Leaf Clean Energy Company

Interim Report

For the half year ended 31 December 2014

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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)

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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 is a partner in MP2 Capital, LLC, a company organised to develop, finance, own and operate photovoltaic projects throughout North America. He has been involved in energy development and finance for over 25 years. He resides in San Francisco, California.

Mark is a Director of TerraForm Power, Inc., BluLeaf Ventures LLC, Onsite Energy Corporation, Trading Emissions plc and Element Markets LLC.

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, European Real Estate and 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

In the second half of 2014 Leaf Clean Energy Company ("Leaf") and its subsidiaries (together, the "Leaf Group") continued its transition from an investing company to a company realising the value of its investments. Prior to, and during the transition to the new investment policy, the board and management have continued to focus on improving the liquidity of the portfolio of companies and assisting investees in reaching critical business milestones.

As of today, we have either sold outright or are under contract to sell Johnstown Regional Energy, LLC (JRE), Multitrade Telogia, LLC (MT) and Multitrade Rabun Gap, LLC (MRG). With regard to the sale of JRE, the US federal regulatory approval required involves much more burdensome conditions than we anticipated, and therefore the exact timeline for closing of the potential transaction cannot be determined at this time.

In the second quarter of 2014, the Board of Directors of SkyFuel conducted a strategic review of its business, which included an extensive marketing effort for the sale of the company. The company has been in negotiations with a single party for the sale of SkyFuel since May 2014. However, given the recent tenor of SkyFuel's negotiations with the counterparty, which have included a significant reduction in the agreed price, we do not expect a transaction to be consummated. Consequently Leaf has written down this investment by US$12.7 million.

On the expense side, we are on budget for the six months ended December 31, 2014 and are on track for the first half of 2015. As previously reported, the staff incentive program is based entirely upon distributions to shareholders. We have preserved our cash balance while making limited follow on investments in Skyfuel and JRE to preserve these companies' ability to operate efficiently.

Financial

Net Asset Value ("NAV") per shared has moved to 81.94 cents (52.57 pence) from the 30 June 2014 figure of 89.90 cents (52.57 pence), with Investment valuations negatively impacted by 6.9 cents/share (4.4 pence/share). While the NAV per share in cents decreased by 8.0%, the NAV per share in pence remained the same due to the strengthening of the dollar versus the pound sterling during the period.

Total assets of US$105.8 million at the balance sheet date included US$9 million of cash.

Operating expenses have fallen significantly as a result of the cost measures discussed in the 30 June 2014 annual report and for the 6 months to 31 December 2014 have fallen to US$1.5 million compared with US$2.8 million for the comparable period of the previous year. No accrual has been made for management incentives, which are contingent on cash returned to shareholders following the sale of investments.

Portfolio Overview

As outlined and approved by the shareholders at the EGM, Leaf will continue to make additional investments in its existing portfolio as appropriate in order to support these investments to achieve optimum realisation value for the shareholders. Since July 1, 2014 Leaf made US$2.7 million of additional investments in its existing portfolio companies. Those investments were made in Lehigh Technologies, Inc. ("Lehigh"), SkyFuel and JRE. Currently Leaf does not contemplate making any further material investments in its operating companies. As previously noted, we are under contract to sell, or have sold, three of our portfolio companies. Those under contract are awaiting regulatory approvals and/or other conditions precedent necessary for the final closing. The remaining assets owned by Leaf are:

Invenergy Wind LLC, North America's largest independently owned wind power generation company continues to execute on its capacity expansion plans and development initiatives across its core markets. Leaf is currently evaluating options for monetising its investment in this well-performing asset but is not expected to realise the value of this asset prior to 2016. **Leaf's investment in Invenergy represents more than half of the value of the portfolio.**

Escalona, a hydroelectricity development company in Mexico is in the process of securing financing to construct a 14.5 megawatt hydroelectric facility in Veracruz. Leaf is a co-developer of this project with its large Mexican EPC partner. Escalona has faced and overcome several of the development obstacles typical for energy projects in Mexico. The company is in negotiations for several power purchase agreements, which will add contracted off-takers to its customer base, and also completed a power purchase agreement with the national utility. Mexico continued its reform process with additional plans for clean energy certificates as part of the electricity markets. Leaf believes the value of this project is enhanced after financing and once construction of the facility has commenced.

