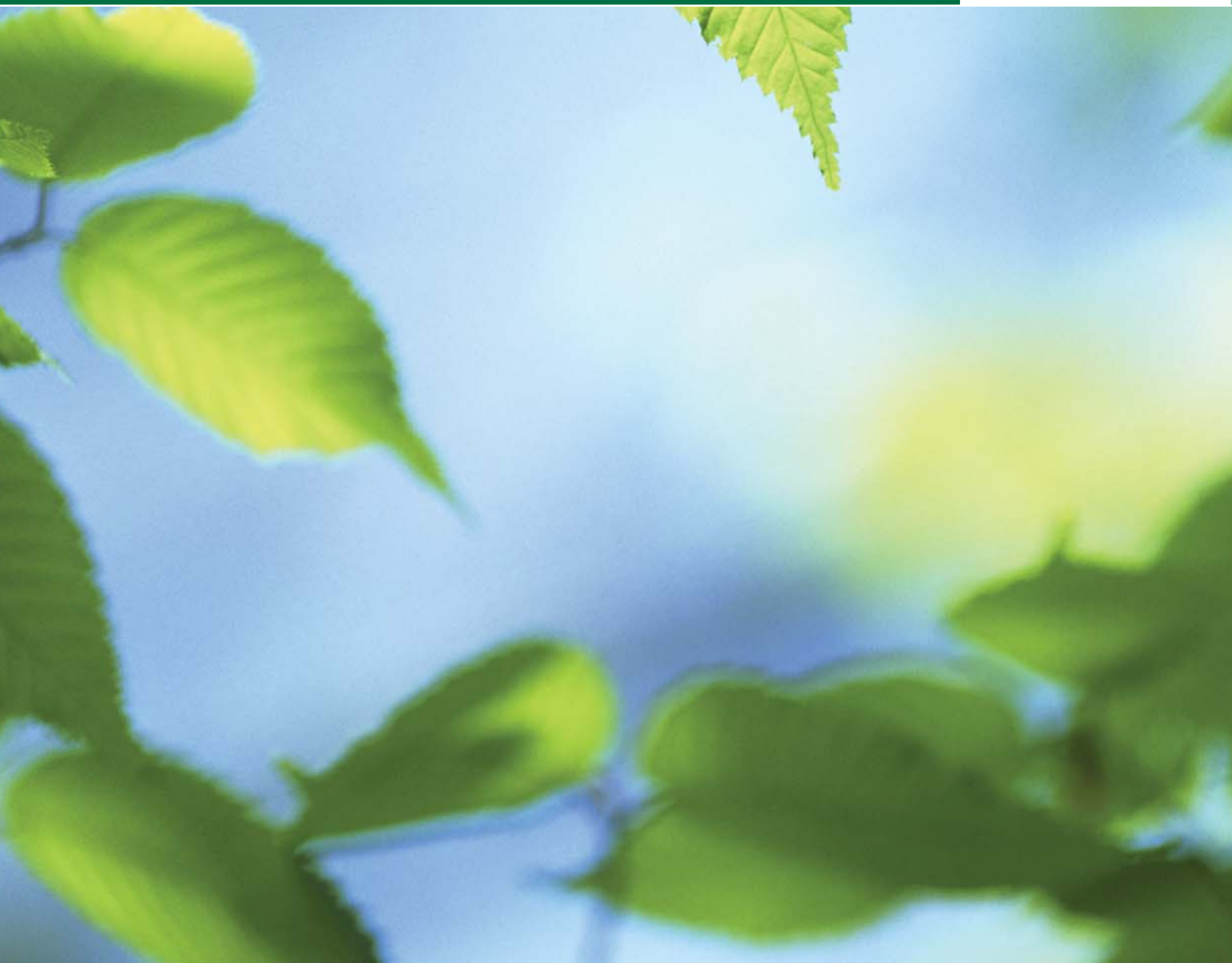
INTERIM REPORT & FINANCIAL STATEMENTS

For the half year to 31 December 2008

Leaf
clean energy company



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MANAGEMENT AND ADMINISTRATION

Directors	Peter Tom (Non-Executive Chairman) * Bran Keogh (Non-Executive Director) * J. Curtis Moffatt (Non-Executive Director) * Peter O'Keefe (Non-Executive Director) * Nora Mead Brownell (Non-Executive Director) * * independent
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Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN

CHAIRMAN'S INTERIM STATEMENT

I am pleased to report the progress made by the Company during the first half of the financial year. Against a headwind of distressed financial markets, the Company has been able to pursue its business plan effectively, whilst taking advantage of the unique opportunities that arise during such periods of economic difficulty.

