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This document comprises an AIM admission document drawn up in accordance with the rules for AIM published by London Stock Exchange plc. This document constitutes a prospectus for the purposes of The Companies (Jersey) Law 1991, as amended. This document does not constitute a prospectus for the purposes of the Prospectus Rules and a copy of it has not been, and will not be, approved by or filed with the Financial Services Authority.

Application has been made for the Ordinary Shares to be admitted to trading on AIM, a market operated by London Stock Exchange plc. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up. London Stock Exchange plc has not itself examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other Recognised Investment Exchange and no other such application has been made.**

A copy of this document has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of the Ordinary Shares in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law.

The Company, together with the Directors, whose names appear on page 3, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. The Directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statements in this document, whether of fact or of opinion, and all the Directors accept responsibility accordingly. To the best of the knowledge and belief of the Company and its Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts, and this document contains no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

An investment in the Company involves a high degree of risk and particular attention is drawn to the discussion of risks and other factors set out in "Risk Factors" in Part III of this document. Notwithstanding this, prospective investors should read the whole text of this document.

Camco International Limited

(Incorporated and registered in Jersey with registered number 92432)

Admission to trading on AIM

and

Placing of 38,969,620 new Ordinary Shares at 64 pence per share

by

KBC Peel Hunt Ltd

Nominated Adviser and Broker

The Placing is conditional, *inter alia*, on Admission taking place on or before 25 April 2006 (or such later date as the Company and KBC Peel Hunt may agree but in any event no later than 9 May 2006). The Placing Shares will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares following Admission and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

KBC Peel Hunt, which is authorised under the Financial Services and Markets Act 2000 and regulated by the Financial Services Authority, is acting as the Company's nominated adviser in connection with the proposed admission of the Company's Ordinary Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). KBC Peel Hunt will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company.

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DIRECTORS AND ADVISERS

Directors	David Roger William Potter, *Non-executive Chairman* Tristan Gordon Alexander Fischer, *Group Chief Executive Officer* Scott James McGregor, *Group Chief Financial Officer* Dr Alexander James Grant Westlake, *Group Chief Operating Officer* Dr Jeffrey Paul Kenna, *Non-executive Director* Michael James Wills Farrow, *Non-executive Director* Dr Herta von Stiegel, *Non-executive Director* all of:
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Secretary	Dominion Corporate Services Limited

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KEY INFORMATION

This information is derived from, and should be read in conjunction with, the full text of this document.

The Camco business

- Camco is a significant originator of Carbon Credits, partnering with its clients which are typically well-capitalised companies, such as heavy manufacturing enterprises, coal mining groups and utilities to source Carbon Credits.
- Camco's key markets are China and Russia, where the Company has significant expertise, and which are two of the largest potential sources of Carbon Credits. In other regions, Camco is developing business through its strategic partners.
- Camco has originated and/or has a financial interest in 51 projects that are expected to generate 97.2 million Carbon Credits. These comprise 71.5 million Carbon Credits from 36 projects under exclusive contract to Camco and a further 25.7 million Carbon Credits from 15 projects in late stage negotiation.
- As the business of Camco develops, the Directors anticipate that this current portfolio together with anticipated future projects will deliver substantial cash-flow to the Company.
- Camco works together with its clients to convert Carbon Credit opportunities into assets of value in international emissions trading markets. The Camco proposition seeks to reduce the client's exposure to the costs and risks of embarking on what can be an unfamiliar and complex process.
- Camco offers to invest its own experience, expertise and human and financial resources to undertake the work necessary to qualify the project and to meet some or all of the necessary clean development mechanism ("CDM") and joint implementation mechanism ("JI") origination and development costs. These may include, *inter alia*, documentation costs, validation costs, verification costs, CDM-EB registration/management fees and third party experts' costs.
- Camco has considerable experience and expertise in proposing new methodologies, preparing PDDs and guiding projects through this complex regulatory process. To date, an executive of Camco has prepared two new Approved CDM Methodologies and a strategic partner of Camco has successfully developed one further Approved CDM Methodology.
- Camco engages its clients depending on their circumstances and has three main contractual models which are set out in Carbon Asset Development Agreements ("CADAs"): (i) service fee arrangements, (ii) carbon arrangements (i.e. the right to receive a percentage of Carbon Credits *in specie* at no cost, or to purchase a percentage of the Carbon Credits at favourable prices for its own account) and (iii) project development arrangements. These contractual models are adjusted to meet country specific legal and regulatory requirements.
- As well as its own capabilities, Camco maintains strategic partnerships in many markets, including its core markets, which make important contributions to Camco's capacity to originate and deliver projects. Camco uses the network, strengths and resources of these strategic partners for, but not limited to, deal origination, technology promotion and for additional CDM development support when needed.

Competitive advantages

- Camco considers itself differentiated from other quoted companies operating in the carbon market. Its principal strategy is to offer an origination to delivery service, at risk remuneration and a value sharing business model. It does not invest substantial amounts of its own capital in the physical assets used to generate GHG Reductions nor typically to take principal positions offering firm contracts for purchase of Carbon Credits.
- The Directors believe that there are barriers to entry into Camco's markets for new market players and Camco has a number of competitive strengths:
  - Early mover advantage;

- Business model is aligned with clients;
- Understanding of a complex regulatory environment;
- Significant market presence in countries with large scale potential to supply Carbon Credits;
- Reduced risks of delivery;
- Reputation and recognition;
- Innovation in structuring Carbon Credits' sales contracts; and
- International industry network.

The Market

- Carbon Credits are used to meet compliance targets under the Kyoto Protocol and related climate change legislation. In order to mitigate the effects of global warming, signatories to the Kyoto Protocol such as Canada, the EU15 and Japan, have agreed to reduce their GHG emissions to below 1990 levels. This can be done by taking domestic action to reduce GHG emissions or by purchasing Carbon Credits from qualifying projects in developing countries, such as China, under the CDM and in developed countries, such as Russia, under the JI programme.
- The market for Carbon Credits has grown rapidly in recent years and the Directors expect that this growth will continue. Up to June 2005, Point Carbon estimated that 121 million CERs and ERUs (in aggregate) have been transacted. Since then, transactions involving more than 140 million CERs and ERUs (in aggregate) have taken place. This suggests a total of over 260 million CERs and ERUs have been transacted at prices ranging from €2 to €18 per tonne depending on the contractual arrangements between parties.
- In China, the Directors believe the key issue is not a business development one due to the number of potential opportunities available. Rather, Camco's success will be based on the competent and timely execution of projects and taking the necessary steps to ensure verification and delivery of Carbon Credits. One estimation of supply as outlined by the Director of the Office to the National Coordination Committee on Climate Change (NC4) at Carbon Expo 2005 was that potentially 1,500 million tCO_2e could come from China through to 2012.
- The Russian economy has high levels of energy consumption and carbon emissions. Investments in the modernisation of the Russian economy can be carried out under JI to generate significant quantities of Carbon Credits. It has been estimated that a total of 500 million tCO_2e could be generated by JI Projects in Russia.

Current trading and prospects

- In the 3 months ended 31 March 2006, a number of new contracts were signed in China and Russia which have increased the Company's portfolio by 16.8 million Carbon Credits to the current 97.2 million Carbon Credits.
- In addition, during this period negotiations continued on term sheets for ERPA(s) for the sale of 24 million Carbon Credits (to 2012) from CMM utilisation project(s) in China.
- Overall, the Directors are confident that Camco will be able to deliver the expected value from its existing portfolio and expand the business in a rapidly growing global market.

Use of proceeds

- The net proceeds of the Placing are expected to be £22.8 million which the Directors intend to use as follows:
  - Carbon reserve (£5.00 million)
  - Project development positions (£5.50 million)
  - General working capital (£8.85 million)
  - Repayment of Loan Notes (£3.45 million).

PLACING STATISTICS

Placing Price	64 pence
Number of new Ordinary Shares to be placed on behalf of the Company	38,969,620
Number of existing Ordinary Shares to be placed on behalf of the Selling Shareholders	7,754,712
Market capitalisation at the Placing Price	£83.1 million
Number of Ordinary Shares in issue on Admission	129,898,733
Percentage of Enlarged Issued Share Capital subject to the Placing on behalf of the Company	30.0 per cent.
Gross proceeds of the Placing available to the Company	£24.9 million
Net proceeds of the Placing available to the Company	£22.8 million

EXPECTED TIMETABLE

Admission and dealings in the Ordinary Shares to commence on AIM	25 April 2006
CREST accounts credited	25 April 2006
Despatch of definitive share certificates (where applicable) by	9 May 2006

Amounts in this admission document expressed in both € and Sterling have been calculated on the basis of £1 to €1.448.

PART I

INFORMATION ON THE GROUP

1. Introduction

Camco is a significant originator of Carbon Credits having originated and/or having a financial interest in 51 projects that are expected to generate 97.2 million Carbon Credits. These comprise 71.5 million Carbon Credits from 36 projects under exclusive contract to Camco and a further 25.7 million Carbon Credits from 15 projects in late stage negotiation. Camco's key markets are China and Russia, where the Company has significant expertise, and which are two of the largest potential markets for the generation of Carbon Credits.

Carbon Credits are used to meet compliance targets under the Kyoto Protocol and related climate change legislation. In order to mitigate the effects of global warming, signatories to the Kyoto Protocol such as Canada, the EU15 and Japan, have agreed to reduce their greenhouse gases ("GHG") emissions to below 1990 levels. This can be done by taking domestic action to reduce GHG emissions or by purchasing Carbon Credits from qualifying projects in developing countries, such as China, under the Clean Development Mechanism ("CDM") and in developed countries, such as Russia, under the Joint Implementation ("JI") programme. Under these schemes, qualifying projects are entitled to one Carbon Credit for each one tonne reduction in carbon dioxide equivalent of GHGs ("CO_2e"). Carbon Credits generated from CDM Projects are known as Certified Emission Reductions ("CERs") and those generated from JI Projects as Emission Reduction Units ("ERUs").

Camco targets opportunities for generating Carbon Credits from a number of different sources. These include existing industrial operations which have the potential to generate GHG Reductions through efficiency improvements and fuel switching as well as new clean energy projects, such as wind-farms, biomass power plants and small hydro-electric schemes. Camco provides its clients with a comprehensive suite of technical and commercial services to quantify, qualify and optimise the value which these opportunities can achieve.

Camco views its position in the carbon market as that of an originator, developer and manager of Carbon Credits relying on its market presence, reputation for successful transactions and intellectual capital to secure contracts with attractive revenue streams and manageable execution risks. Camco considers itself differentiated from other quoted companies operating in the carbon market because its principal strategy is not to invest substantial amounts of its own capital in the physical assets used to generate GHG Reductions nor to take principal positions offering firm contracts for the purchase of Carbon Credits. Camco's core competencies are (i) helping potential clients identify projects that reduce GHG emissions, (ii) applying technologies to maximise the volume of Carbon Credits produced, (iii) designing appropriate methodologies to measure the potential Carbon Credits generated, (iv) arranging for domestic and international approvals, (v) monetising the Carbon Credits through optimised contracts and (vi) assisting in the verification of Carbon Credits produced. In summary an end-to-end management of the Carbon Credit cycle which Camco believes significantly increases the value of Carbon Credits to its clients and therefore to Camco itself.

2. Company History

Camco was incorporated in February 2006. It is the holding company of the merged Carbon Credit development businesses of two significant Carbon Credit originators: Camco AG, based in Vienna, Austria and ClearWorld Energy ("CWE"), who prior to the merger originated Carbon Credits solely from China.

The business which ultimately became Camco AG was established in 2003 from the Carbon Credit origination and development arms of ESD of the United Kingdom and KWI of Austria, two European energy consultancies. Both partners had identified the potential of the carbon market and began collaborating on EU and government projects related to climate change as early as 2000. ESD and KWI later agreed to work together on specific carbon emissions projects which resulted in one of the first JI Projects to be registered under the Kyoto Protocol, the Svilosa project. This was Bulgaria's first JI Project based on fuel switching at a large pulp and paper mill. Bulgaria is rated by Point Carbon as the world's leading JI market and the World

Bank has been purchasing verified Carbon Credits from Svilosa for over two years. This is one of the earliest examples of successful CDM/JI project implementation and demonstrates Camco's expertise. This project forms part of Camco's portfolio referred to in paragraph 4.3 of this Part I.

In 2004, CWE, a China focussed clean energy project development company, began to co-operate with a Hong Kong registered consultancy, Westlake Associates, to pursue clean energy projects in China which generate Carbon Credits under the CDM. CWE was founded by Mike Ashburn, a member of the Company's senior management team. Westlake Associates was founded by Dr Alex Westlake, Camco's Chief Operating Officer.

CWE and Westlake Associates formally merged at the beginning of 2005 under the "ClearWorld Energy" trading name and focussed on building a portfolio of CDM Projects while authoring two new Approved CDM Methodologies (AM0024 and ACM0008, further details of which are given in paragraph 4.3 of this Part I) which have wide application in China.

In February 2006 the Company was formed and acquired the entire issued share capital of Camco AG and certain assets and liabilities of CWE.

3. The CDM Process

CDM Projects undergo a highly complicated qualification and regulatory process at the end of which, if successful, CERs are issued. The key stages in the CDM process are as follows:

- the CDM opportunity is identified and initially assessed with the findings summarised in a Project Idea Note ("PIN") which represents the start of the formal CDM process;
- in cases where a project does not use an existing approved baseline and monitoring methodology, a new methodology will be proposed to the Methodologies Panel and will receive final approval by the CDM Executive Board ("CDM-EB");
- a Project Design Document ("PDD") for the project following an approved baseline and monitoring methodology is completed;
- written approval of voluntary participation from the Designated National Authority ("DNA") of the country where the project is located is sought;
- written confirmation from the Host Country that the project achieves sustainable development is sought;
- validation of the project is sought from an approved Designated Operational Entity ("DOE"), including submission for public review on the UNFCCC website;
- subject to the above the project is registered, which requires both DOE and CDM-EB approval;
- a verification report of the project's emission reductions by an approved DOE is prepared. For projects not qualified as "small-scale" projects, this DOE will be different to the DOE that validated the project; and
- based on the above verification report, application for, issuance of, transfer of and payment for the CERs, as detailed below, is undertaken.

Once verification is completed, a verification report is submitted to the CDM-EB, which constitutes a request to issue and distribute CERs. The CDM-EB has 15 days to review the request. If it is satisfied with the submission, it instructs the CDM Registry administrator to issue CERs into a temporary CDM account. In order for these CERs to be transferred to the National Registry accounts of project participants, an administration fee must first be paid to the CDM Executive Board. Once the administration fee has been paid, the CERs are released from the temporary CDM account and transferred through the International Transaction Log ("ITL"), which is currently being established by the UNFCCC, to the buyer's designated account on a National Registry. The ITL is expected to become functional during 2007. In the meantime, it is anticipated that CERs will be placed in temporary accounts held by project participants in the CDM Registry. Camco intends to open its own registry account both to facilitate transactions and to monetise its own-account Carbon Credits.

A similar regulatory process is anticipated for JI Projects in order to create ERUs.

4. The Camco Business

4.1 Camco Business Model

Camco works as an originator of Carbon Credits, partnering with its clients, which are typically well-capitalised companies, such as heavy manufacturing enterprises, coal mining groups and utilities, to source Carbon Credits.

Camco works together with these clients to convert Carbon Credit opportunities into assets of value in international emissions trading markets. The Camco proposition seeks to reduce the client's exposure to the costs and risks of embarking on what can be an unfamiliar and often difficult process. Instead, Camco offers to invest its own experience, expertise and human and financial resources to undertake the work necessary to qualify the project and to meet some or all of the necessary CDM/JI origination and development costs. These may include, *inter alia*, documentation costs, validation costs, verification costs, CDM-EB registration/management fees and third party experts' costs.

