Leaf
clean energy company

Interim Report

Period from 14 May 2007 (date of incorporation) to 31 December 2007

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Chairman's Interim Statement

I am pleased to report the encouraging progress made by the Company during its first financial reporting period since listing on the Alternative Investment Market. In the lead up to the Company's admission to AIM on 28 June 2007, we presented a business plan for investing primarily in North American clean energy assets which we felt gave investors a chance to realise substantial long-term capital appreciation. The fundraising was well supported, totalling £200 million before expenses. The hard work began in earnest immediately thereafter.

The first priority for our advisers, Energy & Climate Advisors (a joint venture between EEA Fund Management and Shaw Capital, a subsidiary of The Shaw Group Inc.), has been to originate and pursue privately-negotiated acquisitions of interests in clean energy projects and companies. This investment strategy is developing well. Energy & Climate Advisors has originated and reviewed investment opportunities in a wide range of industries including wind energy, solar energy, energy efficiency, pollution control, emission credit aggregation, waste-to-energy, wave energy, biomass power and biofuels. It continues to originate and successfully pursue transactions on what your Board believes to be commercially attractive terms.

We have been pleasantly surprised by both the quantity of deal flow and the quality of projects. On March 14, 2008 the Company closed its first investment, acquiring a substantial interest in the San Francisco-based Greenline Industries for US$20 million. Greenline is a leading provider of modular waterless biodiesel equipment that enables the consistent, cost-effective production of biodiesel. We believe that Greenline's innovative technology and established presence in the market will be a platform for success.

In addition to the Greenline Industries investment, the Company has signed four Heads of Terms for investments in a diverse group of opportunities, which are now progressing through due diligence towards their scheduled completions. These targeted investments extend across several sectors, demonstrating the breadth of our portfolio; hydropower, traditional alternative fuels, cellulosic ethanol, solar power, geothermal energy, carbon credit aggregation and landfill gas. The projected combined investment represented by this group totals approximately US$85 million, which is in line with the Company's target capital deployment. The Company also continues to originate and negotiate further opportunities that we hope to have under contract in the near future.

The Board believes that the convergence of improved technologies, higher fossil fuel prices and increasing regulatory support (as evidenced by enactment of the Energy Independence & Security Act in the U.S. last December) will continue to drive demand for clean power and fuels in North America and elsewhere. The issue of climate change in particular has become a key political topic in the US. With a Democrat-controlled Congress and all three leading Presidential candidates

extolling the need for climate regulation, we expect the arrival of a regulated and constrained carbon market in the next few years. All these factors will continue to create value around our principal assets. Through our membership of the American Coalition on Renewable Energy (ACORE) and the Coalition for Emission Reduction Projects (CERP), we continue to monitor the legislative programme to ensure that the Company remains well positioned to generate significant value for our shareholders.

I believe our investors have also benefited from the affiliation of Energy & Climate Advisors with its joint venture partners, Shaw Capital and EEA Fund Management. Shaw Capital has provided the Company with a substantial base in the United States with its numerous affiliate offices focused on consultancy and engineering services in the energy and environmental markets, allowing the Company to evaluate a number of superior investment opportunities prior to their reaching a wider public audience. Furthermore, as well as bringing its experience in project assessment and valuation Shaw Capital, through its affiliates, has provided the Company with a deep pool of technical expertise, giving us superior project-screening capabilities. EEA Fund Management has brought its proven traditional asset management mentality and transactional rigour to our analysis, as well as the ability to optimize the value of marketable environmental attributes from the Company's prospective investments. We are proud of the team we have assembled and the progress we have made since last summer.

In conclusion, the Company's investment activity is in line with our business plan and is gathering momentum. It has been an immensely exciting initial period for the Company, and we look forward to reporting further progress in the second half as we continue to construct our investment portfolio. The Board reiterates its expectation that the Company will be substantially fully invested by the end of December 2008.

Peter Tom
Chairman
27 March 2008

Report of the Asset Adviser

Since the establishment of Leaf Clean Energy Company ("Leaf" or the "Company"), Energy & Climate Advisors ("E&CA") the Appointed Representative (acting on behalf of EEA Fund Management in its role as Asset Advisor of Leaf), has made substantial progress in identifying and developing opportunities for investment by the Company. Opportunities identified have come from a wide range of sectors in the clean energy space, from leading edge solar companies or biofuels technologies to more established renewable sectors such as geothermal, wind, or biomass. E&CA has been encouraged by the volume of deal flow that has been generated and, as a result, has allowed the team to select opportunities that stand out.