We continue to be optimistic about the prospect for realising substantial long-term capital appreciation from our investments in the renewable energy and environmental sectors. This is particularly true of North America where clean energy stands to benefit from significant fiscal and government support over the next few years. The new administration in Washington has identified renewable energy as a key tool to stimulate economic recovery and growth. In particular, the stimulus package recently passed by the US Congress includes a number of incentives to support renewable energy projects. Furthermore, the Company is well capitalised with $200 million in cash as at 31 December 2008, of which $116 million is uncommitted, and it has a solid, well-diversified portfolio of clean energy assets which have performed well during these difficult economic times. With these attributes in place, your Board believes Leaf can confidently operate within what will be a rapidly-changing business environment.

Our advisors, Energy & Climate Advisors (a joint venture between EEA Fund Management and Shaw Capital), have executed a number of additional privately-negotiated acquisitions of interests in clean energy projects and companies. Since our first annual report, the Company has made five new investments accounting for approximately $130.5 million in committed capital, as follows:

- Johnstown Regional (JRE) – JRE, with US$28.4 million of capital deployed, comprises three landfill gas-to-methane projects in Pennsylvania, where it extracts and treats raw landfill gas which is subsequently sold as pipeline-quality "green" gas. The Company has acquired 100 percent of this cashflow positive business and has provided sufficient capital to enable it to embark on an aggressive expansion programme. We believe this effort will significantly increase gas production and, in turn, revenues from both new and existing well fields.
- MaxWest Environmental Systems – The Company made a $10 million investment in MaxWest, a waste-to-energy gasification business which designs, builds, owns, and operates its proprietary plants. Since our investment, MaxWest has made good progress in expanding its sales and construction has commenced on its showcase facility in Sanford, Florida. The Sanford project will utilise MaxWest's gasification system to dispose of municipal biosolids in an efficient, cost-effective and environmentally friendly manner.
- Invenergy Wind – The Company has made a $30 million investment in Invenergy Wind in two tranches. Invenergy is the largest privately held wind business in the U.S., with approximately 2,000 MW of capacity placed into operation. We are particularly pleased to have secured this investment since, in our view, Invenergy has continued to expand during this period where other wind companies have faltered. Furthermore, Invenergy's substantial scale, diversification of wind assets and proven management should provide it with better access to financing at this time and the necessary capacity to fulfil development timelines.
- Multitrade Telogia, LLC – The Company has expanded its biomass energy presence in the south-eastern U.S. by partnering with the operations team from our earlier biomass investment (Multitrade Rabun Gap) to acquire an existing 14 MW capacity plant in Telogia, Florida. This $12.15 million investment includes the plant purchase itself and additional capital to refurbish this currently non-operational asset. The combination of our financial resources and our partner's operational expertise permitted the Company to react swiftly to this opportunity. We now stand to profit from the refurbishment and subsequent operation of this facility, which we expect to be cash flow positive in the short term.
- Vital Renewable Energy Company (VREC) - Looking outside the United States, the Company has committed $50 million to help fund an ethanol venture between leading Brazilian sugar cane operating group, Grupo Farias, and VREC management. The business will develop sugar cane based ethanol facilities in Brazil and selectively acquire existing assets. VREC has the distinct advantage of being in a strong cash position at a time when less well-financed players have proven vulnerable. Given the current and expected strong demand for ethanol, both locally and outside Brazil, we are confident that VREC can be successful.

Taking our most recent acquisitions, together with the Company's existing portfolio holdings, our aggregate investment since listing totals approximately $243 million. This is spread across 11 different portfolio companies and assets. This past half-year has also seen the Company carry out a limited share buyback programme. As at the end of 2008, we had purchased for cancellation 13,026,227 ordinary shares at an average price of 95 pence per share for a total value of £12.4 million. It is your Board's view that the Company is appropriately invested given the expanding opportunity set as a result of the financial crisis.

We are justifiably proud of the clean energy portfolio that we have constructed. Our investments reflect a strong sectoral diversity and a mix of cashflow positive, or near-term cashflow positive renewable energy assets, earlier stage businesses nearing commercialisation and strategic positions in sector-leading companies, which in our view are poised for further growth. The majority of our portfolio investments have been accounted for "at cost" in our most recent Interim Financial Statement. The Company's net asset value has increased to £1.24 sterling per share due to the strengthening dollar.