In structuring its remuneration for these services, Camco aligns its commercial interests with those of its clients, the industries, utilities and project developers who own and operate the underlying physical, GHG-saving assets. While clients concentrate on realising their core investments, Camco manages the CDM/JI qualification processes and seeks to optimise both the volume and price of Carbon Credits to generate value to Camco and to its partners from this opportunity. In return for Camco's services, it receives compensation in the form of a cash payment of a fixed amount or an amount calculated as a percentage share of revenues from Carbon Credit sales, and/or in the form of a modest share of/or right to acquire on advantageous terms Carbon Credits generated by the project. In the future in certain markets such as China, Camco intends to use its improved financial position following the Placing to improve its remuneration via a co-buying arrangement, whereby Camco itself buys a larger portion of the Carbon Credits through an option structure with the project owner and principal buyer.

Camco is active in eight countries and has access to the resources of a number of strategic partners throughout the world providing Camco with the benefit of further expertise and deal flow.

4.2 Business Processes

The business process of Camco's Carbon Credit origination activities can be broken down as follows:

Opportunity Identification

Camco's origination activity focuses on existing industrial operations and processes which have the potential to generate substantial GHG Reductions. Historically, these have tended to be coal mining operations, steel works and similar facilities owned and operated by large corporates or state-owned enterprises in Camco's core markets of China and Russia. New energy projects, such as wind-farms, undertaken by major utilities also form part of the portfolio.

Typically Camco's clients are industrial plant operators which need assistance to understand their GHG Reduction opportunities and the potential value that may be unlocked from developing GHG Reducing projects. Once engaged, Camco helps these clients develop a carbon strategy through identifying projects that have the potential to generate Carbon Credits and demonstrating to them how the Kyoto Protocol can help them overcome the various project barriers and create attractive investment opportunities.

Projects must follow one of the Approved CDM Methodologies and if one is not available, or not in process, then Camco has the proven ability to develop a new Approved CDM Methodology specifically for a new project. This is an important element of origination since developing a new Approved CDM Methodology for high yielding sectors can open up significant new Carbon Credit generation opportunities. An executive of Camco has successfully developed two new Approved CDM

Methodologies and a strategic partner of Camco has successfully developed one further Approved CDM Methodology, in the sectors of waste heat recovery, nitrous oxide and CMM.

Contractual Engagement

Once a Carbon Credit opportunity has been identified and defined, Camco and its client enter into a Carbon Asset Development Agreement ("CADA"). The CADA typically provides for:

- the formal identification of the project and any future phases thereof;
- an initial exclusivity period to secure buyer interest with subsequent extensions;
- the responsibilities of Camco and its client with regard to the project;
- the costs to be covered by Camco;
- the terms of Camco's compensation; and
- termination, default, arbitration, governing law etc.

Carbon Credit Qualification

Once a CADA is entered into, Camco assigns a project manager and an expert team to process the project's Carbon Credit related documentation. The basic process for converting a GHG Reduction opportunity into a transactable Carbon Credit is information intensive, requires specialised skills and involves ongoing interaction with regulators, verification companies and other third party service providers. This work includes:

- writing the PDD following an Approved CDM Methodology;
- elaboration of a baseline and monitoring plan;
- assistance in the various stakeholder consultation processes;
- approval by the Host Country government (signified by the receipt of a Letter of Approval ("LoA"));
- co-ordination of the independent validation process carried out by a DOE which is approved by the CDM-EB, a process that Camco actively manages; and
- assistance with project registration.

Through its ongoing management of a large and varied portfolio of CDM and JI Projects, Camco seeks to continuously improve the efficiency of document production.

As part of the Carbon Credit qualification and creation process, Camco can provide design input to optimise the volume of Carbon Credits that can be generated. Camco plans to expand its services to include additional project development services and where appropriate, some development funding, although strictly without investing in the project assets themselves.

Carbon Credit Placement and Monetisation

The Company's clients typically have two ways of selling Carbon Credits: (i) under a long term contract called an Emissions Reduction Purchase Agreement ("ERPA") for the forward sale of Carbon Credits; or (ii) for sale into a market, such as the EU-ETS on a spot price basis.

Most Camco projects are expected to be ERPA based as the project clients want revenue certainty as to Carbon Credit receipts before committing capital to their projects. In these cases, Camco works on behalf of its clients to identify appropriate buyers for their Carbon Credits and to assist them in negotiating and concluding an ERPA on their preferred terms. A client's preferred terms can take into account their specific circumstances, risk/reward appetite or their requirements for pre-payment. Once this is understood, Camco typically organises a private, confidential tender for pre-selected buyers, inviting them to indicate their offer to purchase some or all of the Carbon Credits. After clarification and further consultations with the client, a buyer or group of buyers is selected and a legally binding

term sheet signed. Camco then negotiates, on behalf of the client, the terms of the ERPA with the buyers.

Buyers of Carbon Credits typically include governments, multilateral institutions, large corporations, hedge funds and institutional investors in the EU, Canada and Japan. Camco has relationships with major buyers and has successfully closed term sheets and/or ERPAs with the same.

In addition to pricing and payment structures, a range of contractual terms form an important consideration in structuring the monetisation of the Carbon Credits, especially as regards delivery, and Camco works hard to negotiate favourable terms for the client. ERPAs can be structured in a number of different ways and Camco has devised a variety of terms and conditions favourable to its clients and other potential clients.

Carbon Credit Delivery

For many of Camco's projects already under contract, actual construction of the physical plant is now well advanced. As a result, the Carbon Credit generation process can start immediately following registration. Organising and managing formal verification of the project's emissions needs to be done at regular intervals after the project has started operating. Camco aims to ensure that verifications are successful by pre-verifying using its own in-house monitoring and technical support teams. These teams are designed to support the clients in implementing the monitoring plans contained in the PDDs. Camco's 'origination to delivery' service aims to provide reassurances on Carbon Credit delivery and thus added value for both its clients and buyers in Camco's transactions.

4.3 Project Portfolio

The Directors believe that a major strength of Camco's existing portfolio is that it consists primarily of large projects with industrial clients that have been facilitated by the potential of Carbon Credit revenues and which the Company expects to be completed and producing Carbon Credits within the next 18 months. Since the first commitment period of the Kyoto Protocol expires at the end of 2012, this type of portfolio is expected to generate more revenue by 2012 than if it was focussed on smaller scale new technology projects or projects with smaller scale developers. A further strength of the Company's portfolio is its diversified technology range covering most major sectors for GHG Reductions.

As at the date of this document, Camco has originated and/or has a financial interest in 51 projects that are expected to generate 97.2 million Carbon Credits. These comprise 71.5 million Carbon Credits from 36 projects under exclusive contract to Camco and a further 25.7 million Carbon Credits from 15 projects in late stage negotiation.

The most important countries in Camco's current portfolio are China and Russia, as summarised in the table below:

	Contracted Projects		*Projects under negotiation*		*Total*	
Host Country/region	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*
China	29	66,381	10	16,848	39	83,229
Russia	–	–	3	6,634	3	6,634
Central Eastern Europe	6	4,938	–	–	6	4,938
Africa	1	160	2	2,210	3	2,370
Total	36	71,479	15	25,692	51	97,171

The projects in the portfolio cover seven different technology types including renewable energy, increasing energy efficiency and reducing waste emissions from industrial and agricultural activities. As summarised in the table below, the most important technology types in Camco's current portfolio are coal mine methane ("CMM") utilisation and destruction, and industrial waste heat recovery, notably in the cement sector where Alex Westlake, Group Chief Operating Officer, authored the Approved CDM Methodology.

	Contracted Projects		*Projects under negotiation*		*Total*	
Technology type	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*
Waste Heat Recovery	13	29,500	–	–	13	29,500
Coal Mine Methane	7	27,891	2	11,192	9	39,083
Wind	8	7,040	7	5,136	15	12,176
Fuel Switch	3	4,642	3	6,984	6	11,626
Energy Efficiency	–	–	1	230	1	230
Landfill Gas	1	1,450	2	2,150	3	3,600
Hydro	4	956	–	–	4	956
Total	36	71,479	15	25,692	51	97,171

As shown in the table below, it is anticipated that approximately 50 per cent. of the projects in the portfolio will be commissioned by the end of 2006 and approximately 83 per cent. by the end of 2007.

	Contracted Projects		*Projects under negotiation*		*Total*	
Anticipated/actual commissioning date	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*	*Number of projects*	*Carbon Credits through to 2012 '000 tCO_2e*
2005	2	682	–	–	2	682
2006	25	44,941	3	2,750	28	47,691
2007	6	18,883	7	12,972	13	31,855
2008	2	3,893	5	9,970	7	13,863
2009	1	3,080	–	–	1	3,080
Total	36	71,479	15	25,692	51	97,171

All of Camco's projects have Approved CDM Methodologies. Camco has considerable experience and expertise in proposing new methodologies, preparing PDDs and guiding projects through the complex regulatory process. To date an executive of Camco has prepared two new Approved CDM Methodologies and KWI, a strategic partner of Camco, has successfully developed one further Approved CDM Methodology:

1. AM0024 – Methodology for Greenhouse Gas Reductions through Waste Heat Recovery and Utilisation for Power Generation in Cement Plants;

2. AM0028 – Catalytic N_2O destruction in the tail gas of Nitric Acid Plants; and

3. ACM0008 – Consolidated methodology for coal bed methane and coal mine methane capture and use for power (electrical or motive) and heat and/or destruction by flaring.

In addition, the experience of Camco's executives includes the preparation and registration of Bulgaria's first validated JI Project, significant assistance to China's first registered CDM project and preparation of the first CDM project to be validated in Sub-Saharan Africa.

The breakdown of Camco's current portfolio by the stage reached in the regulatory process is summarised in the table below:

Projects Past Stage:	*Number of projects*	*Contracted Projects Credit reserve through to 2012 '000 tCO_2e*
Verified Credits	1	562
Registered	2	106
DNA Approval	1	700
Validated	2	800
Validation underway	10	41,299
PDD Complete	4	5,810
Pre-final PDD	16	22,202
	36	71,479

Camco aims to increase its portfolio through consolidating its position in the Chinese and Russian markets and broadening the range of countries it covers. It is expected that entry into new countries will be either by developing high yielding projects identified by the Company with its strategic partners or through acquisitions of undercapitalised intermediaries in such countries.

Camco will continue to seek to innovate in order to enter potentially untapped and high yielding carbon sectors both by developing new methodologies and by considering new carbon finance related products and services which could benefit its current and future clients.

4.4 Contractual Arrangements

Camco engages its clients depending on their circumstances and has three main contractual models which are set out in the CADA:

Service Fee Arrangements

Service fee arrangements involve Camco being compensated via a cash payment, including a payment linked to the value arising from the ultimate sale of Carbon Credits from the project. The service fee is generally structured to be paid directly by the main buyer of Carbon Credits as part of its responsibilities under the ERPA. Camco has entered into service fee arrangements for approximately 66 per cent. of Camco's current portfolio. The Directors believe that service fee arrangements whereby Camco's forward earnings are secured under long-term contracts with reputable buyers will continue to be important going forward.

Carbon Arrangements

Carbon arrangements typically operate in a similar way to service fee agreements except that instead of a cash payment, Camco receives its remuneration in the form of Carbon Credits generated from the project or a right to acquire Carbon Credits on advantageous terms. The amount that Camco receives varies depending on the size and complexity of the project, the regulatory environment and the commercial terms negotiated. In these arrangements Camco is able to manage the placement of its own Carbon Credits into the emissions trading market such as the EU-ETS. As at the date of this document, Camco had entered into carbon arrangements for approximately 31 per cent. of its current portfolio. In the future, notably in China, Camco intends to use its improved financial position following the Placing to improve its remuneration via a co-buying arrangement, whereby it buys a portion of the Carbon Credits through a contractual arrangement with the principal buyer and the project owner. The Directors

believe that carbon arrangements will offer the Company significant upside if the market price of Carbon Credits holds or increases.

Project Development Arrangements

These arrangements involve Camco advancing limited project development funds to its clients in order to expedite the early stages of project development. These funds are designed to finance feasibility studies and general project development costs while acting as a mechanism to give comfort to the client as to the potential of the GHG Reductions from the project. In return, Camco expects these CADAs to be executed on more advantageous terms through carbon arrangements. Camco intends to use its knowledge and experience to assess the risks of such development funding before making its decision to provide such funding. The CADAs do not require an investment to be made in the underlying project assets.

As at the date of this document, Camco has entered into project development agreements for approximately 3 per cent. of Camco's current portfolio. The Company anticipates entering into further such agreements after Admission as a result of the funds available from the Placing. The Directors believe that project development agreements will be an important way to secure access to new projects and accelerate the development of those projects and will enable Camco to improve its operating margins going forward.

4.5 Strategic Partners

As well as its own capabilities, Camco maintains strategic partnerships in many markets, including its core markets, which make important contributions to Camco's capacity to originate and deliver projects. Camco uses the network, strengths and resources of these strategic partners for, but not limited to, deal origination, technology promotion and for additional CDM development support when needed.

In addition to the strategic partners in the markets in which Camco operates, Camco has in place exclusivity and service agreements with its three founding shareholders, ESD, KWI and CWE which provide additional resources, such as additional expertise when required to draft documentation, and exclusive access to their networks for related deal-flow.

ESD is an English registered company established in 1986. Since its establishment, it has helped to define policies and implement projects to help mitigate climate change. ESD provides consultancy services and also develops its own projects and joint ventures. ESD has a staff of approximately 70 and offices in Bath, London, Sheffield, Edinburgh, Sofia (Bulgaria) and Nairobi (Kenya).

KWI is an Austrian registered company established in 1989 with approximately 100 staff dedicated to project development and climate change related consulting. It is currently working for the Austrian Government on the National Allocation Plan for the second phase of the EU Emissions Trading Scheme. KWI also has a particular focus and expertise in the design and engineering of biomass and district heating schemes. In the area of CDM, KWI staff have authored one Approved CDM Methodology, AM0028, in the area of nitrous oxide destruction.

CWE is a BVI registered company established in 2003. CWE seeks to deliver clean energy for China by applying leading technologies and innovative commercial structures. Since its establishment, it has helped co-develop projects and facilitate investment by a number of leading global renewables companies into the clean energy sector in China. CWE is expanding its staff to develop its position in China's fast growing clean energy sector.

5. Competition

Competitive Landscape

The market structure in which Camco operates comprises groups of buyers, intermediaries and sellers. These various market participants can be categorised according to their capital requirements and return on investment.

Buyers generally require significant capital to under-write their transactions and in many cases are buying to satisfy a compliance obligation and to avoid fines such as those applicable under the EU-ETS. Intermediaries, such as consultants, typically do not require much capital but participate in the value generation from a successful project. Sellers, such as project owners, must deploy capital to finance the underlying physical assets which are generally long-term investments tied to industrial or energy production.

Camco is an originator of Carbon Credits and an intermediary that partners with well capitalised clients. The Directors believe that Camco's origination to delivery service offering, at risk remuneration and a value sharing business model, enables Camco to maintain more robust margins and higher returns on investment.

Camco's competitive strengths and barriers to entry

The Directors believe that there are barriers to entry into Camco's markets for new entrants and that Camco has a number of competitive strengths:

Early mover advantage

Camco has extensive experience within its core markets which the Directors believe gives it a significant competitive advantage over new entrants in the areas in which it operates. New competitors entering the market are faced with a significant learning curve and cultural and relationship obstacles to enable them to initiate successful projects before the end of the first commitment period under the Kyoto Protocol to 2012.

Business model is aligned with clients

Camco focuses on origination and works to support its clients that generate the Carbon Credits, aligning itself with the interests of such clients. The Directors consider this to be a crucial differentiator for Camco and the basis for its success to date. Many other businesses in the sector do not align themselves with the client which owns and/or operates the GHG Reducing asset, but tend to focus on the interests of the buyers.