Leaf's investment pipeline currently stands at over 24 opportunities representing over $740 million of equity investment. These projects can be broken down into the following stages of development:

• A: Closed investments	$20 million
• B: Executed Heads of Terms	$85 million
• C: Negotiating terms	$280 million
• D: Due diligence commenced	$360 million

Closed Investments

Leaf has formed Leaf Bioenergy Company, intended to be its platform company for investments in the bioenergy sector, including companies with technologies, equipment and projects converting biomass to fuels and biomass to heat and power. The first investment within Leaf Bioenergy in the technology platform segment is a $20 million preferred equity investment in Greenline Industries, a company with a proven ability to develop, commercialize, and deploy biofuel technology and modular production facilities with a commanding market share. Greenline facilities use multiple feedstock choices in a computer controlled continuous flow technology, previously used only in large-scale production facilities. Unlike most designs that must use water, Greenline pioneered an innovative waterless technology, thereby eliminating the energy intensive problem of removing the water from the fuel and avoiding the environmental complications associated with obtaining permits and treating wastewater.. The investment gives Leaf well-targeted exposure to the biodiesel industry through an investment in technology and fabrication, without having direct exposure to an individual project.

Executed Heads of Terms

At present, Leaf has executed four other exclusive Heads of Terms with projects representing $85 million of investment opportunities in hydro power, solar, landfill gas, and ethanol (cellulosic) and is in the process of finalizing definitive documents. These projects have the potential to be closed within the next 60 days.

Negotiating terms

Leaf is also in the process of negotiating Heads of Terms with a further seven companies. These opportunities, totaling approximately $280 million in prospective investment, are in the geothermal, solar, waste-to-energy, wind, biofuels and clean technology sectors. If agreement can be reached on the relevant terms, E&CA expects that these projects could potentially reach definitive documentation and closing within 60 – 90 days.

Due Diligence Commenced

Leaf also has begun due diligence on an additional twelve other opportunities representing over $360 million of potential investments.

As noted herein, the opportunity pipeline has continued to develop since the last trading statement provided in December 2007. It is the Board's intention to provide a detailed report on the portfolio as soon as Leaf's participation in the projects under development and negotiation are finalized.

Energy and Climate Advisors
Appointed Representative
27 March 2008

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 14 May 2007 (date of incorporation) to 31 December 2007 which comprises the income statement, the balance sheet, the statement of changes in net assets, 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.

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 and audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the period from 14 May 2007 (date of incorporation) to 31 December 2007 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

KPMG Audit LLC
Douglas, Isle of Man
27 March 2008

Income Statement (Unaudited)

	Note	For the period from 14 May 2007 (date of incorporation) to 31 December 2007 US$'000
Income		
Interest income on cash balances		11,449
Total investment income		**11,449**
Expenses		
Management fees	4	3,954
Directors' remuneration	8	187
Administration fees		121
Other expenses		152
Net foreign exchange loss		3,651
Operating expenses		**8,065**
Net income from operations		**3,384**
Income tax expense	9	-
Retained profit for the period		**3,384**
Basic and diluted earnings per share (cents)	7	**1.69**

The accompanying notes on pages 13-16 form an integral part of these accounts

Balance Sheet (Unaudited)

	Note	At 31 December 2007
		US$'000
Cash and cash equivalents		394,575
Bank interest receivable		68
Other receivables and prepayments		102
Total assets		**394,745**
Issued share capital	6	40
Share premium		387,248
Retained earnings		3,384
Total equity		**390,672**
Creditors and accrued expenses		4,073
Total liabilities		**4,073**
Total equity & liabilities		**394,745**
Net asset value per shares (cents)	3	**195.3**

Approved by the Board of Directors on 27 March 2008.

Peter Tom
Director

Bran Keogh
Director

The accompanying notes on pages 13-16 form an integral part of these accounts

Statement of Changes in Equity (Unaudited)

	Share Capital	Share Premium	Retained Earnings	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 14 May 2007	-	-	-	-
Proceeds from shares issued	40	401,019	-	401,059
Share issue expenses (note 6)	-	(13,771)	-	(13,771)
Retained profit for the period	-	-	3,384	3,384
Balance at 31 December 2007	40	387,248	3,384	390,672

The accompanying notes on pages 13-16 form an integral part of these accounts

Cash Flow Statement (Unaudited)

	For the period from 14 May 2007 (date of incorporation) to 31 December 2007 US$'000
Cash flows from operating activities	
Interest received	11,381
Operating expenses paid	(443)
Net cash from operating activities	**10,938**
Financing activities	
Proceeds from the issue of shares	401,059
Share issue costs	(13,771)
Net cash from financing activities	**387,288**
Net increase in cash and cash equivalents	398,226
Foreign exchange difference on cash and cash equivalents	(3,651)
Cash and cash equivalents at 14 May 2007	-
Cash and cash equivalents at 31 December 2007	**394,575**

The accompanying notes on pages 13-16 form an integral part of these accounts

Notes to the Interim Financial Statements

1. The Company

Leaf Clean Energy Company (the "Company") was incorporated and registered in the Cayman Islands on 14 May 2007 for the purpose of acquiring interests in, owning, operating and managing clean energy companies and projects including renewable energy projects, and other projects that create environmental benefits through greenhouse gas emission reductions.