Looking ahead to 2009 and beyond, your Board is confident that the investment outlook is positive. Crucially, this year we have begun to see progress on the regulatory front. Our focus on the North American markets will be further supported by the economic stimulus package recently advanced by the new Obama administration and passed by the US Congress, which contains several billion dollars in loan guarantees for renewable electricity and other measures specifically designed to revive financing markets for renewable energy projects. It is our view that the combination of the President Obama administration and a Democratic-led Congress will continue to achieve milestone legislation in the environmental sphere. In short order, we can look forward to a real debate on a Federal Renewable Portfolio Standard that would mandate increases to clean energy supply, a U.S. Federal Cap & Trade programme that would put a price on carbon emissions and perhaps even a Low-Carbon Fuel Standard, which would be a boon for clean fuels.

In conclusion, given the expected change in policies as well as overall ongoing improvements in technologies, this is a time of opportunity for clean energy companies like ours. Momentum in the renewable energy sector is gathering pace and the Company is well-positioned to benefit. We will continue to act prudently during this period, always seeking to deploy additional capital where it generates an acceptable return and supporting our portfolio businesses and management teams to take advantage of the ongoing paradigm shift around energy.

Peter Tom
Chairman
11 March 2009

REPORT OF THE MANAGEMENT COMPANY

Against a backdrop of substantial turbulence in the financial markets, Energy & Climate Advisors ("E&CA"), the Management Company (as Appointed Representative acting on behalf of EEA Fund Management in its role as Asset Advisor), has continued to opportunistically pursue selective investments consistent with Leaf Clean Energy's ("Leaf") overall strategy.

Our investment activity has taken into account the changing dynamics of the clean energy market space. Renewable energy markets have been impacted by tightening credit markets, diminished availability of tax equity and lower fossil fuel prices. Accordingly, your Management Company has approached potential new investments with a great degree of conservatism. In spite of this, we are not indifferent to the truism that every crisis engenders opportunity. On this point, Leaf is in an enviable position to capitalise on investments with strong fundamentals yet available at discounted values in promising markets. Additional opportunity in Leaf's core markets is also expected as a result of the new Presidential administration and Congress with favourable views towards renewable energy, energy independence and climate change. The Company's formidable combination of available monies and an astute management team with advantageous core competencies in energy and environmental investments allows us to act decisively when opportunity calls. We believe Leaf's recent acquisitions are indicative of the Company's strength in this recessionary period.

Since the period covered by Leaf's Annual Report, which ended June 30, 2008, E&CA has managed the closing of eight transactions on behalf of Leaf, totalling US$188.1 million, five of which (totalling US$130.55 million in investment commitments) were closed after the publication of the Annual Report. The Company's current portfolio can be divided into the following categories: Closed Investments, Executed Heads of Terms, Negotiating Terms, and Due Diligence Commenced. As the weight in the portfolio has shifted more toward Closed Investments, the Management Company's focus has also similarly migrated to the ongoing management of Leaf's investments with an eye toward long-term growth and realization of income.

1. Recent Closed Investments

Since the publication of the Annual Statement, Leaf has closed on five investments representing US$130.55 million and resulting in a combined amount of US$243.05 million invested by Leaf to date. The Closed Investments are as follows:

Project	Status	Close	Sector	Total commitment US$ MM
MaxWest	Closed	12 Aug 2008	Waste-to-energy	10.0
VREC	Closed	15 Oct 2008	Brazilian ethanol	50.0
Johnstown Regional Energy	Closed	19 Nov 2008	Landfill gas	28.4
Invenergy Wind	Closed	22 Dec 2008 & 12 Feb 2009	Wind power	30.0
Multitrade Telogia	Closed	6 Feb 2009	Biomass energy	12.15
Total				**130.55**

1.1 MaxWest

On 12 August 2008, Leaf acquired US$10.0 million of Series A preferred stock in MaxWest Environmental Systems ("MaxWest"). MaxWest designs, builds, owns, and operates waste to energy gasification facilities. MaxWest seeks to deploy proprietary waste-to-energy gasification technology using a variety of waste streams including municipal solid sludge, agricultural waste and other biomass-based material. The MaxWest system is uniquely modular and scalable and has been proven commercially at five different sites throughout North America.

It is the Management Company's view that MaxWest's gasification system represents a proven, low cost, environmentally friendly solution that is an alternative to traditional waste disposal and provides a source of clean renewable energy. The technology is robust and has been commercially proven using a variety of feedstock materials. MaxWest is well-positioned within the bio-solids treatment market because of its first-to-market strategy with a comprehensive, onsite, commercial-grade waste disposal system utilizing bio-solid streams to produce renewable energy. It is our view that the investment gives Leaf a substantial stake in the waste-to-energy space with significant growth potential. MaxWest is currently developing a showcase project in Sanford, Florida that is indicative of the market potential for the technology in smaller municipalities in the U.S. and eventually around the world.