Understanding of a complex regulatory environment

The CDM and JI regulatory process is a complex procedure and Camco has a demonstrated capability in successfully leading its clients through the process. In addition, Camco has been instrumental in opening up new sectors such as CMM and waste heat recovery through the development of new Approved CDM Methodologies.

Significant market presence in countries with large scale potential

Camco has a significant market presence in China and Russia, which are estimated to have the most significant Carbon Credit potential. Camco's management have been operating in these jurisdictions for many years. In view of the language, cultural and business characteristics of these countries, the Directors believe that, whilst competition will increase, it will be difficult for new entrants to compete effectively against Camco's relationships, brand and established position generally.

Reduced risks of delivery

With the Kyoto Protocol's first commitment period beginning in 2008, Camco's strategy has focussed on identifying projects which can realistically be expected to generate credits from 2007. Of Camco's current portfolio, the Directors expect approximately 83 per cent. to be generating Carbon Credits by the beginning of 2008. Further, Camco is focussing on building in-country technical teams to support project owners through verification and delivery, thereby increasing its confidence in the actual generation and delivery of the projected Carbon Credits from each project.

Reputation and recognition

The Directors believe that Camco has a strong reputation in its main markets and in the industry generally based on its track record of achievement to date, its expertise in the CDM and JI mechanisms, a diligent approach and client focus.

Innovation in structuring Carbon Credits' sales contracts

Camco seeks to optimise value to sellers of Carbon Credits through advising them on how to structure and negotiate innovative Carbon Credit sales contracts, for example, contracts that link CER prices to EUA prices or contracts that provide for early realisation of Carbon Credit value. This has enhanced Camco's reputation among clients and has aided Camco's success in securing new business.

International Industry Network

Good relationships with in-country project developers and host governments are essential to the CDM and JI processes. Camco has relationships with Host Country DNAs in the countries in which its operates and with project developers in many markets around the world in addition to its core markets of China and Russia, including but not limited to Kenya, Tanzania, Bulgaria and Poland. These relationships have been developed over several years. A lack of such relationships is considered by the Directors to be a barrier to entry for new entrants to those markets.

6. Historic Trading

Camco International Limited was incorporated on 8 February 2006 and on 10 February 2006 it acquired the entire issued share capital of Camco AG together with certain assets and liabilities of CWE.

The non-consolidated financial information disclosed in Part V of this document in respect of Camco is for the three day period from incorporation to 10 February 2006 and in respect of Camco AG is for the 6 months to 31 December 2004 and year to 31 December 2005.

The financial information summarised below is for Camco AG and has been extracted, without material adjustment, from the Accountants' Report contained in Part V of this document. Investors should read the whole of this document and not just rely on this summarised information.

	Year to 31 December 2005 (audited) €'000	*Six month period to 31 December 2004 (audited) €'000*
Revenue	10	–
Cost of sales	–	–
Gross profit	10	–
Administrative expenses	(572)	(386)
Operating loss	(562)	(386)
Loss before tax	(549)	(380)

Camco AG's historic revenue in the trading period has been generated from consulting fees on various Bulgarian projects. As at 31 December 2005, no revenue had yet been generated by Camco AG from the sale of Carbon Credits since none of the projects within its portfolio as at 31 December 2005 were registered.

7. Current Trading and Prospects

Current Trading

In the 3 months ending 31 March 2006, a number of new contracts were signed in China and Russia which increased the Company's portfolio by 16.8 million Carbon Credits to the current 97.2 million Carbon Credits, including:

- a CADA was signed for the development of an estimated 9.6 million Carbon Credits (to 2012) with a developer of a number of coke oven gas to power projects in China.
- one of China's largest cement manufacturing groups entered into a CADA with Camco for the sale of an estimated 6.2 million Carbon Credits on the basis of Camco's pioneering work on methodology AM0024 for waste heat utilisation from cement kilns. This is a strategic development where Camco undertakes the CDM process for eight of the client group's cement plants which are being

simultaneously re-fitted to recover the waste heat. The Directors believe that this is an exciting opportunity as not only are there further opportunities in waste heat (the client group has 20 more such plants) but there are several new methodologies applicable to other elements of the cement plant process which could generate further Carbon credits; and

- in Russia, Camco signed its first CADA, with a pulp and paper mill, which is estimated, once fully constructed, to be able to generate 1 million Carbon Credits.

In addition, during this period negotiations continued on term sheets for ERPA(s) for the sale of 24 million Carbon Credits (to 2012) from CMM utilisation project(s) in China.

Future Prospects

Camco is looking to secure further contracts in Carbon Credit generating sectors through its own business development efforts and through strategic alliances. For example:

In China:

- in renewables, Camco intends to strengthen its relationships with some of the large independent power producers who have targets to develop five per cent. of their installed capacity as renewables;
- in energy efficiency, Camco intends to capitalise on its existing strength in the cement sector to develop more projects. The iron and steel sector will also be targeted, in partnership with companies trading with this industry;
- in waste gas utilisation, Camco will seek to focus on CMM and the coal and coke sector and is considering a partnership with a leading technology company; and
- Camco intends to develop strategic initiatives with buyers interested in specific industry verticals where this leads to increased efficiency in deal flow, origination and development for Camco.

In Russia:

- the power sector offers the greatest potential for emissions reductions since it presently emits between 30-35 per cent. of Russia's annual CO_2 emissions. The sector is still highly centralised but is in the process of being privatised. RAO UES, which generates 70 per cent. of Russia's electricity and 32 per cent. of its heat, is currently being broken up among its existing shareholders. Within the power sector, major Carbon Credit opportunities lie in:
    - upgrading generation technology efficiency: the condition of the equipment and the manner in which it is used (inefficient dispatching and low capacity utilisation) causes energy intensity of the sector to be significantly higher than the EU average;
    - fuel switching: coal predominates as the fuel used in Siberia and areas of the Russian Far East, thus allowing for technology upgrades and fuel switching to natural gas; and
    - renewable energy: opportunistic exploitation of biomass, wind, and geothermal sources of energy would result in a decrease in carbon intensity. Non-hydro renewable energy accounts for under five per cent. of Russia's total primary energy supply, thus allowing for a significant impact.
- the municipal services sector, which provides water, electricity, gas, heating, and waste management services to residential and industrial customers is expected to be privatised over the next few years as deregulation proceeds throughout the Russian economy. Since it is notoriously degraded and energy intensive, new owners are expected to pursue marginal energy efficiency projects before investing in upgrades.

Overall, the Directors are confident that Camco will be able to deliver the expected value from its existing portfolio and expand the business in a rapidly expanding global market.

8. Reasons for Admission and use of proceeds

The net proceeds from the Placing are expected to be £22.8 million which the Directors intend to use as follows:

Carbon reserve

£5.00 million will be used to cover the additional funding requirement of entering into CADAs which take the form of carbon arrangements as opposed to service fee arrangements, as further described in paragraph 4.4 of this Part I.

Project development positions

£5.50 million will be used to provide the advancing of limited project development funding to clients in order to expedite the early stages of project development, as further described in paragraph 4.4 of this Part I.

Working capital

£8.85 million will be used for general working capital purposes as well as to strengthen the Company's balance sheet and to invest in additional resources. Camco intends to expand the number of its personnel in the countries where it currently operates, especially in China and Russia. In particular, Camco intends to recruit additional CDM and JI documentation experts and systems engineers to bolster the monitoring systems and verification processes required to take the projects through to the delivery of Carbon Credits. Further, it is intended that additional expertise will be recruited centrally to expand capabilities in sourcing and negotiating with potential buyers so that the optimum value of the existing and future portfolio can be realised. This is likely to involve recruiting approximately 20-30 employees in total over the next two years.

Repayment of Loan Notes

The Directors intend to repay the entire outstanding amount of in aggregate £3.45 million (€5 million) pursuant to the A Loan Notes and the B Loan Notes (further details of which are set out in paragraph 15 of Part VII of this document).

Of this amount, £526,086 (€761,773) is payable to ESD (in which Dr Jeff Kenna has an interest as further disclosed in paragraph 6.1 of Part VII) and £1,726,519 (€2,500,000) is payable to CWE (in which Dr Alex Westlake has an interest as further disclosed in paragraph 6.1 of Part VII).

The Directors also believe that Admission will be beneficial to the Group since:

- it will raise the Group's profile and enhance its status with potential clients and partners;
- it will provide the Group with a more flexible capital structure and assist in raising, if and when necessary, additional finance to take advantage of new business opportunities, including acquisitions of complementary businesses, as and when they arise; and
- it will assist in attracting, retaining and incentivising key employees through the use of long term equity based incentives using publicly traded shares, which the Directors believe will be more attractive than options over unquoted shares.

9. Directors and Employees

Directors

Details of the Directors, their roles and their backgrounds are as follows:

David Potter ***(61), Chairman and Non-executive Director***

David Potter has been the chairman or non-executive director of a number of listed companies, including AIM traded Solar Integrated Technologies Inc. Mr Potter has worked in the finance sector for 35 years with Investec (Deputy Chairman 1998-1999), Guinness Mahon (as CEO from 1990-1998), Midland Bank (MD Global Corporate Banking), Samuel Montagu (MD Capital Markets) and at CSFB and predecessor companies. Mr Potter has an MA (Hons) in Politics, Philosophy and Economics from Oxford University.

Tristan Fischer ***(31), Group Chief Executive Officer***

Tristan Fischer is an experienced senior executive in the global renewable energy market. This experience was gained as a project developer for Shell WindEnergy and in successfully establishing new businesses in the wave and solar sectors for Shell Renewables and Shell Technology Ventures. He has worked across many countries and markets and his experience includes the markets of Eastern Europe, South America and Asia. He has led several early stage enterprises (once as CEO) and began his career with Citigroup project finance, developing power and infrastructure projects. Mr Fischer speaks five languages and has an MA (Hons) in Oriental Studies from Cambridge University.

Scott McGregor ***(35), Group Chief Financial Officer***

Scott McGregor has worldwide experience in mining, finance and technology industries. He has strong experience in fund raising and strategic development within early stage companies. He was previously a commercial manager at Rio Tinto (Asia) and an internal consultant in Merrill Lynch Debt Derivatives. Mr McGregor was also the chief financial officer at Oxygen Inc. More recently at Skype Limited, Mr McGregor was a corporate development manager. He qualified as a Chartered Accountant through PricewaterhouseCoopers and has an MBA from the London Business School. He has a BE from Monash University.

Dr Alex Westlake ***(34), Group Chief Operating Officer***

Dr Alex Westlake has been domiciled in China since 1998, with two years working in Malaysia and Singapore from 2000-2002. Dr Westlake has developed two of the Approved CDM Methodologies, developed China's first CDM project and is internationally recognised as an expert in this field. He was a project developer with PowerGen (part of E.ON AG), based in Asia and has 10 years experience in renewable energy and in the utility sector. Conversant in Mandarin, Dr Westlake has a PhD in Wind Energy from Durham University.

Dr Jeff Kenna ***(52), Non-executive Director***

Dr Jeff Kenna has 30 years experience managing small and medium sized enterprises in the sustainable energy and climate change sectors, from incubation to full commercial development. Dr Kenna has been an advisor to the European Commission, the World Bank, the UN and the UK government on energy policy and market growth. He has extensive international experience in Africa, Europe, Asia and North America. He is managing director of ESD and on the board of a number of other renewable energy ventures. Dr Kenna has a PhD in Solar Energy from the University of Wales and a BSc in Applied Physics from the University of Bath.

Michael Farrow ***(51), Non-executive Director***

Michael Farrow is a principal and director of Consortia Partnership Limited, a Jersey licensed trust company. From 1997-2005 he was an executive director and trustee of a family trust with net assets of £200 million which held diversified investment and trading portfolios. From 1993-1997 he was group company secretary of Cater Allen Jersey. His military career was with the Royal Artillery, where he rose to the rank of Major. Mr Farrow has an MSc in Corporate Governance and is a Fellow of the Chartered Institute of Secretaries & Administrators.

Dr Herta von Stiegel ***(48), Non-executive Director***

Dr Herta von Stiegel is a US tax lawyer by training, and practised law prior to becoming a banker specialising in international tax and mergers and acquisitions. During her 16 year career in banking, Dr von Stiegel has helped build structured finance businesses for Citibank, JP Morgan and most recently as managing director for AIG Financial Products. Dr von Stiegel holds a Juris Doctor degree from Thomas M Cooley Law School, Michigan, a Masters of Law degree in Taxation from New York University School of Law and a BA from Andrews University, Michigan. Dr von Stiegel is a Member of the State Bars of Michigan and New York.

Senior management and consultants

James Graham, *Europe, Middle East and Africa Executive*

James Graham has over eight years experience in international renewable energy markets and climate change. Mr Graham has worked to develop projects with associated emission reductions for institutional and private purchasers in Africa and the Far East. Mr Graham spent three years in Beijing working for the Chinese Environmental Protection Agency and the UN Development Programme. This included working on projects to increase investments in renewable energy and clean energy technologies for the steel and transport sectors in China. Fluent in French and Mandarin, Mr Graham has an MSc in Environmental Chemistry from the University of Edinburgh and an MSc in Applied Engineering from the University of Cape Town.

Arthur Houston, *Russia Executive*

Arthur Houston has worked in the FSU for 11 years and was the investment advisor of Ukrainian Investment Fund Limited ("UIFL") in Kiev. In this capacity, he developed UIFL's portfolio strategy and identified target companies in the oil and gas, power generation, chemicals, and steel manufacturing sectors. Prior to UIFL, Mr Houston was in charge of business development for PLTC International AG, a Swiss financial services company, where, in 1995, he managed the launch of the PLTC VISA Card in Russia. From 1992-1994, Mr Houston worked as a research manager with CMT in Moscow. Fluent in Russian and Spanish, Mr Houston received his MBA from INSEAD and is currently a Level II candidate in the CFA Programme.

Mike Ashburn, *China Executive (consultant)*

Mike Ashburn is Chairman and co-founder of CWE and has lived in Asia since 1986 and in Beijing since 1999, focussing throughout on the energy and infrastructure sectors. In 1996, he co-founded Peak Pacific Investment Company, a successful foreign investor in China's electric power sector, and served as COO of the company, developing and managing ten Chinese joint venture power companies. Prior to this he was VP of Business Development for the Ipco Group, a Singapore-based developer, EPC contractor and investor in infrastructure. Mr Ashburn is conversant in Mandarin and has a BSc in Mechanical Engineering from Manchester University.

Sun Ying, *CDM Director, China*

Sun Ying was a director for CDM Business at CWE with particular responsibility for regulatory affairs and CDM approvals. She has over three years experience in this field including previously as CDM Specialist for IT Power Limited, China. She completed her Masters in Environmental and Developmental Economics from the University of Oslo in Norway in February 2003. Sun Ying has been an integral part of the team that developed the NM0075 methodology for Coal Mine Methane at Huainan Coal Mining Group Limited as well as developing a number of landfill gas to power CDM projects. Sun Ying also has experience working on climate change and sustainable livelihoods projects sponsored by donor agencies such as UNDP and the British Government's Climate Change & Energy Programme.

John Gao, *Senior Business Development Manager, China*

John Gao attended the Shanxi Power Engineering School and started his career in power plant operations, then moved to project development/planning functions while continuing his education. After working as a project manager on major power plant projects he graduated from the North China Electric Power University with an MBA diploma. Mr Gao spent five years with HoFung Technology where he was responsible for technology transfer and business development in the energy field. Mr Gao is responsible for sourcing and screening new project opportunities, client liaison and technical support to project development and finance work.

10. Corporate Governance

The Directors support high standards of corporate governance and confirm that, following Admission, the Company intends (having regard to its size and nature) to comply, so far as it considers practicable and

appropriate, with the Combined Code. The Company will hold Board meetings at least six times per annum. The Board will be responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions.

The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee.

The Audit Committee comprises Dr Herta von Stiegel (Chairman), Dr Jeff Kenna, Michael Farrow and David Potter. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for reviewing the auditor's reports relating to accounts and internal control systems.