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 Adviser perform all significant functions. Accordingly, the Company itself has no employees.

2. Significant Accounting Policies

The interim financial statements of the Company for the period ended 31 December 2007 are unaudited.

2.1 Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. They do not include all of the financial information required for full annual financial statements. The financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The financial statements do not contain any critical accounting estimates or significant judgements in applying accounting policies.

These interim financial statements were approved by the Board on 27 March 2008.

2.2 Foreign currency translation

The US Dollar is the currency of the primary economic environment in which the entity operates ("The functional currency"). It is also the currency in which the interim financial statements are presented ("The presentational currency").

Monetary assets and liabilities denominated in foreign currencies as at the date of these financial statements are translated to US Dollars at exchange rates prevailing on that date. Expenses are translated into US Dollars based on exchange rates on the date of the transaction. All resulting exchange differences are recognised in the income statement.

2.3 Interest income

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

Notes to the Interim Financial Statements (continued)

2. Significant Accounting Policies (continued)

2.4 Share issue costs

Costs directly related to the issue of shares are deducted from equity.

2.5 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Net Asset Value per Share

The Net Asset Value per share as at 31 December 2007 is US$1.953 per share based on 200,000,000 ordinary shares in issue as at that date.

4. Management Fee

Annual fees

Under the Asset Advisory Agreement a management fee is payable quarterly in advance, equating to 0.5% per quarter of the Net Asset Value of the Company.

Management fees for the period ended 31 December 2007 amounted to US$3,954,447 and the amount accrued but not paid at the period end is US$3,855,691.

Performance fees

Under the Asset Advisory Agreement an annual performance fee may also be payable, depending on the annual performance of the Company. Any performance fee will become payable once annualized Total Shareholder Return in any performance period exceeds an annual rate of 9% ("the Hurdle"). Once the Hurdle is exceeded, the performance fee will become payable in an amount equal to 20% of any aggregate return over and above the Hurdle. Total Shareholder Return is calculated on the basis of the increase in market capitalization of the Company, allowing for dividend distributions.

There were no performance fees payable for the period ended 31 December 2007.

5. Cash and Cash Equivalents

	US$'000
Certificate of Deposits	
Sterling Certificate of Deposits	335,037
United States Dollar Certificate of Deposits	59,538
Total	**394,575**

Notes to the Interim Financial Statements (continued)

6. Share Capital

Ordinary Shares of GB£0.0001 each	Number	US$
In issue at the start of the period	-	-
Issued during the period	200,000,000	40,058
In issue at 31 December 2007	**200,000,000**	**40,058**

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

Under the terms of the placing of the Company's shares and admission to trading on AIM on 22 June 2007, the Company issued 200,000,000 shares of GB£0.0001 each par value at a price of GB£1 each. The difference between the issue price and the par value has been transferred to share premium account, net of share issue expenses.

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

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

Share issue costs

Share issue costs, which have been written-off against share premium account, comprise the following:

	US$'000
Cenkos Securities plc – Commission on funds raised	12,475
Cenkos Securities plc – Corporate fee	416
London Stock Exchange – AIM listing fees	17
Legal fees and other share issue costs	863
Total share issue costs	**13,771**

Cenkos Securities plc is the Nominated Adviser and Broker and acted as Placing Agent.

Notes to the Interim Financial Statements (continued)

7. Earnings per Share

Basic and Diluted

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

	2007
Profit attributable to equity holders of the Company (US$'000)	3,384
Weighted average number of ordinary shares in issue (thousands)	200,000
Basic and fully diluted earnings per share (cents per share)	**1.69**

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

8. Directors' Remuneration

The non-executive chairman is entitled to receive an annual fee of £60,000 and the non-executive directors receive £25,000 each per annum. The members of the audit committee receive an additional £5,000 per annum. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. Total fees and expenses payable to the Directors for the period ended 31December 2007 amounted to US$186,628.

9. Taxation

Cayman Islands taxation

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

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 Adviser and Management Company are considered related parties due to the significant management contract in place. See note 4 regarding management fees payable.

11. Post Balance Sheet Event

On 14 March 2008 the company acquired an interest in San Francisco-based Greenline Industries for US$20m.

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 Brownell (Non-executive Director) * * independent
Registered Office	PO Box 309GT Ugland House George Town Grand Cayman Cayman Islands
Asset Adviser	EEA Fund Management Limited 7th Floor 22 Billiter Street London EC3M 2RY
Management Company	Energy and Climate Advisors PO Box 309GT Ugland House George Town Grand Cayman Cayman Islands
Administrator	Equity Trust Fund Services (Luxembourg) S.A. 46a Avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Nominated Adviser, Placing Agent and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Registrar	Computershare Investor Services (Channel Islands) Limited P.O. Box 83 Ordnance House 31 Pier Road St Helier Jersey JE4 8PW
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