1.2 Vital Renewable Energy Company

On 15 October 2008, Leaf funded the first amount relating to its commitment of US$50.0 million for Series B preferred stock in Vital Renewable Energy Company ("VREC"). VREC is focused on developing sugar cane based ethanol facilities in Brazil. VREC plans to capitalize on its partnership with Grupo Farias, a leading Brazilian ethanol producer, to identify and develop greenfield sugar cane to ethanol facilities, expand existing plants, and make opportunistic investments in existing ethanol facilities. Grupo Farias is a major sugar cane processing group with 10.6 million tonnes of installed sugar cane crushing capacity, 40 years of operating history, a strong capital base, and a world-class executive team. VREC and Grupo Farias have already begun construction on their first ethanol facility, which should exceed 102 million gallons of ethanol a year when completed.

Brazil has a growing domestic ethanol market, driven by large-scale production and sales of flex-fuel vehicles, which can run on either gasoline or ethanol. Over the next ten years, Brazil is expected to have a meaningful share of global ethanol demand as a result of the increasing fleet of flex-fuel vehicles. Given the current and expected future strong demand for ethanol both locally and outside of Brazil, as well as VREC's and its operational partner's experience managing ethanol production and sales, we expect VREC to generate strong earnings from ethanol production and associated green power sales. Moreover, the Brazilian ethanol industry is highly fragmented with over 300 mills in operation, many of which are under economic pressure due to dollar-based financing and the drop in oil prices. This set of circumstances could very well result in interesting consolidation opportunities for a durable company like VREC.

1.3 Johnstown Regional Energy

Johnstown Regional Energy ("JRE") owns and operates three landfill gas-to-methane projects, which were placed in operation in 2006 and 2007 at Waste Management landfills located in Pennsylvania. On 19 November 2008, Leaf invested US$28.4 million to acquire 100% of JRE and finance expanded gas production at the landfills. At these sites, JRE extracts raw landfill gas that is subsequently cleaned in advanced technology processing plants and sold via connecting pipelines to a leading natural gas utility. The high quality "green" gas ultimately displaces the use of fossil fuel based natural gas, and as such is eligible for renewable energy credits (RECs) and / or carbon credits.

As the three facilities are operating assets, they provide a source of immediate cash flow to Leaf. In addition, since the acquisition JRE has begun improvements to the legacy gas collection system to increase production and is planning an expansion of the well fields. Increased gas production from the sites should resonate as additional revenue from these facilities. It is the Management Company's view that JRE provides Leaf with a solid platform for further growth in the landfill gas industry. We view these projects as stable assets that will provide Leaf with strong cash flows now and into the future.

1.4 Invenergy Wind

The Company invested US$20 million in Invenergy Wind, LLC ("Invenergy") on 22 December 2008 and an additional US$10 million as follow-on investment this past February 2009. Invenergy is one of the largest independently-owned wind energy developers in North

REPORT OF THE MANAGEMENT COMPANY (CONTINUED)

America, having placed nearly 2,000 MW into operation since 2004. In addition to its large portfolio of operating assets, Invenergy also has a strong and diversified pipeline of wind power projects in advanced stages of development across North America and Europe.

The Management Company believes that Invenergy is well-positioned to create long-term value given the volume and quality of its pipeline, a strong market presence and proven track record. In addition, policy proposals put forth by the new administration in the U.S. are expected to render a favourable environment for the renewable energy sector, including wind. It is our view that Leaf will benefit from this investment given its partnership with a platform that has a solid and clearly defined strategy based around an experienced team.

1.5 Multitrade Telogia

On 6 February 2009, Leaf acquired a stake in Multitrade Telogia, LLC for US$2.65 million and committed to an additional US$9.5 million in financing. Telogia is a special purpose entity formed to purchase, refurbish, and operate an existing 14 MW capacity wood-fuelled biomass facility in Telogia, Florida. Since Telogia is an existing facility that needs only to be refurbished, the expected timeline to commercial operation is less than five months versus a greenfield biomass plant that would require approximately 18-24 months to reach commercial operation. The vast majority of plant equipment is on site and operable, save for the boiler, which will be the principal target of our refurbishment efforts.

The Management Company views Telogia as an opportunity to build upon Leaf's existing biomass platform, while teaming up with the same operational partners from the Company's Multitrade Rabun Gap investment. The project economics are compelling giving the recent arrangement of an attractive power purchase contract with a local utility.