The Remuneration Committee comprises Michael Farrow (Chairman), Dr Jeff Kenna, David Potter and Dr Herta von Stiegel. It is responsible for determining and agreeing with the Board the framework for the remuneration of the Group Chief Executive Officer, all other Executive Directors, the Chairman of the Company (if an Executive Director), the Company Secretary and such other members of the Executive management as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each director including, where appropriate, bonuses, incentive payments and share options. The Remuneration Committee will also liaise with the Nomination Committee to ensure that the remuneration of newly appointed Executives is within the Company's overall policy.

The Nomination Committee comprises Dr Jeff Kenna (Chairman), Michael Farrow, David Potter and Dr Herta von Stiegel. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

The Directors intend to comply with Rule 21 of the AIM Rules relating to Directors' and applicable employees' dealings in the Company's securities and accordingly the Company has adopted a share dealing code for Directors and relevant employees and will take proper steps to ensure compliance by the Directors and those employees.

11. Lock-In Arrangements

On Admission, the Directors will be interested, in aggregate, in 38,512,292 Ordinary Shares, representing 29.65 per cent. of the Enlarged Issued Share Capital. The Directors have given undertakings for the purposes of rule 7 of the AIM Rules that they will not dispose of any interests they have in the Ordinary Shares for a period of one year from Admission, except in certain strictly limited circumstances. Thereafter, they have undertaken only to sell Ordinary Shares through KBC Peel Hunt for as long as they remain a Director and KBC Peel Hunt remains broker to the Company.

Further, on Admission (and following the sale of shares referred to in paragraph 14 of this Part I), Tudor Proprietary Trading LLC and The Tudor BVI Global Portfolio Limited will be interested in aggregate in 11,520,000 Ordinary Shares representing 8.87 per cent. of the Enlarged Issued Share Capital. These parties have agreed with the Company and KBC Peel Hunt that, save in certain limited circumstances, they will not sell any Ordinary Shares held by them until the day that falls six months after Admission.

In addition, a number of other Shareholders who together will beneficially own 17.67 per cent. of the Enlarged Issued Share Capital have agreed with the Company and KBC Peel Hunt that, save in certain limited circumstances, they will not sell any Ordinary Shares held by them within the first year following Admission. In the following six months, such Shareholders have entered into an orderly market agreement for the benefit of the Company and KBC Peel Hunt.

Details of the lock-in arrangements are set out in paragraph 16 of Part VII of this document.

12. Share Incentive Scheme

Further details of the interests of the Directors in Ordinary Shares and in other entitlements over Ordinary Shares are set out in paragraphs 6, 7 and 10 of Part VII of this document.

The Directors have set up a share plan (the "Plan") in relation to the 3,735,000 Ordinary Shares held by Consortia Trustees Limited as trustee of the employee benefit trust of the Company. The Plan has been implemented for the benefit of past, present and future employees including directors of the Group. The Directors have already granted awards under the Plan in respect of 3,657,858 of these Ordinary Shares. Of this amount, the only Directors that have awards under the Plan are Tristan Fischer and Scott McGregor with interests in 321,429 Ordinary Shares each. Further details of the Plan are set out in paragraph 10.2 of Part VII of this document.

The Directors also intend to make future awards under the terms of an equity based incentive plan established by the Company ("LTIP") as soon as reasonably practicable after Admission that will be designed to award Ordinary Shares to selected participants subject to the extent of achievement measured against specified performance criteria. To date the Company has agreed to grant the executive Directors maximum awards under the LTIP representing 5,715,544 Ordinary Shares (equating to 4.4 per cent. of the Enlarged Issued Share Capital) assuming that the highest targets set in the LTIP are met. Awards of Ordinary Shares under the LTIP shall not exceed eight per cent. of the Enlarged Issued Share Capital. Further details of the LTIP are set out in paragraph 10.3 of Part VII of this document. The final terms of the awards to be made as an LTIP will be reviewed and approved by the remuneration committee of the Board.

On Admission, there will be no options or other similar interests outstanding over new Ordinary Shares and no proposed arrangements other than as set out above.

13. Loan Notes

As at the date of this document, €2,596,095 nominal amount of A Loan Notes and €2,403,905 nominal amount of B Loan Notes are outstanding in the Company. Under the terms of the A Loan Note Instrument and the B Loan Note Instrument, the Company shall redeem the outstanding Loan Notes on the date of Admission.

Further details of the Loan Notes are set out in paragraph 15 of Part VII of this document.

14. Details of Placing and Admission

KBC Peel Hunt, as agent for the Company, has agreed to use its reasonable endeavours to place 38,969,620 new Ordinary Shares with institutional and other investors at 64 pence per share. KBC Peel Hunt, as agent for the Selling Shareholders, has agreed to use its reasonable endeavours to place 7,754,712 existing Ordinary Shares with institutional and other investors at 64 pence per share. The Placing, which is not underwritten, is conditional, *inter alia*, upon the admission of the Company's Ordinary Shares to trading on AIM by 25 April 2006, or such later time as KBC Peel Hunt and the Company agree but in any event no later than 9 May 2006, and the Placing Agreement not having been terminated in accordance with its terms and becoming unconditional in all respects by such time.

The Placing is intended to raise £24.9 million for the Company, before expenses. After the expenses of the Placing and Admission, estimated in total at £2.1 million (excluding VAT), the total proceeds of the Placing receivable by the Company are estimated to be approximately £22.8 million.

It is expected that the proceeds of the Placing receivable by the Company will be received on or before 25 April 2006 and that the appropriate stock accounts of placees will be credited with the Placing Shares comprising their Placing participation with effect from 25 April 2006. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post, within 14 days of the date of Admission.

Pending despatch of share certificates or crediting of CREST accounts, the Company's registrar will certify any instruments of transfer against the register.

Set out below is the number of Ordinary Shares that each of the Selling Shareholders is selling:

Selling Shareholder	*Number of Ordinary Shares*
ClearWorld Energy Limited[(1)]	3,125,000
The Tudor BVI Global Portfolio Limited	1,872,000
Energy for Sustainable Development Limited[(2)]	1,562,500
Tudor Propriety Trading LLC	1,008,000
Timothy M. O'Dowd (Medical) Pty Ltd Super Fund ABN 25526210811	115,207
Timothy John Pritchard and Jennifer Niamh O'Dowd (Trustees of the Pritchard Family Trust)	72,005
	7,754,712

1 Dr Alex Westlake is connected with this company as described in paragraph 6.1 of Part VII of this document.

2 Dr Jeff Kenna is connected with this company as described in paragraph 6.1 of Part VII of this document.

Further details of the Placing Agreement are set out in paragraph 15 of Part VII of this document.

15. Dividend Policy

The Board intends to implement a progressive dividend policy as and when it is prudent to do so. As Camco's current and future projects move from the development and validation stage into operating and Carbon Credit generation, the Directors anticipate that the current portfolio together with the anticipated future projects will deliver substantial cash-flow to the Company which may (to the extent represented by distributable profits) be available for distribution to Shareholders, having due regard for potential other uses of those funds including possible future corporate acquisitions or acquisitions of carbon portfolios at attractive valuations.

16. Admission and CREST

Application has been made to London Stock Exchange for admission to trading on AIM of the Existing Ordinary Shares and the Placing Shares. It is expected that Admission will become effective and dealings will commence on 25 April 2006.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by written instrument in accordance with the CREST Regulations. The Articles of the Company permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. Application has been made by the Company for the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Existing Ordinary Shares and the Placing Shares following Admission may take place within the CREST system if the relevant shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Shareholders can continue to deal in Ordinary Shares based on share certificates and stock transfer forms.

All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

17. Taxation

Information regarding Jersey and United Kingdom taxation is set out in paragraphs 13 and 14 respectively of Part VII of this document. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser immediately.

18. Further Information

Your attention is drawn to the additional information in Parts II to VII of this document.

PART II

CARBON MARKET BACKGROUND

1. Background to creation of markets for Carbon Credits

The two main drivers behind the creation of the Carbon Credit market are the Kyoto Protocol and the European Union Emissions Trading Scheme ("EU-ETS"). The Kyoto Protocol requires signatory countries to limit their emissions of GHGs. The EU-ETS, which is a regional GHG emissions trading scheme, is a mandatory, market-based scheme to help ensure that the EU meets its Kyoto Protocol target. The EU-ETS contains a provision which enables CDM and JI Carbon Credits to be traded within it.

The model set out under these markets is based on a cap and trade system. This is an established trading approach and is based upon the successful system used for the reduction of gases associated with acid rain, notably sulphur dioxide and nitrous oxide, that has been used in the US and Canada since 1995.

The greenhouse effect

The greenhouse effect describes the dynamic by which a build up of certain gases in the Earth's atmosphere absorb infrared radiation and prevent thermal energy from escaping into space, thereby increasing the average temperature on Earth. Such gases include carbon dioxide, methane and nitrous oxide and are generically described as GHGs. While it is recognised that a certain level of GHGs is essential to maintain the Earth's temperature, the opinion of the 146 Kyoto signatory countries is that, due to increases in industrial and agricultural emissions of GHGs, global GHG levels are far exceeding this sustainable level and thereby causing increases in the Earth's surface temperature or "global warming". While the different GHGs absorb infrared radiation at different rates, to simplify policy evaluations, all GHGs are calculated in terms of "tonnes of carbon dioxide equivalent" ("tCO_2e"). Currently an estimated 22 billion tCO_2e are emitted globally on an annual basis as a result of human activities. Governments around the world have recognised that reductions must be made to GHG emissions to slow or reverse the build up of GHGs in the atmosphere in order to prevent the potentially devastating effects of climate change on Earth.

Political steps taken to reduce the greenhouse effect

The United Nations Framework Convention on Climate Change, adopted at the "Rio Earth Summit" of 1992, was the first global pact on climate change. At this convention signatory governments stated their commitment to address climate change through action on sharing information, mitigation of GHG emissions and adaptation to climate change impacts. Industrialised country signatories to the convention are referred to as "Annex I Countries". In December 1997, the first binding commitments to reduce GHG emissions in industrialised countries were proposed under the Kyoto Protocol[1]. Over the following years most of the industrial and developed world ratified the Kyoto Protocol. The Kyoto Protocol entered into legal force on 16 February 2005 after its ratification by Russia in November 2004. As of the end of February 2006, the emissions of the industrialised countries which have ratified the Protocol accounted for 61.6 per cent. of all Annex I country emissions[2]. The notable exceptions amongst Annex I Countries which have not ratified the Protocol are the US and Australia.

The Kyoto Protocol sets legally binding limits on GHG emissions in Annex I Countries and under the Protocol these countries have committed to reduce their GHG emissions by, on average, 5.2 per cent. over the period 2008-2012 as compared with their 1990 levels.

In order to reduce its GHG emissions and so comply with the limits imposed on it, an emitter can invest in technologies that will result in reducing its GHG emissions, purchase allowances from an emitter who has a surplus or purchase compliant Carbon Credits from projects which mitigate GHG emissions. The technology option, under which emitters would purchase technological improvements that allow them to reduce

1 The Countries of Annex I of the Convention are referred as Annex B in the Kyoto Protocol.

2 At least 55 countries representing at least 55 per cent. of Annex I emissions had to ratify the Protocol in order for it to enter into force.

emissions, is likely to be uneconomic for most large emitters in the developed world and overall emitters affected by the GHG reduction commitments are not expected to be in a surplus situation. Therefore, an emitter's most cost effective solution is likely to be to purchase Carbon Credits, allowing the emitter to meet its GHG reduction commitment.

The Kyoto Protocol envisages three market-based implementation mechanisms, known as "the flexible mechanisms", aimed at reducing emissions and minimising the cost of reducing GHG emissions: these are emissions trading, and the two "project mechanisms", the CDM and Joint Implementation ("JI").

(i) *Emissions trading between parties*

Under the Kyoto Protocol, countries will be able to directly trade Assigned Amount Units ("AAUs"). These are the allowances set up under the Kyoto Protocol among countries to meet their respective Kyoto targets. For example, if a country expects that it will be below its Kyoto target it can sell AAUs to another country. There have been some limited trades on this basis.

(ii) *CDM Projects*

CDM Projects are GHG Reduction projects in developing countries which do not have their own GHG Reduction targets under the Kyoto Protocol[3]. The objective of CDM Projects is to achieve real and measurable emissions reductions and at the same time to promote sustainable development and technology transfer in these developing countries.

Carbon Credits generated from CDM Projects are known as CERs. The Kyoto Protocol allows for CERs generated prior to the start of the first Kyoto commitment period (2008-2012) to be used to meet targets within that commitment period (so-called CDM "prompt-start") and banked forward for use in future commitment periods.

(iii) *JI Projects*

JI Projects operate in a similar way to CDM Projects but allow Annex I countries who have ratified the Koyoto Protocol to invest in GHG Reduction projects in ratified Annex I Countries subject to GHG Reduction targets from 2008 onwards, provided those projects result in real, measurable and long term reductions in GHGs. Subject to various conditions, if the investing party can show that it has achieved reductions in GHG emissions, it will be awarded Carbon Credits, known as ERUs, which can be offset against the investing party's own emission reduction targets or sold to third party buyers. However, JI Projects are not eligible to receive ERUs until the first commitment period of the Kyoto Protocol which commences in 2008.

In addition to Carbon Credits sold as AAUs, ERUs, CERs or EUAs and traded in regulated emissions trading markets, increasing public and private sector sensitivity to climate change has lead to the emergence of markets for voluntary GHG Reduction credits, sometimes referred to as "offsets". Offsets, voluntary emissions reductions or verified emissions reductions ("VERs") are purchased by organisations or individuals seeking to make a voluntary contribution to GHG Reductions. Motivations often include the offsetting of emissions associated with an activity of the purchaser, such as travel. The market for VERs, once only a small retail market, is now growing, particularly in North America. Nevertheless, VERs are expected to account for only a relatively small part of the Company's portfolio.

2. Development of markets in Carbon Credits

The Early Years (Prior to 2005)

The international Carbon Credit market has been steadily growing in scale and value since the establishment of its framework in the Kyoto Protocol. It now features carbon buyers from the public and private sectors in Europe, Japan, Canada and New Zealand buying Carbon Credits. Since early 2000, the most active buyers in the initial market were the World Bank and Carbon Credit procurement programmes managed on behalf of certain national governments in Europe and Japan which aimed to source Carbon Credits to meet their

3 CDM projects can be implemented in any country that is not listed in Annex I.

own Kyoto targets. In the absence of regulatory requirements for emissions reductions, only a few private sector companies sourced significant quantities of Carbon Credits.

In the European Union, each Member State has ratified the Kyoto Protocol which requires the EU to reduce its GHG emissions by 8 per cent. below 1990 levels in the first commitment period (2008-2012). The EU's commitment is apportioned between the Member States under a Burden Sharing Agreement ("BSA"). Prior to 2005, CERs and ERUs had been sold almost exclusively on fixed price, forward contracts, with prices ranging between $3 and $7.

Commercialisation of the Market (2005-2007)

2005 was a landmark year for international emissions trading markets. The European Emissions Trading Scheme (EU-ETS), the first supra-national CO_2e emissions trading system in the world, started on 1 January 2005 and, on 16 February that same year the Kyoto Protocol entered into force. Accordingly, the EU-ETS is currently a major driver of the international carbon market as set out in the rest of this section.

Directive 2003/87/EC of the European Parliament and of the Council established a scheme for greenhouse gas emission allowance trading (known as the EU-ETS). The EU-ETS has been designed as a flexible instrument to help the EU and the Member States to achieve the targets of the Kyoto Protocol. The scheme runs a first 'pilot' phase until 2007 and continues in the second phase through the first commitment period for the Kyoto targets, 2008-2012. The EU-ETS currently covers CO_2 emissions from the larger installations among the power and heat sector, oil refineries and coke ovens, and the production of ferrous metals, cement clinker, glass, tiles, bricks, porcelain and pulp, paper and board. Nearly 12,000 installations are covered throughout the 25 Member States.

