductibility of state taxes in the calculation of federal taxes.

19. 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.

Leaf's directors are related parties and details of their fee arrangements are given in note 9 and their shareholdings are disclosed under report of the directors.

The company's incentive plans disclosed in Note 8 will be paid out to related parties.

Leaf's wholly owned subsidiary, Leaf Clean Energy USA, LLC ("Leaf USA"), in Arlington, VA provides asset advisory, portfolio management and certain administrative services to Leaf.

Leaf paid US$10.5 thousand to its director Stephen Coe for professional fees during the quarter.

20. The subsidiaries

The consolidated financial statements comprise Leaf and the following consolidated subsidiary:

	Country of incorporation	Percentage of shares held
Leaf Clean Energy USA, LLC	USA (Delaware)	100%

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

	Country of incorporation	Principal activity	Effective interest held
Energía Escalona Coopertief U.A	Netherlands	Hydro Energy	87.5%
Escalona B.V	Netherlands	Hydro Energy	87.5%
Energía Escalona I S.A. de C.V	Mexico	Hydro Energy	87.5%
Energía Escalona s.r.l.	Mexico	Hydro Energy	57.1%
SkyFuel, Inc.	USA (Delaware)	Solar Energy	54.4%
Leaf Escalona 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 Biomass Investments, Inc.	USA (Delaware)		100%
Leaf SkyFuels Company	Cayman Islands		100%
Leaf Solar Company	Cayman Islands		100%
Leaf VREC Company	Cayman Islands		100%

21. Capital commitments

As at 30 June 2015, there were no capital commitments in respect of investments.

22. Subsequent Events

On 6 July 2015, TerraForm announced the signing of definitive agreements for a proposed US$2 billion purchase from Invenergy of approximately 930 megawatts of contracted wind powered generation, (the “Proposed TerraForm Sale”). The Proposed Terraform Sale has not been completed.

On 8 July 2015 Leaf received a US$1.5 million post-closing payment in connection with the sale of its former subsidiary, Leaf LFG US Investments, Inc., in accordance with the terms of the purchase contract. This payment has been recorded as an account receivable in the 30 June 2015 accounts.

On 13 August 2015 SkyFuel, Inc. was acquired by Sunshine Kaidi New Energy Group (“Kaidi”) of Wuhan, China, through their US subsidiary Harvest International New Energy, Inc. Leaf sold 100% of its interests in SkyFuel as part of this transaction.

On 3 September 2015 Leaf invested an additional US$336 thousand in the Series C Preferred Stock of VREC.

On 16 September 2015 the Leaf Board approved a 5 pence per share ($10.1 million) compulsory redemption, the details of which will be announced separately.

On 25 September 2015 Leaf received documentation from Invenergy confirming that Leaf’s Series B-2 Convertible Notes of Invenergy were converted to membership units representing 2.3% ownership of Invenergy.