2. Executed Heads of Terms, Negotiating Terms, and Due Diligence Commenced

The investment pipeline continues to grow albeit at a more deliberate pace reflecting the maturity of the Company's portfolio and slowing economic conditions. Currently, the Management Company has executed heads of terms with one project in the waste heat recovery sector. The prospective investment size of this transaction for the Company is likely to be in the range of US$10-20 million. The Management Company is also in the process of negotiating heads of terms with a company in the hydroelectricity sector with a potential investment of $10 million. Finally, we have also commenced initial due diligence on a number of opportunities representing over US$60 million of potential investments in the carbon sequestration and biomass energy sectors. This opportunity set includes certain projects that have come to our attention as a result of financial or other difficulties arising from the current environment.

3. Leaf Portfolio Investments

Energy & Climate Advisors continues to support the Company in managing its existing portfolio of investments in the clean energy and environmental sectors. On the whole, our investments are performing as planned without any known material diminutions. Accordingly, the majority of the Company's portfolio investments have been accounted for "at cost" in the current Interim Financial Statement. However, the Company has not been completely immune to the effects of recession and therefore our Interims indicate a mark down of $14 million in the value of our stake in Greenline Industries. Current market financing constraints have hindered biodiesel capacity expansion in this capital intensive sector, resulting in a commensurate impact in Greenline's equipment sales. This has led to significant uncertainty in the future sales growth of Greenline.

Since inception, the Company has committed a total of $243.05 million across 11 transactions. The total Closed Investments are as follows:

Project	Status	Close	Sector	Total commitment US$ MM
Greenline Industries	Closed	14 Mar 2008	Biodiesel technology	20.0
Range Fuels	Closed	2 Apr 2008	Cellulosic ethanol	20.0
SkyFuel	Closed	24 Apr 2008	Solar thermal	15.0
Multitrade Rabun Gap	Closed	24 Jul 2008	Biomass energy	21.6
Miasolé	Closed	31 Jul 2008	Solar PV	15.0
Energia Escalona	Closed	5 Aug 2008	Hydropower	20.9
MaxWest	Closed	12 Aug 2008	Waste-to-energy	10.0
VREC	Closed	15 Oct 2008	Brazilian ethanol	50.0
Johnstown Regional Energy	Closed	19 Nov 2008	Landfill gas	28.4
Invenergy Wind	Closed	22 Dec 2008 & 12 Feb 2009	Wind power	30.0
Multitrade Telogia	Closed	6 Feb 2009	Biomass energy	12.15
Total				**243.05**

Some selected highlights from the Company's portfolio, as follows:

- SkyFuel successfully unveiled its parabolic trough assembly (SkyTrough™) this past fall at its R&D facility in Arvada, Colorado. In the process of assembling this commercial scale SkyTrough, SkyFuel demonstrated the schedule, labour and cost advantages that served as the basis for Leaf's original investment. The accompanying event was attended by over 300 industry professionals with a keynote speech delivered by the state's Governor.

- Range Fuels continues to pursue its objectives which encompass construction activities culminating in the design, construction, ownership and long-term operation of a commercial scale cellulosic ethanol production facility in Soperton, Georgia, the first phase of which is under construction and on track to begin production in 2010. The original plan has been revised slightly to reflect additional engineering and development efforts that have been undertaken by Range Fuels. Range Fuels continues to garner strong support from the U.S. federal government in its efforts to commercialize its unique process as most recently evidenced by a conditional loan guarantee award from the U.S. Department of Agriculture for $80 million.

- Construction of the 20 MW Multitrade Rabun Gap biomass facility has commenced and is proceeding according to schedule with initial power sales and revenue generation expected over the 2009 summer.

- Miasolé is continuing the development of its proprietary thin-film deposition technology for solar photovoltaic modules while concurrently seeking to expand its manufacturing production capacity in California. The development of its CIGS modules is proceeding well and appears to be on target to achieve its planned technical and operational milestones. Miasolé is well on its way to transitioning from a development stage company to a commercial vendor of cost competitive thin-film solar products.

- A preliminary Notice to Proceed has been issued to the EPC contractor developing the Energia Escalona run-of-river hydro facility in Mexico, and permitting is nearing completion. Escalona has also met an important milestone in obtaining host country approval as part of its efforts to register the plant as a Clean Development Mechanism project capable of generating valuable Kyoto Protocol quality carbon credits.

- Greenline Industries, the world's largest producer of small-to-medium scale biodiesel production equipment, has begun commercialisation of "Greenline Tea FASTRACK," a cold flow solution that combines a proprietary blend of materials with a new equipment and process to deliver a superior biodiesel product. This Greenline process ensures that biodiesel produced from a variety of feedstocks will pass the ASTM cold-soak test.