Directive 2004/101/EC of 27 October 2004 amended the former directive in respect of the Kyoto Protocol's project mechanisms. Under the so-called 'Linking Directive', CERs and ERUs (but not AAUs) may be imported to help to meet GHG emission reduction targets within the EU-ETS. CERs may be banked between phases of the scheme.

Under the EU-ETS, as under the Kyoto Protocol, GHG emissions are quantified according to tonnes of carbon dioxide equivalent. An EU allowance ("EUA") is one tonne of carbon dioxide equivalent ("tCO_2e"). In order to reduce GHG emissions, the EU-ETS requires each Member State to draw up a National Allocation Plan ("NAP") which states the total number of allowances that it intends to allocate for the relevant period, consistent with its actual and projected progress towards its obligations under the BSA and other factors, and how it intends to allocate those allowances to individual emitters covered by the EU-ETS. Each Member State's NAP must be approved by the European Commission. This compliance structure is designed to encourage GHG Reductions and is expected to foster the development of a trading market in Carbon Credits.

A total of 2.191 billion tCO_2e/year of emissions allowances were allocated for Phase I of the scheme[4]. During the period 2005-2007 of the EU-ETS, any emitter exceeding its GHG emissions limit in any given year will be subject to a fine of €40 per tCO_2e in excess of its allowed limit as well as having to reduce emissions or purchase such number of Carbon Credits to correct the excess over such limit in the following year. In addition, the emitter will be publicly named on the European Union's website.

As mentioned above, following the passage of the Linking Directive, Carbon Credits created under CDM (CERs) and JI Projects (ERUs) can, subject to the ITL being operational, be used for compliance under the EU-ETS. This Linking Directive has allowed developers of such projects to command higher prices for their CERs and CER prices have moved up correspondingly.

2005 also saw significant growth in the amount of capital deployed by governments and by the world's financial markets for procurement and trading of Carbon Credits. The total budget allocated for this purpose by nine EU Member States amounts to approximately €2,730 million. In addition to this, private sector funds set up to procure Carbon Credits now total over US$1 billion. Groups managing the major funds include IXIS (€142 million), Natsource (US$455 million) and Climate Change Capital (US$100 million).

4 The sites covered by the ETS represent 40 per cent. of the EU's emissions.

Global Compliance: Kyoto's First Commitment Period and EU-ETS Phase II (2008 to 2012)

The first commitment period of the Kyoto Protocol will commence in 2008 with all Annex I Countries which have ratified the Protocol being subject to GHG Reduction targets. As a result, the market for GHG Reduction credits is expected to increase during this period in response to demand from emitters in Annex I Countries, which include the EU15, Japan and Canada. Furthermore, from 2008 onwards, Carbon Credits derived from JI Projects will be capable of being certified and traded in the same way as CERs. This is expected to increase the supply of credits available for purchase to partially meet the anticipated rise in demand.

Phase II of the EU-ETS will run in parallel with Kyoto's first compliance period (2008-2012). Member States are required to submit their plans for Phase II allocations to the European Commission by June 2006. During Phase II, the fine will be increased to €100 per tCO_2e in excess of the limit. These penalties may create a strong incentive for GHG emitters to purchase Carbon Credits if they are unable to reduce their emissions sufficiently. CERs are the only emission reduction credits, other than EUAs, that may be used to meet emission requirements throughout both Phase I and Phase II of the EU-ETS.

Further development of the global GHG Reduction market is expected during this period. There is only limited ability for emitters to carry over EUAs from Phase I into Phase II, whereas CERs may be banked from Phase I to Phase II.

3. Overall Market Outlook

The market for Carbon Credits has grown rapidly in recent years and the Directors expect that this growth will continue.

Up to June 2005, Point Carbon estimated that 121 million CERs and ERUs (in aggregate) have been transacted. Since then, transactions involving more than 140 million CERs and ERUs (in aggregate) have taken place. This suggests a total of over 260 million CERs and ERUs have been transacted at prices ranging from €2 to €18 per tonne depending on the contractual arrangements between parties.

Demand and Supply in Kyoto Markets for Carbon Credits

The largest emitters covered by the Protocol, the EU15, Canada and Japan, are all behind in making emissions reductions necessary to achieve their Kyoto Protocol targets and hence are seen as the major buyers of Carbon Credits. The annual emissions of Annex I countries (which excludes the United States and Australia) totalled 11.4 billion tCO_2e in 1990. As countries with Kyoto targets have deferred taking domestic action to reduce GHG emissions, the importance of the project mechanisms as a compliance tool for signatory parties has increased.

The European Environment Agency Report 'Greenhouse gas emission trends and projections in Europe 2005' shows that since 1990 CO_2 emissions in the EU15 have increased by 3.4 per cent. and although total GHG emissions in the EU15 have decreased by 1.7 per cent. over the same period, the EU is still far behind in reaching its target of 8 per cent. reductions in the Kyoto Protocol commitment period. Only five of the 15 Member States were deemed to be on track to meet their targets under the Burden Sharing Arrangement. Overall, the report considers that projected emission cuts on their own will not be enough for the EU to meet its Kyoto Protocol target and that for the EU to hit its target the deficit will need to be made up by the procurement of Carbon Credits from international emissions trading markets created by the Kyoto Protocol mechanisms. The report goes on to state that the intended use of Kyoto Protocol mechanisms for the EU-15 amounts to 106.8 million tCO_2e per year of the commitment period. This is equivalent to over 530 million tCO_2e in total to 2012. Nine Member States have already allocated resources for the use of Kyoto Protocol mechanisms (Austria, Belgium, Denmark, Finland, Germany, Italy, the Netherlands, Spain and Sweden).

Canada and Japan are also behind their targets. Since the beginning of the Kyoto Protocol baseline year of 1990, Canada has seen a 24 per cent. increase in GHG emissions, which means it is 30 per cent. behind its reduction target of 6 per cent. Similarly Japan, which has the same emissions reduction target as Canada, has actually seen an increase in GHG emission of between 6-8 per cent. since 1990, which means it is 12-14 per cent. behind its reduction target.

On the other side of the international emissions trading supply-demand equation is the potential availability of CERs, ERUs and (though ineligible under the EU-ETS) AAUs as a means by which emitters can make up for shortfalls in their own emissions reductions.

Estimates of the potential for the generation of CERs vary due to the disparate technological and geographical nature of CDM activities. Climate + Energy Services recently estimated that the combined potential for generation of CERs to the end of 2012 totalled 3,400 million tCO_2e. However, due to the uncertainties and risks of project implementation and project registration, estimates of the actual likely availability of CERs on the market are less than this. Point Carbon's estimate of future supply of ERUs and CERs is in the range 500 to 1,200 million tCO_2e, of which approximately 640 million could be directed to government procurement programmes. Even so, supply is unlikely to meet all demand in the market because, even if it is assumed that 1,200 million CERs do enter the market, Point Carbon estimates that until 2012 the estimated compliance gap in the EU15, Japan and Canada is approximately 2,100 million tCO_2e.

Contraction of the economies of Russia and Eastern European countries since 1990 has lead to a situation in which these countries can meet their Kyoto targets without any action and still have an over-supply of AAUs for sale. This phenomenon is known as "hot air". It has been estimated that up to 380 – 720 million tCO_2e/year in the form of AAUs could be available from Russia alone. However, AAUs are recognised as having little environmental integrity since they do not represent genuine emissions reductions. Furthermore, the market discounts the value of AAUs relative to that of CERs and of ERUs, since AAUs are not eligible for trading under the EU-ETS and, unlike CERs, AAUs cannot be banked into future Kyoto commitment periods. Most critically, AAUs cannot be traded in Camco's core market for placement of Carbon Credits, the EU-ETS.

The EU-ETS Market and interactions with CER/ERU Markets

In establishing the EU-ETS, the EU has created the first stage of a global market and the EU-ETS is driving the global market for Carbon Credits. The launch of the EU-ETS in 2005 has already had a direct impact on pricing of CERs and ERUs and Camco believes that the high demand and prices in the EU market are likely to continue to strongly influence the price and demand for CERs and ERUs.

In Phase I of the EU-ETS, a total of 2.191 billion EUA allowances totalling a value of over €40 billion at current market prices have been allocated. Volumes traded have increased from 5 million tCO_2e in January 2005 to over 60 million tCO_2e in January 2006, whilst prices over that period increased from €8 to €26 but have ranged from €6 to €29. On 12 April 2006, Point Carbon reported the EUA spot price as being €29.28. It is estimated that during Phase I of the EU-ETS there will be a need for emitters in Member States to purchase 60 to 70 million Carbon Credits per annum to avoid paying the penalties.

A guidance paper issued by the European Commission to Member States in January 2006 called for a 6 per cent. cut in allocations in Phase II relative to Phase I allocations. It is expected that a cut in allowances will lead to an increased demand for CERs and ERUs from the EU-ETS market.

4. China and Russia Outlook

China

The potential supply of Carbon Credits from China is driven by a number of factors:

Surging electricity demand – driven by growth in energy intensive industries and urbanisation. The governmental target for the expansion of China's electricity sector is 900GW by 2020 (compared to a current installed capacity in the UK of 60GW). Currently approximately 70 per cent. of power generation is to be supplied by coal and this is likely to continue and against this background improving the efficiency of fossil fuel use, the recovery of waste resources and adopting new cleaner technologies will provide many opportunities for emission reduction projects.

Renewable energy measures – have arisen from environmental and climate change concerns as well as concerns about energy security. China currently has a target for receiving

15 per cent. of its primary energy from renewables by 2020 (announced at BIREC[5] 2005). This is expected to lead to a considerable number of eligible emission reduction projects in the areas of wind, biomass, small-scale hydro and landfill gas. For example, in wind alone the target is for 30-40GW to be installed by 2020, equivalent to around 70-80 million Carbon Credits per year. Biofuels are also supported by the legislation and once suitable Approved CDM Methodologies are available this is expected to become an emerging sector for Carbon Credits.

Energy efficiency measures – based on a national energy saving policy which is in addition to renewable energy measures. These are also supported by other policies such as promotion of a circular economy and a green Olympic games in 2008. By 2020, the stated policy target is to quadruple GDP and yet only double energy consumption so in key sectors like cement, steel and power where China is 20-40 per cent. more energy inefficient than the global average, many emission reduction projects are expected to arise.

Potential for CH4 destruction – through the recovery and utilisation of methane, principally coal mine methane, landfill gas and biogas. The estimated emissions of coal mine methane are conservatively estimated at 3 billion m^3 per year and if this could be captured and used could equate to 40 million Carbon Credits per year. This does not include the potential recovery and use of ventilation air methane.

Treatment of specialty gases – where credits arise in huge quantities from the destruction of highly damaging specialty gases such as HFC_{23} and N_2O, which are thousands of times more damaging than CO_2. Although these projects are heavily taxed in China they are nevertheless as significant and reliable source of Carbon Credits.

Overall in China, the Directors believe the key issue is not a business development one due to the number of potential opportunities. Rather Camco's success will be based on the competent and timely execution of projects and taking the necessary steps to ensure verification and delivery of Carbon Credits.

Russia

The Russian economy has high levels of energy consumption and carbon emissions. Investments in the modernisation of the Russian economy can be carried out under JI to generate significant quantities of Carbon Credits. It has been estimated that at least 500 million tCO_2e could be generated by JI projects in Russia.

The electric power sector offers the greatest potential for emissions reductions since it presently emits between 30 and 35 per cent. of Russia's annual CO_2 emissions. The sector is still highly centralised but in the process of being privatised and RAO UES, which generates 70 per cent. of Russia's electricity and 30 per cent. of its heat, is expected to be broken up among its existing shareholders in the near future. Within the power sector, major Carbon Credit opportunities lie in:

Upgrading generation technology efficiency the condition of power generating equipment and operating practices (inefficient dispatching and low capacity utilisation) causes energy intensity of the sector to be significantly higher than the EU average.

Fuel switching from coal which predominates as the fuel used in Siberia and areas of the Russian Far East, thus allowing for technology upgrades and fuel switching to natural gas.

5 Bejing International Renewable Energy Conference

Renewable energy	via opportunistic exploitation of biomass, wind, and geothermal sources of energy would result in a decrease in carbon intensity. Renewable energy accounts for under 5 per cent. of Russia's total primary energy supply, and has significant growth potential.
Municipal services sector	which provides water, electricity, gas, heating, and waste management services to residential and industrial customers is expected to be privatised over the next few years as deregulation proceeds throughout the Russian economy. Since it is notoriously degraded and energy intensive, new owners are expected to pursue marginal energy efficiency projects before investing in upgrades.
Coal Mine Methane	Gas from Russia's coal mines offer significant potential for capture and destruction/utilisation with associated Carbon Credit generation opportunities. Camco's experience of the generation of Carbon Credits from coal mine methane projects in China will be used to identify and develop projects in this sector in Russia.

PART III

RISK FACTORS

Investors should carefully consider the risks described in this Part III and all other information contained in this document, before making a decision as to whether to invest in the Ordinary Shares. If any of the following risks actually occur, the Group's business, financial condition, trading performance and prospects may be substantially adversely affected and the future business success and/or achievement of strategic objectives could be endangered. In such case, the trading price of the Ordinary Shares could decline and investors may lose all or part of their investment. The risk factors contained in this Part III should not be viewed as an exhaustive list. Additional risks and uncertainties not presently known to the Group or that it currently deems immaterial may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

RISKS RELATED TO THE EMERGING NATURE OF THE MARKET FOR CARBON CREDITS

New market

The Carbon Credit trading market is new and rapidly evolving. It does not, therefore, yet possess the attributes of a developed market. As a result, there may be limited liquidity, high volatility, a lack of transparency in this market and there may be a diminished demand for Carbon Credits. Such circumstances may affect the achievement of targets set out in the Group's business plan and may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects. As the Carbon Credit market develops, it may lead to a compression on margins earned by the Group which may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Dependence on 'cap and trade' system

The Group's business strategy relies heavily on a mandatory implementation of a Kyoto 'cap and trade' system being enforced until 2012. However, there is no guarantee that the system will be uniformly enforced or will continue in existence beyond 2012. Such circumstances may affect the achievement of targets set out in the Group's business plan and may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Russian and Ukrainian 'hot air'

Due to an economic downturn since 1990, Russia and the Ukraine have a large number of AAUs under the Kyoto Protocol, which are referred to as 'hot air'. As a result, from 2008 onwards, these countries could release large volumes of surplus AAUs into the market. This may have the effect of reducing the demand for the Carbon Credits generated by the Group's CDM/JI Projects. Such circumstances may affect the achievement of targets set out in the Group's business plan and may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Factors affecting the price for Carbon Credits

Various factors may lead to a fall in the price of Carbon Credits including:

- a collapse in the price of natural gas or rise in the price of coal may make fuel switching in the power generation sector a more economic alternative;
- weather patterns reducing the demand for heating in winter and/or air conditioning in summer;
- a downturn in world economic activity generally resulting in Kyoto targets being met without specific action needing to be taken;
- other actions reducing GHGs such as the deferral of planned closures of nuclear power stations or a substantial increase in the use of biofuels for transport;

- major projects, such as HFC and nitrous oxide destruction projects, generating substantial alternative sources of Carbon Credits; and
- any changes to the Linking Directive, especially any change capping the volume of Carbon Credits (other than EUAs) that are eligible for inclusion in the EU-ETS.