Lehigh Technologies, Inc., the green materials company, continued to grow its customer base and expanded its global presence in the tire, industrial rubber, and plastics industries. In the six-month period ending December 31st, the company saw strong growth in all segments, including completion of a record year for the coatings, construction, and asphalt markets. Additionally, Lehigh announced and completed a strategic investment from JSR Corporation, a global chemical company and one of the leading rubber chemical companies in Asia. As part of this investment round, existing investors made follow-on investments of which Leaf made a follow on investment of US$1.25 million in the equity financing, as previously announced in the 30 June 2014 annual report.

Vital Renewable Energy Company (VREC), the owner of an ethanol plant and sugar factory in Brazil operated during the 2014 crushing season according to plan, achieving record output. It expects to complete a significant two-stage capacity expansion program in time for the 2015 and 2016 crushing seasons, which is expected to boost VREC's output by 50%. Unfortunately despite the performance of the plant, the world market for sugar has been depressed and the ethanol market in Brazil has also been negatively impacted by the steep decline in the world wide price of crude oil. Very few merger and acquisition transactions have occurred in this sector in the last two years.

Operations

As previously stated, the Leaf Group's new investment policy directs the board to an orderly realisation of the portfolio, which will occur in timeframes appropriate for each asset and which includes the ability to provide follow-on investments to existing portfolios to preserve or increase value.

While the board is committed to realising its investments as soon as reasonably practicable, it is in the interest of maximising return to shareholders to continually evaluate Leaf's portfolio in order to assess the most appropriate strategy and timeline for each investment.

In addition, as with all private equity investments, Leaf's remaining investments are illiquid and cannot be realised without the assistance of the underlying portfolio company and/or other shareholders. Therefore, there is no set timeline for realising Leaf's investments and it is difficult to precisely predict when the work of the Leaf Board and management will be complete. However, it will likely take at least two years to realise all of the investments.

Mark Lerdal
Chairman

30 March 2015

Management report

Overview

Leaf's management spent the six months ended 31 December 2014 diligently working to implement the new strategy approved by the shareholders on 1 July 2014 (see New 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 signing of agreements to sell three of the assets, including JRE, MT and MRG.

New 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 six-month period ended 31 December 2014:

- Leaf made an additional US$2.7million of direct equity and debt investments in existing portfolio businesses, inclusive of the US$1.25 million additional investment in Lehigh, previously announced in the annual report;

- Leaf received cash payments of accrued and current interest and repayments of principal on loans to its investee companies totalling US$0.2 million and US$1.2 million respectively.

Financial performance

The Leaf Group's total net asset value (NAV) on 31 December 2014 was US$105.5 million, US$10.2 million lower than on 30 June 2014. This change resulted from the US$10.2 million comprehensive loss for the period, which consisted primarily of a US$8.9 million loss on revaluation in the carrying value of the portfolio companies and US$1.5 million of administration expenses, partially offset by US$0.2 million of interest income on loans to portfolio companies. At the end of the period, US$9.0 million of Leaf's NAV was held in cash and US$96.0 million in investments.

NAV per share for the Leaf Group was 81.94 cents or 52.57 pence at US$1.5587 to the GBP1. This was a decrease of 8.9 per cent for the six-month period from 30 June 2014. The decrease was primarily due to the unrealised loss on investments (-7.7%) and administration expense (-1.3%), slightly offset by interest income on investments (+0.2%).

As a result of measures taken to bring spending in line with the new strategy, Leaf's expenses for the six-month period ended 31 December 2014 were US$1.3 million lower than the comparable prior period, having adhered to the previously announced US$3.1 million budget for the current fiscal year. Leaf is currently on track to meet this budget for the full year. Note that, due to uncertain timing and amounts the budget does not include transaction-related costs or payments of incentives under the previously announced revised staff incentive plan. Leaf has not accrued anything for these items, other than certain transaction-related costs that were incurred during the period.

Management report (continued)

Portfolio update

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

- Invenergy Wind LLC (Invenergy), North America's largest independently owned wind power generation company, commissioned several new wind energy projects, increasing its installed capacity by approximately 400 megawatts. The company also completed a number of new project financings and raised in excess of US$700 million. The Company has commenced construction of numerous projects, some of which are expected to be commissioned during the 2015 calendar year.

- Energía Escalona (Escalona), the hydroelectric project development company based in Mexico City, continued development of its flagship hydroelectric development project and received certain required construction permits in the period. In addition, Escalona completed and signed a long-term off-take contract with the national utility in Mexico and is in negotiations to sign additional power purchase agreements with private off-takers. The company is continuing in the financing due diligence process with an expectation of beginning construction in 2015.