4. Note on Currency Exchange Rates

The initial share capital raised from the public offering in June 2007 was £200 million. This was at a time when the US dollar was depreciating against sterling. Between 28 June 2007, when the first allotment of shares took place and the period ending 31 December 2008, the US dollar has appreciated against pounds sterling by about 27%. The Management Company has since inception converted approximately 74% of Leaf's sterling cash balances to US dollars. The aim has been to maintain an average rate that would generally result in lower losses from this appreciation in the US dollar.

Energy & Climate Advisors
Appointed Representative
11 March 2009

REVIEW REPORT BY KPMG AUDIT LLC TO LEAF CLEAN ENERGY COMPANY

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the period from 1 July 2008 to 31 December 2008 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the Directors currently intend to use in the next annual financial statements. As detailed in note 3, the group accounting policy for interests in investee companies that are controlled by the Group is to state them at fair value through profit or loss – not to consolidate their results as required by IAS 27: Consolidated and Separate Financial Statements.

Our responsibility

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

Scope of review

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

Conclusion

As stated above, the results of investee companies which are controlled by the Group are not consolidated in the financial statements. Such investee companies are instead stated at fair value. This is a non-compliance with IAS 27, Consolidated and Separate Financial Statements, which requires all entities over which the Group has the power to exercise control to be consolidated.

Except for the above, based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the period from 1 July 2008 to 31 December 2008 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

KPMG Audit LLC
Douglas
Isle of Man
11 March 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

	NOTE	**Unaudited** For the half year from 1 July 2008 to 31 December 2008 US$'000	**Unaudited** For the period from 14 May 2007 (date of incorporation) to 31 December 2007 US$'000
Income			
Interest on bank balances		3,941	11,449
Interest on investments		142	-
Unrealised losses on revaluation of investments	8	(14,000)	-
Net foreign exchange loss		(23,409)	(3,651)
Total investment (expense) / income		**(33,326)**	**7,798**
Expenses			
Management fees	6.1	3,414	3,954
Legal and professional fees	6.2	1,976	67
Directors' remuneration		148	187
Administration fees	6.3	130	121
Other expenses		395	85
Operating expenses		**6,063**	**4,414**
Income tax expense		-	-
Retained (loss)/ profit for the period from continuing operations		**(39,389)**	**3,384**
Basic and diluted (loss)/ earnings per share (cents)	**7**	**(20.30)**	**1.69**

The accompanying notes form an integral part of these accounts

CONDENSED CONSOLIDATED BALANCE SHEET

	NOTE	**Unaudited** At 31 December 2008 US$'000	**Audited** At 30 June 2008 US$'000
Investments at fair value through profit and loss	8	132,844	55,000
Total non-current assets		**132,844**	**55,000**
Cash and cash equivalents		199,769	340,752
Trade and other receivables		206	315
Total current assets		**199,975**	**341,067**
Total assets		**332,819**	**396,067**
Issued share capital	9	38	40
Share premium	9	364,208	386,067
Retained earnings		(31,771)	7,618
Total equity		**332,475**	**393,725**
Trade and other payables		344	2,342
Total liabilities		**344**	**2,342**
Total equity & liabilities		**332,819**	**396,067**
Net asset value per shares (cents)	**4**	**177.8**	**196.9**

Approved by the Board of Directors on 11 March 2009.

Peter Tom
Director

Bran Keogh
Director

The accompanying notes form an integral part of these accounts

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL US$'000	SHARE PREMIUM US$'000	RETAINED EARNINGS US$'000	TOTAL US$'000
Balance at 14 May 2007 (date of incorporation)	-	-	-	-
Proceeds from shares issued	40	399,873	-	399,913
Share issue expenses	-	(13,806)	-	(13,806)
Retained profit for the period	-	-	7,618	7,618
Balance at 30 June 2008 (audited)	**40**	**386,067**	**7,618**	**393,725**
Balance at 1 July 2008	40	386,067	7,618	393,725
Repurchase of shares	(2)	(21,859)	-	(21,861)
Retained loss for the period	-	-	(39,389)	(39,389)
Balance at 31 December 2008 (unaudited)	**38**	**364,208**	**(31,771)**	**332,475**