A fall in the price of Carbon Credits may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Non-compliance risk

There is a risk that if the costs of complying with emissions targets rises to unacceptable levels, or if countries perceive their obligations under the Kyoto Protocol (or EU-ETS in the case of European countries) as limiting their ability to meet their full obligations, they may seek to negotiate lower carbon emission reduction levels. Depending on the extent and nature of any such reductions/negotiations, this in turn may have an adverse impact on the market for Carbon Credits. Such circumstances may affect the achievement of the Group's business plan and may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

OPERATIONAL RISKS RELATED TO CAMCO'S BUSINESS

Lack of previous operating results

Camco was formed as the result of a recent merger between two predecessor businesses. Due to the nascent state and rapid evolution of the market for Carbon Credits (the Kyoto Protocol only came into force in February 2005), taken together with Camco's limited operating history, the Directors believe that any period to period comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. The Group's revenues are expected to fluctuate from period to period as a result of a variety of factors including uncertainty in the timing and volume of Carbon Credits from projects and the pricing of such Carbon Credits which are connected to published market data. Combined with this, if the Group's costs increase more than forecast, the business may not be profitable.

Growth risks in the combined businesses

Camco is a new company formed from the merger of two businesses operating in different cultures. Two members of its senior management team are new to the Company and relatively new to the sector. Significant management challenges exist to integrate the two companies, notably the Chinese and UK staff. In addition, the Group is currently experiencing rapid growth both in terms of new projects and current projects reaching critical stages. This combination will place significant pressure on the Company's management. The Group's execution of its business plan will depend to a significant degree on management's ability to manage both merger and growth, success in implementing management systems and the Company's ability to attract, train, motivate and manage its employees in various cultures. Furthermore, there can be no guarantee that the planned increase in the Group's expenditure associated with this expansion will be matched with increased revenue.

Need to maintain and further develop strategic relationships

The Group intends to maintain and pursue additional strategic relationships in order to achieve its targets. However, if it is unsuccessful in maintaining and forming these relationships, or is less successful in doing so than its competitors, the Group may find it more difficult to achieve its business plan. Furthermore, the Group may also lose its existing strategic relationships. Any such circumstances may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Dependence on key individuals

The loss of the services of a significant number of the Group's Executive Directors, senior management and/or technical staff would be potentially damaging to the Group's expansion plans, business relationships and research and development capabilities. While the Group's Executive Directors have entered into non-

compete and non-solicitation agreements, these are necessarily limited in duration and key personnel may still leave or compete with the Group in the future. As such, the loss of key personnel may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Attraction and retention of personnel

The Group's future success is dependent upon its ability to identify, attract, train, motivate and retain professional staff with the requisite language ability, educational background and industry experience. There are a limited number of persons with appropriate knowledge and experience within the sphere of activity covered by the Group. Consequently, the replacement of any key personnel who were to leave the Group could be difficult and time consuming and the Group's business, trading performance and prospects may be substantially adversely affected if it fails to employ appropriate personnel with industry experience in a timely manner.

Competition

The Carbon Credit market is new and is evolving rapidly and as such there are likely to be various other entities that may compete with the Group. The Group expects competition to intensify and the number of competitors to increase in the future, especially local competitors in its core market of China. This may place competitive pressures on the Group by driving price reductions or causing reduced margins and/or loss of the Group's market share. Moreover, the Group's competitors may increase their financial resources and gain market share by forming strategic alliances or the acquisition of competing companies. There can be no guarantee that the Group will be able to compete successfully against current or future competitors or that increased competitive pressures on the Group will not have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Risk of litigation

While the Group is not aware of any pending litigation against it, litigation may be necessary in the future to enforce any contracts to which the Group is a party or to enforce any other right afforded to the Group. There can be no assurance that adversaries to any litigation proceedings would not be able to devote substantially greater financial resources to any litigation proceedings or that the Group would prevail in any future litigation. Any such litigation, whether or not determined in the Group's favour or settled by the Group, could be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations. There can be no guarantee that, should the Group be successful in any litigation proceedings it decides to bring or which are brought against it, it will be able to recover any damages and/or costs and expenses to which it is entitled. This may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Contracts with CDM/JI Project developers

The Group is reliant upon the enforceability of its existing contracts with CDM/JI Project developers and on entering into contractual relationships with new CDM/JI Project developers in the future to meet its business plan. There can be no guarantee that the Group will be able to consistently and uniformly enforce its arrangements with CDM/JI Project developers. Such inability to enforce its arrangements with CDM/JI Project developers may have a substantial and adverse effect on the Group's business, financial condition, trading performance and prospects.

General Project risk

The Group's financial interest in projects is generally contingent upon those projects being approved and registered as only then will they be eligible to create Carbon Credits. To date, one of the JI Projects has received approval while none of the CDM Projects are currently registered. There is a risk that the unregistered projects may fail to meet the eligibility criteria under the international rules and/or may never achieve approval/registration and be able to create Carbon Credits. Although the Group's project diversification strategy is intended to protect it from this risk, the success or failure of large projects may have a disproportionate effect on the size and value of the Group's portfolio.

In certain of the Group's agreements Camco may need to become a project participant of the project so as to be directly entitled to take delivery of CERs from the CDM Projects. CDM Project participant status also provides a number of other advantages in terms of ensuring the CERs generated from the CDM Projects are delivered to the Group and, without such status, the Group will not be entitled to such protection over and above those contractual rights provided in the ERPAs/CADAs.

The projects in the Group's portfolio include 36 projects with binding contracts between the Group and the relevant project developer, and 15 projects which are in late stage negotiations but which may or may not lead to a binding contract being agreed. If the Group is unable to convert a sufficient number of projects which are at the negotiation stage or a sufficient number of its outstanding proposals and leads into projects subject to binding contracts with the relevant project developers, it may affect the achievement of the Group's business plan.

As such, these risks may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Project contractual risk

Obligations to buy and sell Carbon Credits do not arise until an ERPA is entered into and in this respect a term sheet operates as an agreement to negotiate in good faith for the conclusion of definitive terms.

ERPAs contain a number of conditions precedent including specific CDM or JI approvals which are required. These provisions operate for the benefit of the buyer as it is able to waive unilaterally the performance of such conditions precedent. Until such conditions precedent have been satisfied or waived by the buyer, the core contractual obligations of the buyer to take delivery and purchase Carbon Credits are not binding.

The CADAs provide that the Group can only claim damages for non-performance by the client where the non-performance has occurred on the basis of the "gross negligence, wilful misconduct or fraud" on the part of the client. The narrow set of circumstances for claiming loss under the contract (excluding the right to seek general common law remedies upon legal proceedings) on the basis of non-performance represents a material risk. In the event that the Group has entered into forward sale contracts in relation to Carbon Credits this risk is increased.

These contractual risks may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Trading in Carbon Credits

The Group has entered into contracts granting an option to receive Carbon Credits in lieu of fees, and therefore may receive Carbon Credits from project development activities, creating a long position in Carbon Credits. As the timing and volume of delivery of Carbon Credits is uncertain, the Group may be exposed to a potential mismatch between Carbon Credits acquired and Carbon Credits it has contracted to sell. In such an event the Group may be required to either purchase the shortfall on the open market or pay a penalty amounting to the difference between the contracted price and the spot market price at the time of contractual delivery. The value of the Group may be negatively affected by a decline in the market price of the relevant Carbon Credits. There can be no guarantee that the Group will be able to maintain the correct ratio of Carbon Credits acquired to Carbon Credits sold, and any mismatch in the Group's principal position, together with any adverse change in the price of Carbon Credits, may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Risk of project delays

On most projects, the Group is reliant upon third party project developers to both finance and construct projects. There can be no guarantee that these third party project developers will obtain financing for their projects or complete and commission their projects in the time frame expected. Furthermore, there can be no guarantee that once complete these projects will operate as planned. Any such circumstances may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Protection of intellectual property

No guarantee can be given that certain intellectual property developed by the Group can be protected. Methodologies developed as part of the CDM process that are approved by the UNFCCC are made public, and may be used by other parties.

Any such circumstances may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Risks associated with overseas operations

The Group's current international operations and planned further expansion in developing countries may be subject to various risks beyond the Group's control including possible unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, difficulties relating to the enforcement of contracts, political change or instability, potentially adverse tax consequences, changes in laws and policies affecting trade and investment in jurisdictions where it operates, and language and cultural difficulties. These same risks and issues will apply as Camco expands into new markets in which it currently has little or no experience.

Insurance

While the Group has various forms of insurance in place, there can be no guarantee that any net insurance proceeds receivable by the Group would be sufficient to compensate the Group with regard to insured liabilities. Furthermore there can be no guarantee that adequate levels of insurance, and at commercially acceptable premia, will continue to be available in the future or be available for new activities and potential liabilities of the Group. Any such circumstances may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Foreign exchange fluctuations

The reporting currency of the Group is the Euro and the functional currency of each of the Group's subsidiaries is that of the country in which the subsidiary is domiciled. A significant proportion of the Group's revenues, expenses and other liabilities may be denominated in currencies other than the Euro, in particular Sterling, US Dollars and Chinese Renminbi. Fluctuations in the value of other currencies, as compared with the Euro, could result in material transaction or translation losses which may have a substantial adverse effect on the Group's business, financial conditions, trading performance and prospects.

The Group does not currently engage in currency hedging activities but is considering whether it will do so in the future as appropriate.

REGULATORY RISKS RELATED TO THE BUSINESS

Regulatory infrastructure

In the event that the Group has entered into forward sale contracts in relation to Carbon Credits the sale of Carbon Credits by the Group to a third party buyer will be facilitated through the ITL, allowing transfers between the CDM Registry and National Registries. The regulatory systems and infrastructure in connection with the issuance and transfer of Carbon Credits continues to be developed. There remains uncertainty as to whether the Executive Board will be able to efficiently issue CERs and/or when the ITL and National Accounts will be established and operational, thereby delaying the Group's and its client's ability to deliver Carbon Credits and so generate revenue.

If the Group or its client's are unable to complete any or a substantial number of transfers through the CDM Registry or into a National Registry, its business, financial condition, trading performance and prospects may be substantially adversely affected.

Registration of CDM Projects

There can be no guarantee that the Group's CDM Projects will be registered by the CDM Executive Board. If Camco were unable to obtain registration for its CDM Projects this would affect the achievement of the

Group's business plan. In such circumstances the Group will not receive revenue and/or CERs (as applicable) and may be unable to deliver its contractual obligations to various third party buyers of CERs (if applicable). This may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Funding of CDM Executive Board

The CDM Executive Board has stated that it has insufficient resources available to enable it to operate efficiently and to process applications for the approval of methodologies and CDM Projects. If sufficient resources are not provided it may be that the Group will suffer delays in obtaining approval for CDM Projects in which it is involved. In such circumstances the Group will not receive revenue and/or CERs (as applicable) and may be unable to deliver its contractual obligations to various third party buyers of CERs (if applicable). This may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Host country Letter of Approval risk

There can be no guarantee that Host Countries will issue Letters of Approval on a timely basis or at all. Without Letters of Approval, the Group's CDM Projects cannot be registered with the CDM Executive Board and CERs will not be issued. In such circumstances the Group will not receive revenue and/or CERs (as applicable) and may be unable to deliver its contractual obligations to various third party buyers of CERs (if applicable). This may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Lack of regulatory infrastructure post 2012

Currently the targets for international climate change policy extends through to 2012 only and the COPs have not as yet agreed upon the form of structure and targets on international climate change policy after this period. As a result, there is a lack of clarity over the international regulatory framework after 2012 and there is a risk that, unless agreement can be reached in connection with the form of structure and targets on international climate change policy after 2012, the Group may not be able to provide services to CDM Projects and negotiate the sale of and/or sell Carbon Credits after this date. Any such circumstances may have a substantial adverse effect on the future of the Group's business, financial condition, trading performance and prospects.

Future financial services regulation

The Company and/or its subsidiary undertakings may become subject to regulations in the future requiring it/them to be authorised by a financial services regulator or other entity in order to conduct its business and may in any event require authorisation to conduct structured transactions which might enhance the value of its business. Such compliance with any of the foregoing may result in increased costs to the Group and demands upon its resources, and may require management to spend time focussing on matters other than the Group's business. Any such circumstances may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

Additional regulatory risks

There may be other risks which are outside the control of the Group in connection with the production and regulation of Carbon Credits which may affect the achievement of the Group's business plan. For example, in Russia the regulatory bodies are in the process of being established and their preferences and practices are not yet well known and in China the business environment is sometimes heavily regulated but with little or no industry consultation prior to changes in these regulations.

Further, a committee under the Chinese regulatory body (the National Development and Reform Commission) recently issued a guideline specifying that letters of approval would not be issued for projects which had "revenue sharing" arrangements with consultants and stating their preference for a "fee" structure to be determined between client and consultant. This guideline has been partially retracted and the

clarification clearly stipulated that contracts entered into would remain legally enforceable. In mitigation Camco has amended the contracting arrangements for projects whose documentation will be submitted for approval in the near future to be in line with the guideline. In some cases, this has involved structuring Camco's involvement at the time of the issue of Carbon Credits to be that of a buyer on advantageous terms. There can be no guarantee that the Company will be able to renegotiate its other existing CADAs to bring them in line with the guideline or that new guidelines will not be issued from time to time that affect contracting arrangements (including the imposition of more adverse minimum Carbon Credit pricing requirements) in China. Any such circumstances or new circumstances that may arise may materially affect the Group's business, financial condition, trading performance and prospects.

RISKS RELATED TO TAXATION

Ownership of the Ordinary Shares entails certain potential risks regarding the application of tax laws of Jersey, the UK and other jurisdictions in which the Shareholders are organised, reside or operate. Investors should refer to paragraphs 13 and 14 of Part VII of this document for a summary of the possible tax consequences of owning the Ordinary Shares.

Jersey taxation

If the Company were to lose its 'exempt' status for Jersey tax purposes, it would become liable to Jersey income tax at the standard rate of 20 per cent. It is however unlikely that it would lose such 'exempt' tax status (please see paragraph 13 of Part VII of this document), and in any event Jersey is intending to introduce a general zero rate of corporate tax with effect from the beginning of 2009, as referred to in paragraph 13 of Part VII of this document.

Foreign jurisdiction taxation

The operations and activities of the Group in jurisdictions outside Jersey could expose the Group to income and/or capital taxes in jurisdictions outside Jersey which may have a substantial adverse effect on the Group's business, financial condition and prospects. This will depend, in part, on:

- the nature of the Group's income and operations in these jurisdictions (carried on by employees of the Group or service providers on behalf of the Group), including intra-group transactions;
- the attitude of the tax authorities in these jurisdictions; and
- the ability of the Group to claim treaty benefits under any applicable income tax treaties between jurisdictions other than Jersey in which it carries on operations and activities.

Residence of the Company

The activities of the Company in jurisdictions outside Jersey could result in it being treated as being resident in another jurisdiction for tax purposes if the other jurisdiction has a residence test based on the place of effective management and control. The Company has taken steps to minimise this risk, but if these steps are not strictly adhered to then its worldwide profits could be subject to tax in that other jurisdiction.

Withholding taxes

The Group does not expect to suffer any material withholding taxes on receipts of income. However, if such withholding taxes were deducted under the laws of any relevant jurisdiction, they may, subject to any relief that may be obtained against tax that would otherwise be payable on that income, have a substantial adverse effect on the Group's business, financial condition and prospects. As it is intended that the Company will be a tax exempt company in Jersey, it will not be able to obtain relief for any withholding taxes deducted on income it receives.

Project and Carbon Credit taxes

China, where the Group has 39 projects, has recently announced that payments for the transfer of CERs will, in certain cases, be shared between the Government of China and the project owner. The Group's projects in

China are all currently subject to a 2 per cent. tax on revenues from CERs and this has been accounted for in all calculations. It remains to be seen to what extent China or other countries will increase existing taxes or impose new taxes or other levies on the Carbon Credits issued by projects in their jurisdiction. The Group may therefore be required in the future to discount the Carbon Credits or revenues it expects to receive from the sale of Carbon Credits. Any such circumstances may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

RISKS RELATED TO THE PLACING

Shares available for future sale

The Group is unable to predict whether substantial amounts of Ordinary Shares, in addition to those Ordinary Shares which will be available in the Placing, will be sold in the open market following the expiry of the lock-up period contained in the Placing Agreement and various lock-in agreements, further details of which are set out in paragraph 15 of Part VII of this document. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, may substantially and adversely affect the market price of the Ordinary Shares.