- Johnstown Regional Energy, LLC (JRE), a landfill gas reclamation company, continued sales to contracted customers in the six months to 31 December 2014 with no material safety or operations interruptions in the reporting period. The company is continuing in the monetization process, as previously announced, with progress to-date that is consistent with Leaf Management's expectations. Specifically, on 12 November 2014 an affiliate of Leaf has entered into a binding stock purchase agreement to sell 100% of Leaf's interests in JRE for cash consideration. Importantly, this agreement is subject to certain specific and customary conditions precedent, including state and federal regulatory approvals, which adds an element of uncertainty to the potential transaction.

  Leaf Management continues to work with its advisors and staff regarding these conditions precedent, particularly the regulatory approvals, and has secured conditional state-level approval as of the time of this filing. While the regulatory approval process may be completed in the near term, given the nature of those regulatory approvals at the federal level the timeline for closing of the potential transaction cannot be determined precisely at this point in time.

- The management of SkyFuel, Inc. (SkyFuel), the solar thermal power technology company, continues discussions for a change of control transaction with a strategic buyer. However, given the tenor of recent negotiations with the counterparty in the potential transaction, Leaf Management does not expect this transaction to be consummated and consequently Leaf's investment in SkyFuel has been written down by US$12.7 million.

- Lehigh Technologies, Inc. (Lehigh), the green materials company, continued its global expansion with increased non-U.S. sales and strong overall revenue growth. Sales in the European market, the company's newest market, continued to grow as new customers were added. Additionally, Lehigh completed a strategic investment from JSR Corporation, a leading Asian chemicals manufacturer, which will accelerate growth into Asian markets.

- 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 was also able to hit or exceed its key financial targets.

- The sale of Multitrade Telogia, LLC (MT), the biomass power plant, was completed subsequent to the period end, on 11 March 2015, on terms substantially similar to those previously disclosed in Leaf's annual report for 30 June 2014, with total proceeds to Leaf and other investors of up to US$2.5 million. Leaf received a nominal amount at closing, with the balance contingent upon a number of events expected to occur after closing. On 7 November 2014, Multitrade Rabun Gap, LLC (MRG), the biomass power plant, entered into a contract for sale, and the sale is expected to be completed by early next quarter.

In the coming months the Leaf Management team will continue its focus on maximizing portfolio value and achieving expedient realisations of the assets to enable future distributions to the shareholders. This effort will carefully take into account the appropriate timing required for each investment to maximise realisation value. While this timing is uncertain for the realisation of a given investment, for the reasons given above and in the Chairman's Statement, it is likely to take two years or more to realise all of the investments. As a result, the Leaf Board and management have maintained and will continue to maintain an appropriate cash balance to ensure that Leaf can execute the new strategy.

30 March 2015

Condensed consolidated statement of comprehensive income for the six months ended 31 December 2014

	Note	(Unaudited) 6 months ended 31 December 2014 US$'000	(Unaudited) 6 months ended 31 December 2013 US$'000
Interest income on cash balances		-	6
Interest income on investments at fair value through profit or loss		169	751
Net (loss)/gain on investments at fair value through profit or loss	11.1	(8,885)	358
Net foreign exchange loss		(7)	(2)
Gross portfolio (loss)/return		**(8,723)**	**1,113**
Administration expenses	6	(1,507)	(2,808)
Loss before taxation		**(10,230)**	**(1,695)**
Taxation		(12)	(99)
Total loss and total comprehensive loss for the period		**(10,242)**	**(1,794)**
Loss for the period attributable to equity holders		**(10,242)**	**(1,794)**
Basic and diluted loss per share (cents)	9	**(7.96)**	**(1.39)**

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

Condensed consolidated statement of financial position as at 31 December 2014

	Note	(Unaudited) 31 December 2014 US$'000	(Audited) 30 June 2014 US$'000
Assets			
Investments at fair value through profit or loss	11.1	95,950	103,300
Property, plant and equipment		8	15
Total non-current assets		**95,958**	**103,315**
Trade and other receivables		793	884
Restricted cash	7	30	69
Cash and cash equivalents		9,015	12,002
Total current assets		**9,838**	**12,955**
Total assets		**105,796**	**116,270**
Equity			
Share capital	14	28	28
Share premium	14	306,809	306,809
Retained losses		(201,339)	(191,097)
Total equity		**105,498**	**115,740**
Liabilities			
Trade and other payables		298	530
Total current liabilities		**298**	**530**
Total liabilities		**298**	**530**
Total equity and liabilities		**105,796**	**116,270**
Net asset value per share (cents)		81.94	89.90