The accompanying notes form an integral part of these accounts

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the half year from 1 July 2008 to 31 December 2008 US$'000	Unaudited For the period from 14 May 2007 (date of incorporation) to 31 December 2007 US$'000
Cash flows from operating activities		
Interest received	4,161	11,381
Operating expenses paid	(7,980)	(443)
Net cash (used in)/ generated from operating activities	**(3,819)**	**10,938**
Investing activities		
Purchase of investments at fair value through profit and loss	(91,973)	-
Capital repayment on investment loan	79	-
Cash used in investing activities	**(91,894)**	**-**
Financing activities		
Proceeds from the issue of shares	-	401,059
Share issue costs	-	(13,771)
Share repurchase costs	(21,861)	-
Net cash (used in)/ generated from financing activities	**(21,861)**	**387,288**
Net (decrease)/ increase in cash and cash equivalents	(117,574)	398,226
Cash and cash equivalents at beginning of the period	340,752	-
Foreign exchange difference on cash and cash equivalents	(23,409)	(3,651)
Cash and cash equivalents at 31 December	**199,769**	**394,575**

Reconciliation of net (expense)/ income from operations to net cash (used in)/ generated from operating activities	For the half year from 1 July 2008 to 31 December 2008 US$'000	For the period from 14 May 2007 (date of incorporation) to 31 December 2007 US$'000
Net (expense)/ income from operations	(39,389)	3,384
Adjustments for:		
Unrealised losses on revaluation of investments	14,000	-
Foreign exchange loss on cash and cash equivalents	23,409	3,651
Movement in trade and other receivables	108	(170)
Movement in trade and other payables	(1,947)	4,073
Net cash (used in)/ generated from operating activities	**(3,819)**	**10,938**

The accompanying notes form an integral part of these accounts

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 The Company

Leaf Clean Energy Company (the "Company") was incorporated and registered 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 GB£0.0001 each for GB£1 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 Asset Advisor perform all significant functions. Accordingly, the Company itself has no employees.

2 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 Escalona Company*	Cayman Islands	100%
Leaf Finance Company	Cayman Islands	100%
Leaf Greenline 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 Miasole*	Cayman Islands	100%
Leaf Range Fuels Company*	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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3 Basis of presentation and significant accounting policies

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim financial report of the Company for the period ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "Group"). The interim financial statements of the Group for the period ended 31 December 2008 are unaudited.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 30 June 2008 and are consistent with those that the Directors currently intend to use in the next annual financial statements.

The Group has designated its investments, including equity, loan and similar instruments, as at fair value through profit or loss on initial recognition. Gains and losses arising from changes in fair value of investments, including foreign exchange movements, are included in net profit or loss for the period.

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.

Investee entities over which the Group has the power to exercise control are not consolidated as the Directors consider that consolidation would render the consolidated financial statements misleading, as such investments are held for capital gain as part of an investment portfolio that is measured and its performance evaluated on a fair value basis. They are instead stated at fair value. This is a departure from IAS 27 Consolidated and Separate Financial Statements, which requires all entities over which the group has the power to exercise control to be consolidated.

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.

The 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 affects only that period or in the period of the revision and future years if the revision affects both current and future periods.

The most significant area requiring estimation and judgement by the Directors is the valuation of unquoted investments, see note 8.

These interim financial statements were approved by the Board on 11 March 2009.

4 Net Asset Value per share

The Net Asset Value per share as at 31 December 2008 is US$1.778 per share based on 186,973,773 ordinary shares in issue as at that date.

5 Segment information

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

6 Charges and fees

6.1 Management fees

Annual fees

Under the Asset Advisory Agreement, the Management Company receives an annual management fee from the Company, payable quarterly in advance, equating to 0.5% per quarter of the Net Asset Value of the Company as determined in accordance with such agreement, as at the quarter end dates (being 31 March, 30 June, 30 September and 31 December).

Management fees for the period ended 31 December 2008 amounted to US$3,414,101 (period ended 31 December 2007: US$3,954,447) and the amount accrued but not paid at the period end is US$ nil (30 June 2008: US$1,970,256).

6.2 Legal and professional fees

Legal and professional fees incurred represent legal, advisory and consultancy fees incurred during and after the implementation of investment acquisitions, as well as work on group and portfolio structuring.

Legal and professional fees for the period amounted to US$1,975,918 (period ended 31 December 2007: US$66,798) and US$128,187 were outstanding as at 31 December 2008 (30 June 2008: US$ nil).

6.3 Administration fees

The 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 0.08% per annum where the total assets of the Company less borrowings is less than US$100,000,000; 0.07% 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 0.06% 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 period amounted to US$130,039 (period ended 31 December 2007: US$120,892) and US$118,152 were outstanding as at 31 December 2008 (30 June 2008: US$140,669).