Expectation of volatile share price

Following Admission, the market price of the Ordinary Shares is likely to be volatile. The Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside the Group's control. These factors include variations in the results of operations, developments of the business or that of the Group's competitors and any regulatory changes affecting the Group's operations. This may cause significant fluctuations in the market price of Ordinary Shares.

Furthermore, stock markets in general, and the market for new, high growth companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. The market prices of some new, high growth companies' shares reflect substantially higher valuations than their operating performance may warrant. There can be no guarantee that these market prices and valuations will be sustained. These broad market and industry factors may substantially and adversely affect the market price of Ordinary Shares irrespective of the Group's actual financial, trading or operational performance.

Absence of prior public trading

Prior to the Placing, there has been no public market for the Ordinary Shares. The Placing Price has been agreed between KBC Peel Hunt and the Company and may not be indicative of the market price for the Ordinary Shares following Admission. The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part III, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Group's actual financial, trading or operational performance.

Lack of liquidity

Due to the limited volume of Ordinary Shares that may be offered for sale or purchase from time to time and the potentially limited number of prospective buyers or sellers of Ordinary Shares, there can be no guarantee that the market for the Ordinary Shares will remain liquid or that all buy and sell orders for the Ordinary Shares will be fulfilled on a timely basis or at all. Any illiquidity of the Ordinary Shares may have a substantial adverse effect on the market price of the Ordinary Shares.

PART IV

EXPERTS' REPORTS

Included within sections A, B and C of this Part IV are the texts of reports from three independent experts on different projects within Camco's portfolio.

The tables produced below in paragraphs 1.1, 1.2, 2.1 and 2.2 have been prepared as a summary of this information.

1.1 *Contracted Projects by technology type*

	DNV Certification bv (Section A)		*IT Power Ltd (Section B)*		*SGS India Pvt Ltd (Section C)*		*OVERALL TOTAL*	
	No. of projects	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*
Technology type								
Waste Heat Recovery	3	20,900	10	8,600	–	–	13	29,500
Coal Mine Methane	–	–	–	–	7	27,891	7	27,891
Wind	8	7,040	–	–	–	–	8	7,040
Fuel Switch	2	4,080	1	562	–	–	3	4,642
Energy Efficiency	–	–	–	–	–	–	–	–
Landfill Gas	1	1,450	–	–	–	–	1	1,450
Hydro	4	956	–	–	–	–	4	956
Total	18	34,426	11	9,162	7	27,891	36	71,479

1.2 *Contracted Projects by country*

	DNV Certification bv (Section A)		*IT Power Ltd (Section B)*		*SGS India Pvt Ltd (Section C)*		*OVERALL TOTAL*	
	No. of projects	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*
Country								
China	12	29,890	10	8,600	7	27,891	29	66,381
Russia	–	–	–	–	–	–	–	–
Central Eastern Europe	5	4,376	1	562			6	4,938
Africa	1	160	–	–	–	–	1	160
Total	18	34,426	11	9,162	7	27,891	36	71,479

2.1 *Projects under negotiation by technology type*

	DNV Certification bv (Section A)		*IT Power Ltd (Section B)*		*SGS India Pvt Ltd (Section C)*		*OVERALL TOTAL*	
	No. of projects	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*
Technology type								
Waste Heat Recovery	–	–	–	–	–	–	–	–
Coal Mine Methane	–	–	–	–	2	11,192	2	11,192
Wind	1	600	6	4,536	–	–	7	5,136
Fuel Switch	2	880	1	6,104	–	–	3	6,984
Energy Efficiency	1	230	–	–	–	–	1	230
Landfill Gas	2	2,150	–	–	–	–	2	2,150
Hydro	–	–	–	–	–	–	–	–
Total	6	3,860	7	10,640	2	11,192	15	25,692

2.2 *Projects under negotiation by country*

	DNV Certification bv (Section A)		*IT Power Ltd (Section B)*		*SGS India Pvt Ltd (Section C)*		*OVERALL TOTAL*	
	No. of projects	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*	*No. of projects*	*Kt CO^2e*
Country								
China	3	2,750	5	2,906	2	11,192	10	16,848
Russia	2	530	1	6,104	–	–	3	6,634
Central Eastern Europe	–	–	–	–	–	–	–	–
Africa	1	580	1	1,630	–	–	2	2,210
Total	6	3,860	7	10,640	2	11,192	15	25,692

SECTION A

The following is the text of a report received from DNV Certification bv:

The Directors
Camco International Limited
47 Esplanade
St Helier
Jersey JE1 0BD

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

20 April 2006

Dear Sirs

Camco International Limited (hereafter referred to as Camco) has commissioned DNV Certification bv, Belgium (hereafter referred to as DNV) to perform a due diligence assessment on its carbon portfolio.

Scope of Work

The scope of work comprises the expression of an opinion regarding the accuracy of the calculations made by Camco of the likelihood of the stated quantity of carbon credits to be generated by each project in the portfolio. This means in essence, assessing that Camco has correctly applied an approved methodology to each project having a PDD available and that reasonable assumptions have been applied for estimating emission reductions

Projects with a PDD available, DNV Certification bv has:

- Checked the reasonableness of the stated energy output of the project (or resulting energy savings for fuel switches).
- Checked that the chosen methodology has been approved by the CDM Executive Board, is applicable to the project and has been applied correctly to the project context.
- Checked the calculation of emission factors (grid and/or fuel) and that these are reasonable.

Projects where no PDD or only calculation sheet/PIN available, DNV Certification bv has:

- Checked the reasonableness of the stated energy output of the project (or resultant energy savings for fuel switches).
- Checked from the core project data that projected emissions are reasonable compared to existing projects that are registered or have PDDs already prepared (if accessible).

Projects under scope – Per type and per country:

	Contracted Projects		*Projects under negotiation*	
	Number of projects	*$KtCo_2e$*	*Number of projects*	*$KtC0_2e$*
Technology				
Wind	8	7,040	1	600
Hydro	4	956	–	–
Waste Heat Recovery	3	20,900	–	–
Fuel Switch	2	4,080	2	880
Energy Efficiency	–	–	1	230
Land Fill Gas	1	1,450	2	2,150
Total	18	34,426	6	3,860

Host Country/region	Contracted Projects: *Number of projects*	Contracted Projects: *$KtCo_2e$*	Projects under negotiation: *Number of projects*	Projects under negotiation: *$KtC0_2e$*
China	12	29,890	3	2,750
Russia	0	-	2	530
Central and Eastern Europe	5	4,376	0	-
Africa	1	160	1	580
Total	18	34,426	6	3,860

Methodology Used

Based upon the information provided by the client, DNV has applied scientific principles and professional judgement to certain facts with resulting subjective interpretations. For both the projects with and without a (draft) project design document DNV has assessed the data assumptions made and the reasonableness of the projected emissions presented. For those projects having a PDD, the project scope was checked against the validation protocol, developed under the VMM (www.vvmanuel.info). Besides our professional judgement DNV has consulted its own database and other readily available data to assess projects against. DNV has not assessed the projects' additionality and that the selected baseline is the most likely baseline scenario. DNV has thus not assessed whether emission reductions have been estimated against a correct baseline scenario. It should be noted that an assessment of other related project risks (host/sponsor sector legislation and country approval, eligibility checks, timeline, etc) is outside the scope of this assessment. The assessment as part of above-defined scope is thus not to be referred to as a validation/verification under the Kyoto Protocol/ Marrakech Accords.

Conclusions

In our opinion based upon the information provided and the work scope as described within this report nothing has come to our attention that the emission reductions presented in the PDD and/or Calculation Sheet is not within reasonable limits.

DNV Capabilities

DNV was the first body accredited by the UN to validate, verify and certify emission reductions under the CDM umbrella. The company is now the major independent greenhouse gas verifier operating globally, and is involved in 200 of the 300 available CDM reduction projects currently ongoing. DNV has also developed methodologies to secure credible audits, and is accredited under the Californian Climate Action Registry. The meet new challenge, DNV is engaged in pioneering research work on capture and storage in collaboration with major customers and on behalf of the EU Commission.

DNV currently holds accreditations in European countries to verify annual emissions under the European Emission Trading Directive and is currently performing verifications for large number of customers throughout the EU. Based on a survey conducted by Environmental Finance among 700 companies, DNV has been awarded "Best Verifier" in two categories, The EU ETS and Kyoto Projects – second year in a row.

DNV Certification bv

SECTION B

The following is the text of a report received from IT Power Ltd:

The Directors
Camco International Limited
47 Esplanade
St Helier
Jersey
JE1 0BD

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

20 April 2006

Dear Sirs,

Camco Carbon Portfolio

Camco International Limited (hereafter referred to as Camco) has commissioned IT Power Ltd (hereafter referred to as ITP) to perform a due diligence assessment on part of its carbon portfolio.

Scope of Work

The scope of work comprises the expression of an opinion regarding the accuracy of the calculations made by Camco of the likelihood of the stated quantity of carbon credits to be generated by each project in the portfolio. This means in essence, assessing that Camco has correctly applied an approved methodology to each project having a Project Design Document (PDD) available and that reasonable assumptions have been applied for estimating emission reductions.

For projects with a PDD available, ITP has:

- Checked the reasonableness of the stated energy output of the project (or resulting energy savings for fuel switches).
- Checked that the chosen methodology has been approved by the CDM Executive Board, is applicable to the project and has been applied correctly to the project context.
- Checked the calculation of emission factors (grid and/or fuel) and that these are reasonable.

For projects where no PDD or only a calculation sheet/Project Idea Note (PIN) is available, ITP has:

- Checked the reasonableness of the stated energy output of the project (or resultant energy savings for fuel switches).
- Checked from the core project data that projected emissions are reasonable compared to existing projects that are registered or have PDDs already prepared (if accessible).

Methodology Used

Based upon the information provided by the client, ITP has applied scientific principles and professional judgement to certain facts with resulting subjective interpretations. For both the projects with and without a (draft) PDD ITP has assessed the data assumptions made and the reasonableness of the projected emissions presented. For those projects having a PDD, the project scope was checked against the validation protocol. Besides using its professional judgement ITP has consulted its own data sources and other readily available data to assess projects against. ITP has not assessed the projects' additionality nor that the selected baseline is the most likely baseline scenario. ITP has thus not assessed whether emission reductions have been estimated against a correct baseline scenario. It should be noted that an assessment of other related project

risks (host/sponsor sector legislation and country approval, eligibility checks, timeline, etc) is outside the scope of this assessment. The assessment as part of the above-defined scope is thus not to be referred to as a validation/verification under the Kyoto Protocol/Marrakech Accords. Availability of all project emission reductions under the Kyoto Protocol are dependent on host government approvals, as well as further approvals and registration under the international UNFCCC process and availability of registries, transaction logs, etc. Emission reductions in Annex I countries prior to 2008 are subject to additional restrictions.

Conclusions

The two tables below show the assessment of the part of Camco's portfolio on which ITP has been commissioned to perform due diligence. This part portfolio consists of 7 projects or project bundles, making up a total of 19 projects in our analysis. We were unable to make a conclusive analysis of one of these projects and therefore this project has been excluded from the tables below. The portfolio assessment includes emission reductions up to the end of 2012 only.

Regional distribution of Camco's Carbon Portfolio (until 2012)

	Contracted Projects		*Projects under negotiation*		*All projects*	
Host Country/region	*#*	*ktC0₂e*	*#*	*ktCO₂e*	*#*	*ktCO₂e*
China	10	8,600	5	2,906	15	11,506
Russia	–	–	1	6,104	1	6,104
Central Eastern Europe	1	562	–	–	1	562
Africa	–	–	1	1,630	1	1,630
Total	11	9,162	7	10,640	18	19,802

Technology distribution of Camco's Carbon Portfolio (until 2012)

	Contracted Projects		*Projects under negotiation*		*All projects*	
Technology type	*#*	*ktC0₂e*	*#*	*ktCO₂e*	*#*	*ktCO₂e*
Wind	–	–	6	4,536	6	4,536
Waste Heat Recovery	10	8,600	–	–	10	8,600
Fuel Switch*	1	562	1	6,104	2	6,666
Totals	11	9,162	7	10,640	18	19,802

* The contracted fuel switch project is based on biomass.

IT Power Capabilities

IT Power specialises in renewable energy, sustainable energy and emission reduction projects. The company's work ranges from renewable energy technology development to project finance. IT Power's Carbon team has undertaken work on a wide range of CDM projects. Moreover, in the last 25 years, IT Power has completed over 800 projects in over 90 countries for clients including the World Bank, the European Commission, UN agencies, private developers and banks.

Disclaimer

IT Power has taken due care and diligence to be expected of a consultant expert and experienced in this field to verify the accuracy and usefulness of the information obtained from various sources used for this assessment where possible. However, over and above the exercise of such due care and diligence IT Power assumes no further legal liability or responsibility for the accuracy, completeness or usefulness of any information contained herein. The application of the findings and recommendations remain the responsibility of the client.

Your sincerely,

IT Power Ltd

SECTION C

The following is the text of a report received from SGS India Pvt Ltd:

The Directors
Camco International Limited
47 Esplanade
St Helier
Jersey
JE1 0BD

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

20 April 2006

Dear Sirs

Camco International Limited (hereafter referred to as Camco) has commissioned SGS India Pvt Ltd (hereafter referred to as SGS) to perform a due diligence assessment on certain components of its carbon portfolio, specifically coal mine methane projects.

Scope of Work

The scope of work comprises the expression of an opinion regarding the accuracy of the calculations made by Camco of the likelihood of the stated quantity of carbon credits to be generated by each project in the coal mine methane portfolio. This means in essence, assessing that Camco has correctly applied an approved methodology to each project having a PDD available and that reasonable assumptions have been applied for estimating emission reductions.

Projects with a PDD available, SGS has:

- Checked the reasonableness of the stated energy output of the project (or resulting energy savings for fuel switches).
- Checked that the chosen methodology has been approved by the CDM Executive Board, is applicable to the project and has been applied correctly to the project context.
- Checked the calculation of emission factors (grid and/or fuel) and that these are reasonable.

Projects where no PDD or only calculation sheet/ PIN available, SGS has:

- Checked the reasonableness of the stated energy output of the project (or resultant energy savings for fuel switches).
- Checked from the core project data that projected emissions are reasonable compared to existing projects that are registered or have PDDs already prepared (if accessible).

Methodology Used

The project design documents (PDD) are still yet to be finalised for the coal mine methane projects. The emission reduction calculations have been checked vis-à-vis equations for calculating project, baseline, leakage and total emission reductions as per ACM0008.

"Consolidated baseline methodology for coal bed methane and coal mine methane capture and use for power(electrical or motive) and heat and/or destruction by flaring."

Conclusions

The table below shows our assessment of the Camco Coal Mine Methane projects all of which are in China which, unless otherwise stated, accord with the estimations made by the Company. This is split by 7 contracted projects and 2 under negotiation.

	Contracted Projects		*Projects under negotiation*	
Host Country/region	*Number of projects*	*$tC0_2e$ ('000s)*	*Number of projects*	*$tC0_2e$ ('000s)*
China Coal Mine Methane Projects	7	27,891	2	11,192

SGS Capabilities

SGS is a global leader in the validation, verification, testing and certification industry. Working with about 32,000 employees and a presence in over 120 countries, the SGS network comprises more than 1,000 offices, subsidiaries and laboratories. SGS works according to a strict quality policy with an emphasis on independence, impartiality, competence, confidentiality and professional ethics.