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

The interim condensed consolidated financial statements were approved by the board of directors on 30 March 2015 and signed on their behalf by:

Mark Lerdal
Executive Chairman

Stephen Coe
Non-Executive Director

Condensed consolidated statement of changes in equity
for the six months ended 31 December 2014

	Share Capital	Share Premium	Retained losses	Total equity
	US$'000	US$'000	US$'000	US$'000
Balance at 30 June 2014 (audited)	**28**	**306,809**	**(191,097)**	**115,740**
Total comprehensive loss for the period	-	-	(10,242)	(10,242)
Balance at 31 December 2014 (unaudited)	**28**	**306,809**	**(201,339)**	**105,498**

	Share Capital	Share Premium	Retained losses	Total equity
	US$'000	US$'000	US$'000	US$'000
Balance at 30 June 2013 (audited)	28	306,809	(123,170)	183,667
Total comprehensive loss for the period	-	-	(1,794)	(1,794)
Balance at 31 December 2013 (unaudited)	**28**	**306,809**	**(124,964)**	**181,873**

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

Condensed consolidated statement of cash flows
for the six months ended 31 December 2014

	Note	(Unaudited) 6 months ended 31 December 2014 US$'000	(Unaudited) 6 months ended 31 December 2013 US$'000
Cash flows from operating activities			
Interest received on cash balances		-	6
Interest received on loans	11.1	169	751
Income tax refund		15	-
Received from debtors		52	-
Operating expenses paid		(1,698)	(2,830)
Income tax paid		(28)	(108)
Net cash used in operating activities		**(1,490)**	**(2,181)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss	11.1	(2,715)	(5,898)
Repayment of capital by investee companies	11.1	1,180	6,339
Net cash (used in)/generated by investing activities		**(1,535)**	**441**
Net decrease in cash and cash equivalents		**(3,025)**	**(1,740)**
Cash and cash equivalents at start of the period		12,071	20,995
Effect of exchange rate fluctuations on cash and cash equivalents		(1)	(1)
Cash and cash equivalents at end of the period		**9,045**	**19,254**

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

Condensed consolidated statement of cash flows
for the six months ended 31 December 2014

	(Unaudited) 6 months ended 31 December 2014	(Unaudited) 6 months ended 31 December 2013
Reconciliation of total gain/(loss) and total comprehensive gain/(loss) for the period to net cash used in operating activities	US$'000	US$'000
Total (loss)/gain and total comprehensive (loss)/gain for the period	(10,242)	(1,794)
Adjustments for:		
Net loss/(gain) on investments at fair value through profit or loss	8,885	(358)
Depreciation expense	6	6
Net foreign exchange loss	2	2
Taxation	12	108
Operating loss before changes in working capital	**(1,337)**	**(2,036)**
Movement in trade and other receivables	91	(35)
Movement in trade and other payables	(232)	(2)
Income taxes paid (net of refunds received)	(12)	(108)
Net cash used in operating activities	**(1,490)**	**(2,181)**

Notes to the interim condensed consolidated financial statements for the six months ended 31 December 2014

1 Leaf

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) perform all significant functions. Accordingly, Leaf itself has no employees.

The consolidated financial statements of the Leaf Group as at and for the year ended 30 June 2014 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.

The interim condensed consolidated financial statements as at and for the six months ended 31 December 2014 are for the Leaf Group. Refer to note 13.

2 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Leaf as at and for the year ended 30 June 2014.

These interim condensed consolidated financial statements were approved by the board of directors on 30 March 2015.

3 Significant accounting policies

Save as for explained above, the accounting policies applied by Leaf in these interim condensed consolidated financial statements are the same as those applied by Leaf in its consolidated financial statements as at and for the year ended 30 June 2014.

4 Use of estimates and judgements

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

The significant judgements made by management in applying Leaf's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2014.

The most significant area requiring estimation and judgement by the directors is the valuation of unquoted investments, (see note 11).

5 Financial risk management

The Leaf Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014.

The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments as at 31 December 2014 of US$96.0 million (30 June 2014: US$103.3 million):

Name of Investment	Valuation methodology	Significant inputs / assumptions
Johnstown Regional Energy LLC ("JRE")	Market value	Transaction terms, discount rate
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
Multitrade Rabun Gap, LLC ("MRG")	Market value	Transaction terms, discount rate
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

5 Financial risk management (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

6 Administration expenses

	(Unaudited) 6 months ended 31 December 2014 US$'000	(Unaudited) 6 months ended 31 December 2013 US$'000
Salaries and related costs	476	870
Legal and professional fees	263	556
Directors' remuneration (note 8)	172	566
Administration fees	100	113
Rental fees	88	85
Travel and subsistence expenses	78	301
Audit fees	48	62
Other expenses	282	255
Total	**1,507**	**2,808**

The legal and professional fees of US$263k included US$84k of transaction related costs.