7 (Loss)/ earnings per share

Basic and Diluted

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

	For the half year from 1 July 2008 to 31 December 2008	For the period from 14 May 2007 (date of incorporation) to 31 December 2007
(Loss)/ profit attributable to equity holders of the Company (US$'000)	(39,389)	3,384
Weighted average number of ordinary shares in issue (thousands)	194,034	200,000
Basic and fully diluted (loss)/ earnings per share (cents per share)	**(20.30)**	**1.69**

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

8 Investments at fair value through profit or loss

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 Asset Advisor, have reviewed the carrying value of each investment. They have determined that, with the exception of Greenline Industries, Inc., the fair value of each investment is equivalent to cost. The investment in Greenline Industries, Inc. has been written down by $14m.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NAME OF INVESTMENT	PLACE OF INCORPORATION	INVESTMENT TYPE	PRINCIPAL ACTIVITY	FAIR VALUE US$'000
Greenline Industries, Inc	US (Delaware)	Preferred units	Biodiesel technology and equipment provider	6,000
Skyfuels, Inc	US (Delaware)	Preferred units	Design and deployment of concentrating solar power systems	15,000
Range Fuels, Inc	US (Delaware)	Preferred units	Cellulosic ethanol production facility	20,000
Vital Renewable Energy Company, LLC	US (Delaware)	Preferred units	Ethanol plantation assets	6,226
Multitrade Rabun GAP, LLC	US (Delaware)	Ordinary equity + loan	Biomass power generation	6,968
Miasole, Inc	US (California)	Preferred units	Development of thin film solar products	15,000
Energia Escalona SV	Mexico	Ordinary equity	Run-of-river hydro plant	5,329
Johnstown Regional Energy, LLC	US (Pennsylvania)	Ordinary equity + loan	Landfill gas projects	28,321
Invenergy Wind LLC	US (Delaware)	Preferred units	Wind electricity generation	20,000
Maxwest Environmental Systems, Inc	US (Nevada)	Preferred units	Waste-to-energy gasification facilities	10,000
Balance at 31 December 2008				**132,844**

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

RECONCILIATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	US$'000
Balance brought forward	55,000
Purchases at cost	91,923
Capital returned	(79)
Unrealised revaluaton losses on investments	(14,000)
Balance carried forward	**132,844**

9 Share capital

The authorised share capital of the Company is GB£25,000 divided into 250 million Ordinary Shares of GB£0.0001 each. Share capital and premium received has been translated to US Dollars at the exchange rate prevailing at the date of receipt of the proceeds.

During the period 13,026,227 shares were repurchased by the Company leaving 186,973,773 shares in issue at the period end. The shares were purchased in 5 tranches during the half year at prices of between 90 pence and 95 pence per share for a total of £12,445,115 (US$21,861,177). The Company's share price has averaged 96.5 pence during the period.

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.

RECONCILIATION OF ORDINARY SHARES IN ISSUE	NUMBER OF SHARES NUMBER	SHARE CAPITAL $'000	SHARE PREMIUM $'000
In issue at 1 July 2008	200,000,000	40	386,067
Repurchased during the period	(13,026,227)	(2)	(21,859)
At 31 December 2008	**186,973,773**	**38**	**364,208**

10 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 Asset Advisor and Management Company and Administrator 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 6.

The Directors are considered related parties as they have authority and responsibility for planning, directing and controlling the activities of the entity. Total Directors' fees and expenses during the period amounted to US$148,389 (period ended 31 December 2007: US$186,628) of which US$62,902 remains payable at 31 December 2008 (30 June 2008: US$ 366,125).

11 Capital Commitments

As at 31 December 2008 the following capital commitments were outstanding in relation to investments.

INVESTMENT	INITIAL COMMITMENT US$'000	DRAWN DOWN US$'000	REMAINING COMMITMENT US$'000
Vital Renewable Energy, LLC	50,000	(6,226)	43,774
Multitrade Rabun GAP, LLC	21,593	(6,968)	14,625
Invenergy Wind LLC	30,000	(20,000)	10,000
Energia Escalona SV	20,900	(5,329)	15,571
	122,493	**(38,523)**	**83,970**

12 Post balance sheet events

12.1 Investment Multitrade Telogia LLC

On 6 February 2009 the Company acquired an interest in Florida-based Multitrade Telogia LLC. The investment in Multritrade Telogia LLC was a US$2.65m capital contribution and a loan commitment of $9.5m of which US$2.83m was drawn down at the time of the capital contribution.

12.2 Investment in Invenergy Wind LLC

On 12 February 2009 the Company acquired a further interest in Delaware-based Invenergy Wind LLC. The investment in Invenergy Wind LLC was a US$10m capital contribution, and was paid to relinquish the commitment recorded as at 31 December 2008 (refer to note 11).

Leaf
clean energy company

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