7 Restricted cash

The restricted cash balance at 31 December 2014 consisted of collateral deposit of US$30,157 associated with the corporate credit cards for Leaf Clean Energy USA, LLC held by HSBC US.

8 Directors' remuneration

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

31 December 2014	**Basic annual remuneration** US$'000
Mark Lerdal (executive chairman)	125
Stephen Coe	35
Peter O'Keefe	15
James Potochny (resigned 24 November 2014)	-
	175

Directors' fees and expenses payable during the six month ended 31 December 2014 were:

31 December 2014	**Directors' fees** US$'000	**Annual bonus** US$'000	**Reimbursements** US$'000	**Total** US$'000
Mark Lerdal (executive chairman)	125	-	23	148
Stephen Coe	35	-	19	54
Peter O'Keefe	15	-	-	15
James Potochny (resigned 24 November 2014)	-	-	-	-
	175	**-**	**42**	**217**

8 Directors' remuneration (continued)

31 December 2013	Directors' fees	Annual bonus	Reimbursements	Total
	US$'000	US$'000	US$'000	US$'000
Peter Tom (chairman)	100	-	-	100
Bran Keogh	200	175	-	375
J. Curtis Moffatt	40	-	-	40
Peter O'Keefe	40	-	11	51
	380	**175**	**11**	**566**

Mr. Potochny currently receives an annual base salary of US$230,000 as chief financial officer of Leaf's wholly-owned investment advisory subsidiary.

9 Basic loss per share

Basic and Diluted

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

	(Unaudited) 6 months ended 31 December 2014	(Unaudited) 6 months ended 31 December 2013
Loss attributable to equity holders (US$'000)	(10,242)	(1,794)
Weighted average number of ordinary shares in issue (thousands)	128,745	128,745
Basic and fully diluted loss per share (cents)	**(7.96)**	**(1.39)**

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

10 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'.

11 Critical accounting estimates and assumptions

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

Key sources of estimation uncertainty

Determining fair values

The determination of fair values for financial assets for which there is no observable market prices requires the use of valuation techniques as described in accounting policy 3.1 from the 30 June 2014 financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also “Valuation of financial instruments” below.

Critical judgements in applying the Leaf Group’s accounting policies

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

Valuation of financial instruments

The Leaf Group’s accounting policy on fair value measurements is discussed in accounting policy 3.1 from the 30 June 2014 consolidated financial statements. The Leaf Group measures fair value using the following hierarchy that reflects the significance of inputs used in making the measurements:

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

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

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

11.1 Investments at fair value through profit or loss

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

	(Unaudited) 31 December 2014 US$'000	(Audited) 30 June 2014 US$'000
Balance brought forward	103,300	162,633
Additional investments in subsidiaries	2,715	13,502
Repayment of capital investment	(1,180)	(9,448)
Movement in fair value of investments	(8,885)	(63,387)
Balance carried forward	**95,950**	**103,300**

11.1 Investments at fair value through profit or loss (continued)

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, has 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.

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

The table below sets out information about significant unobservable inputs used at 31 December 2014 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 December 2014 US$'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	95,950	Transaction and market multiples, income approach, transaction terms	EBITDA multiple	7.4	The estimated fair value would increase (decrease) if the EBITDA or operational multiples were higher/lower.
			Operational multiples	US$73/mm tons - US$85/mm tons	
			Operational multiples	$1,590/kW - US$1,945/kW	
			Discount rates	13.1%-14.2%	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

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

The table below sets out information about significant unobservable inputs used at 30 June 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	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	US$108/mm tons - US$97/mm tons	
			Operational multiples	US$1,828/kW - US$1,964/kW	
			Discount rates	13.6%-22.9%	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

Significant unobservable inputs are developed as follows.

EBITDA and operational multiples: Represent amounts that market participants would use when pricing the investments. EBITDA and 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 EBITDA or 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 the Leaf Group by considering possible operational scenarios and transaction terms, the amount to be paid or received under each scenario and the probability of each scenario.

11 Critical accounting estimates and assumptions (continued)

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

Although Leaf believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Leaf's net asset value (NAV) at 31 December 2014 (US$ millions): (Favourable: 18.5, Unfavourable: (13.5)).

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the above unobservable inputs for the valuation of Leaf's unlisted private equity investments have been calculated by varying these inputs in the applicable valuation models based on a reasonable lower and upper range as determined by Leaf Management. The most significant unobservable inputs are the discount rate, either WACC or cost of equity, EBITDA and operational multiples. The WACC and cost of equity used in the models at 31 December 2014 ranged between 13.1% and 14.2% (with reasonably possible alternative assumptions ranging between 12.1% and 15.2%). The EBITDA multiple used in the models at 31 December 2014 was 7.4, with reasonably possible alternative assumptions of 10.4 and 4.4. The operational multiples used in the models at 31 December 2014 ranged from US$73/mm tons to US$85/mm tons, and US$1,590/MW to US$1,945/MW, with reasonably possible alternative assumptions of US$66/mm tons to US$100/mm tons, and US$625/MW to US$2,288/MW.

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 2014(US$ millions): (Favourable: 29.1 million, Unfavourable: 29.4 million)).

The discount rates used in the models at 30 June 2014 ranged between 13.6% and 22.9% (with reasonably possible alternative assumptions ranging between 12.6% and 23.9%). The EBITDA multiple used in the models at 30 June 2014 was 10.4, with reasonably possible alternative assumptions of 13.0 and 8.0. The operational multiples used in the models at 30 June 2014 ranged from US$97/mm tons to US$108/mm tons, and US$1,828/kW to US$1,964/kW, with reasonably possible alternative assumptions of US$67/mm tons to US$127/mm tons, and US$777/kW to US$2,619/kW.

12 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.

13 The subsidiaries

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

	Country of incorporation	Principal activity	Effective interest held
Energía Escalona Coopertief U.A	Netherlands	Hydro Energy	87.5%
Escalona B.V	Netherlands	Hydro Energy	87.5%
Energíia Escalona I S.A. de C.V	Mexico	Hydro Energy	87.5%
Energía Escalona s.r.l.	Mexico	Hydro Energy	87.5%
Johnstown Regional Energy LLC	USA (Pennsylvania)	Landfill Gas	100%
Multitrade Rabun Gap LLC	USA (Virginia)	Biomass	75%(1)
Multitrade Telogia LLC	USA (Virginia)	Biomass	66.25%
Telogia Power LLC	USA (Florida)	Biomass	66.25%
SkyFuel Inc	USA (Delaware)	Solar Energy	54.4%
Leaf Clean Energy USA, LLC	USA (Delaware)		100%
Leaf Escalona Company	Cayman Islands		100%
Leaf Hydro Company	Cayman Islands		100%
Leaf Invenergy Company	Cayman Islands		100%
Leaf Invenergy US Investments, Inc	USA (Delaware)		100%
Leaf Lehigh Company	Cayman Islands		100%
Leaf LFG Company	Cayman Islands		100%
Leaf LFG US Investments, Inc.	USA (Delaware)		100%
Leaf MaxWest Company	USA (Delaware)		100%
Leaf Bioenergy Company	Cayman Islands		100%
Leaf Biomass Company	Cayman Islands		100%
Leaf Biomass Investments, Inc.	USA (Delaware)		100%
Leaf SkyFuels Company	Cayman Islands		100%
Leaf Solar Company	Cayman Islands		100%
Leaf Wind Company	Cayman Islands		100%
Leaf VREC	Cayman Islands		100%
Leaf Waste Energy	Cayman Islands		100%

(1) Voting rights 81.9%

14 Share capital

Ordinary shares of GBP0.0001 each	Number of shares	Share capital	Share premium
		US$'000	US$'000
At 30 June 2014 and 31 December 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.

Leaf have repurchased 71,254,274 shares, since 30 June 2012 there have been no further share repurchases.

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 the 1 July 2014 extraordinary general meeting of Leaf's shareholders, 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 board's policy is to maintain sufficient capital to sustain its orderly realisation strategy, including prudent additional investment in its existing portfolio companies as required to optimize realisation value of the assets.

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

15 Subsequent Events

The sale of Multitrade Telogia, LLC was completed subsequent to the period end, on 11 March 2015, on terms substantially similar to those previously disclosed in Leaf's annual report for 30 June 2014, with total proceeds to Leaf and other investors of up to US$2.5 million. Leaf received a nominal amount at closing, with the balance contingent upon a number of events expected to occur after closing.