The SGS Climate Change Programme provides worldwide services for validation of project design and verification/certification of GHG emissions and GHG emission reductions. The SGS Climate Change Programme has undertaken validations of potential CDM, JI and voluntary projects around the world. As a result of this work, SGS's Climate Change experts are familiar with the GHG monitoring protocols, CDM requirements, the validation process and issues around acceptability, baselines, additionality, leakage and sustainable development. SGS India is an affiliate of SGS United Kingdom. The services under the current agreement were performed by SGS India Pvt Ltd.

Yours sincerely,

SGS India Pvt Ltd

PART V

ACCOUNTANTS' REPORTS

The financial information relating to the Group set out in Part V of this document and otherwise in this document does not comprise statutory accounts as referred to in section 240 of the Act.

The following is the text of a report received from the Company's reporting accountants:

1. Camco International Limited

KPMG LLP
8 Salisbury Square
London EC4Y 8BB
United Kingdom

The Directors
Camco International Limited
47 Esplanade
St Helier
Jersey
JE1 0BD

20 April 2006

Dear Sirs

Accountant's report on historical financial information
Camco International Limited ("the Company")

We report on the financial information set out on pages 49 to 60. This financial information has been prepared for inclusion in the AIM admission document dated 20 April 2006 of the Company (the "Admission Document") on the basis of the accounting policies set out Note 2. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated and of its result, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information on the Company for the period from incorporation to 10 February 2006

The financial information set out below of the Company for the period ended 10 February 2006 has been prepared by the Directors of the Company on the basis of preparation set out in note 1.

Income statement

for the period from incorporation to 10 February 2006

	Note	*3 day period to 10 February 2006 Total €000*
Revenue	2	–
Cost of sales		–
Gross profit		–
Administrative expenses	3	–
Operating result	2,3	–
Financial income		–
Result before tax		–
Taxation	4	–
Result after tax		–
Result for the period		–

The company did not trade in the period from incorporation to 10 February 2006. The results above relate to continuing operations.

Statement of recognised income and expense
for the period ended 10 February 2006

	Note	*3 day period to 10 February 2006*
		€000
Result for the period		–
Total recognised income and expense for the period		–

Balance sheet

at 10 February 2006

	Note	*10 February 2006 €000*
Assets		
Intangible assets	5	3,027
Investment in subsidiary company	6	4,996
Loan to subsidiary company	11	580
Capital contribution to subsidiary company	11	20
Total non-current assets		8,623
Cash and cash equivalents	7	473
Total current assets		473
Total assets		9,096
Liabilities		
Trade and other payables		–
Total current liabilities		–
Loans due to shareholders	11	(5,000)
Total non-current liabilities		(5,000)
Total liabilities		(5,000)
Net assets		4,096
Equity		
Share capital	8	850
Share premium	8	3,246
Retained earnings		–
Total equity		4,096

Cash flow statement

for period ended 10 February 2006

	Note	*3 day period to 10 February 2006 €000*
Cash flows from operating activities		
Loss for the period		–
Adjustments for:		
Financial income		–
Taxation		–
Operating loss before changes in working capital and provisions		–
Increase in trade and other payables		–
Cash from/(used in) operations		–
Tax Paid		–
Net cash from/(used in) operating activities		–
Cash flows used in investing activities		
Loan made to subsidiary company	11	(580)
Capital contribution to subsidiary company	11	(20)
Net cash used in investing activities		(600)
Cash flows from/(used in) financing activities		
Proceeds from the issue of share capital	8	73
Proceeds from the issue of loan notes	11	2,404
Repayment of loan notes	11	(1,404)
Net cash from financing activities		1,073
Net increase in cash and cash equivalents		473
Cash and cash equivalents at 8 February 2006		–
Cash and cash equivalents at 10 February 2006	7	473

The consideration paid for the acquisition of the investment in subsidiary (€4,996,000) and intangible assets (€3,027,000) was in the form of shares issued (€4,023,000) and loan notes issued (€4,000,000) therefore this represents a non-cash transaction.

Notes

(forming part of the historical financial information)

1 General Information

Camco International Limited is a company incorporated in Jersey on 8 February 2006.

The Company has been set up to provide services to project developers who are seeking to develop and register emission reduction projects under the Kyoto Protocol, by assisting with the determination of carbon reductions and with the realisation of their value. The Company also holds an investment in a subsidiary company engaged in the same activity.

The company acquired Carbon Asset Management International AG ("Camco AG") on 10 February 2006.

The financial information has been prepared for the purpose of inclusion in the Admission Document.

Basis of preparation

The Company has prepared this financial information for the 3 day period from incorporation of the company on 8 February 2006 to 10 February 2006. As a company seeking admission to AIM, a market of London Stock Exchange plc, the Company is required to present certain historical financial information in its prospectus on a basis consistent with its annual financial statements. The financial information presented comprises the transactions relating only to the Company and not its group. The financial information has therefore been prepared in anticipation of the Company's first set of financial statements prepared in accordance with IFRS adopted for use in the EU. Accordingly, this financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that are either endorsed by the EU and effective (or available for early adoption) at 10 February 2006 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2006, the entity's first annual reporting date at which it will be required to use adopted IFRSs.

However the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the period ending 31 December 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that period will be determined finally when the annual financial statements are prepared for the period ending 31 December 2006.

Judgements and estimates

The preparation of financial statements in conformity with IFRS-EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Summary of significant accounting policies

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Investment in subsidiary

Investments in subsidiary companies are held at cost less provisions for impairment. The carrying value of investments is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible asset

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (see below).

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Service contracts – 6 years

Impairment

The carrying amounts of the Company's intangible assets and investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is calculated as the present value of estimated future cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, only to the extent that that the carrying amount would have been determined, net of amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

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

Trade and other payables

Trade payables are stated at amortised cost. Trade payables are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date in which case they are classified as other payables.

Revenue

Up to 10 February 2006, no revenue has been recognised on service contracts. Revenue will generally be recognised at the point that the Carbon Emission Reduction (CER) has been verified and certified by the Designated Operational Entity (DOE) and enters the Clean Development Mechanism (CDM) registry.

However, in certain sales contracts, the actual sale is contingent on the CER entering the International Transaction Log (ITL). If the latter is specified in the contract, then costs on these CER contracts will be recorded in work in progress until the CER is entered into the ITL when the associated revenue will be recognised.

The Company expects that the verification, certification and registration processes would take place within the six months following the CER taking place.

Cost recognition and work in progress

Costs on contracts will be capitalised and shown in work in progress including personnel and travel costs directly attributable to each contract to date as well as sub-contractor and consulting fees, environmental reporting, verification and validation costs incurred. Costs will be capitalised when the profitable outcome of the contract can reasonably be foreseen. All other costs will be written off as incurred.

Advance payments

Advance payments on contracts will be recorded as deferred income within liabilities until the revenue recognition point is reached.

Net financing costs

Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested and dividend income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from these of other segments.

Adopted IFRS not yet applied

The following Adopted IFRSs were available for early application but have not been applied by the Company in these financial statements:

- IFRS 7 'Financial instruments: Disclosure' applicable for years commencing on or after 1 January 2007

  The application of IFRS 7 in the period ended 10 February 2006 would not have affected the balance sheet or income statement as the standard is concerned only with disclosure.

- Amendment to IAS 1: Capital Disclosures applicable for years commencing on or after 1 January 2007

  The application of the Amendment to IAS 1 in the period ended 10 February 2006 would not have affected the balance sheet or income statement as the standard is concerned with disclosure.

3 Expenses and auditors' remuneration

The Company had no employees other than the directors during the periods. The Directors received no remuneration for the period. The auditors received no remuneration in the period.

4 Taxation

Recognised in the income statement

	2006
	€000
Current tax expense	
Current year	–
Total tax in the income statement	–

Reconciliation of effective tax rate

	2006
	€000
Loss before tax	–
Tax at UK corporation tax rate of 30%	–
Effect of tax losses carried forward	–
Total tax in the income statement	–

5 Intangible assets

	Service contracts €000	*Total €000*
Cost		
Balance at 8 February 2006	–	–
Service contracts acquired on 10 February 2006	3,027	3,027
Balance at 10 February 2006	3,027	3,027
Amortisation		
Balance at 8 February 2006	–	–
Service contracts acquired	–	–
Balance at 10 February 2006	–	–
Carrying amount		
At 8 February 2006	–	–
At 10 February 2006	3,027	3,027

6 Investments in subsidiaries

The Company has the following investments in subsidiaries.

	Country of incorporation	*Class of shares held*	*Ownership 10 February 2006*	*Ownership 8 February 2006*
Camco AG	Austria	Ordinary shares	100%	–
		Preference shares	100%	–

The reporting date of the subsidiary is 31 December and it is a trading company.

7 Cash and cash equivalents

	10 February 2006 €000
Cash and cash equivalents per balance sheet	473
Cash and cash equivalents per cash flow statement	473

8 Capital and reserves

Reconciliation of movement in equity

	Share capital €000	*Share premium €000*	*Retained earnings €000*	*Total equity €000*
Balance at 8 February 2006	–	–	–	–
Issued share capital	850	3,246	–	4,096
Total recognised income and expense	–	–	–	–
Balance at 10 February 2006	850	3,246	–	4,096

The aggregate current and deferred tax relating to items that are charged or credited to equity is €nil.

Share capital

Number of shares	*Number of shares Ordinary shares 2006*
On issue at 8 February	–
Issued upon incorporation	2
Issued in the period	84,959,998
On issue at 10 February – fully paid	84,960,000

	2006 €000
Authorised	
1,250,000,000 Ordinary shares of €0.01 each	12,500
Allotted, called up and fully paid	
84,960,000 Ordinary shares of €0.01 each	850
Shares classified in shareholders funds	850

On 8 February 2006 4,500,000 Ordinary shares of €0.01 each were issued for a consideration of €73,125 and on 10 February 2006 80,460,000 shares were issued for a consideration of €4,023,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on polls taken at meetings of the Company.

9 Ultimate controlling party

Shares in the Company are held by a number of parties none of which are considered individually to have overall control.

10 Financial Instruments

Policies

The Company's financial instruments comprise cash and cash equivalents, and various items, such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest risk

The Company has financed its operations through operational income, equity and debt.

The Company held cash at bank amounts of €473,000 at the period end on which no interest is receivable.

Liquidity risk

As regards liquidity, the Company's policy has throughout the period been to ensure continuity of funding.

11 Related parties

Identity of related parties

The Company has a related party relationship with its directors and executive officers and with a shareholders exercising significant influence, ClearWorld Energy Limited ("CWE") and Energy for Sustainable Development Limited ("ESD"). In addition the company has a related party relationship with its subsidiary undertaking, Camco AG.

Transactions with related parties

There were no material transactions with the directors.

The company made a loan to its subsidiary of €600,000 at 10 February 2006. The loan currently has no specified repayment date and bears no interest. For the purposes of the financial information this has been analysed as part of the net investment in the subsidiary (representing the fair value of the loan €580,000, and a capital contribution to the subsidiary of €20,000.

On 10 February the Company issued loan notes to some of its shareholders to the value of €4,000,000 in partial consideration for the acquisition of shares in its subsidiary and of service contracts. A further loan was received from shareholders of €2,403,905, of which €1,403,905 was utilised to repay the initial balance, leaving a balance due at 10 February 2006 of €5,000,000. Of this amount €761,773 is payable to ESD and €2,500,000 to CWE. This balance is repayable on the earlier of the date of admission and 10 February 2009 and bears no interest for six months then bears interest at a rate of LIBOR plus 3 per cent. per annum.

Transactions with related parties after the balance sheet date are described in note 13 below.

12 Commitments and contingent liabilities

Since the period end the Company has made commitments to pay professional fees of approximately €600,000.

Future costs amounting to approximately €2.4 million are contingent upon the successful completion of the placing of shares by the Company.

13 Post Balance Sheet Events

On 24 February 2006 one of the Company's subsidiary's service contracts was novated from Camco AG to the Company in return for €1.3 million. This transaction resulted in the settlement of the loan due to the Company from Camco AG of €600,000 (see note 12 above) and the recording of a loan due to Camco AG by the Company of €700,000. The loan bears no interest and no repayment date has been set but the Company has paid €240,000 at the date of this report.

A family and friends share purchase round was completed on 21 March 2006 for the issue of 2,369,113 new shares for €822,556.

On 27 March 2006 the Company established a newly incorporated subsidiary company called Camco Services UK Limited.

On 30 March 2006 the Company issued 3,600,000 Ordinary Shares for €180,000 to Consortia Trustees Limited as trustee of the Company's employee benefit trust.

On 19 April 2006 the Company entered into separate agreements with (i) Energy for Sustainable Development Limited and (ii) ClearWorld Energy Limited and Beijing Cheng Yu Shi Dai Investment Management Consulting Co. Ltd ("CYSD") relating in each case to the provision to the Company for up to six months from 10 February 2006 of certain support services (e.g. office accommodation, personnel, administration support, telephone services, bookkeeping, IT support etc).

Under the agreement with Energy for Sustainable Development Limited, the Company must pay the following fees with effect from 10 February 2006: (i) £1,100 per month for the provision of office accommodation, (ii) £10,417 per month for the two months commencing 10 February 2006 for the provision of personnel (including Dr Jeff Kenna) and (iii) a one off fee of £75,000 for services provided prior to commencement of the agreement (payment of which is due within thirty days following Admission).

Under the agreement with ClearWorld Energy Limited and CYSD, the Company must pay the following fees with effect from 10 February 2006: (i) a lump sum fixed fee of US$20,000 per month, (ii) £12,500 per month for the two months commencing 10 February 2006 for the provision of the services of Mike Ashburn, (iii) a one off fee of £75,000 for services provided prior to commencement of the agreement (payment of which is due within thirty days following Admission).

In addition the Company must reimburse all third party costs and expenses incurred by Energy for Sustainable Development Limited, ClearWorld Energy Limited and CYSD in providing their services under these agreements.

2. CARBON ASSET MANAGEMENT INTERNATIONAL AG

KPMG LLP
8 Salisbury Square
London EC4Y 8BB
United Kingdom

The Directors
Camco International Limited
47 Esplanade
St Helier
Jersey
JE1 0BD

20 April 2006

Dear Sirs

Accountant's report on historical financial information
Carbon Asset Management International AG ("Camco AG")

We report on the financial information set out on pages 63 to 75. This financial information has been prepared for inclusion in the AIM Admission Document dated 20 April 2006 of Camco International Limited (the "Admission Document") on the basis of the accounting policies set out Note 2. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Camco AG are responsible for preparing the financial information on the basis of preparation set out in note 1.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Camco AG as at the dates stated and of its losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards adopted for use in the European Union as described in note 1.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the

information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP

Historical financial information on Camco AG for the year ended 31 December 2005 and the period ended 31 December 2004

The financial information set out below of Camco AG for the year ended 31 December 2005 and the 6 month period ended 31 December 2004 has been prepared by the directors of Camco AG on the basis of preparation set out in note 1.

Income statement

for the year ended 31 December 2005

	Note	*2005 Total €000*	*6 month period to 31 December 2004 Total €000*
Revenue	2	10	–
Cost of sales		–	–
Gross profit		10	–
Administrative expenses	3	(572)	(386)
Operating loss	2,3	(562)	(386)
Financial income	4	13	6
Loss before tax		(549)	(380)
Taxation	5	(2)	–
Loss after tax		(551)	(380)
Loss for the period		(551)	(380)

The results above relate to continuing operations.

Statement of recognised income and expense
for year ended 31 December 2005

	Note	2005 €000	6 month period to 31 December 2004 €000
Loss for the period		(551)	(380)
Total recognised income and expense for the period	10	(551)	(380)

Balance sheet

at 31 December 2005

	Note	*2005* *€000*	*2004* *€000*
Current assets			
Work in Progress	6	184	–
Trade and other receivables	7	24	22
Cash and cash equivalents	8	314	946
		522	968
Total assets		522	968
Current liabilities			
Trade and other payables	9	(303)	(198)
Total current liabilities		(303)	(198)
Non-current liabilities			
Financial liabilities	10	(180)	(180)
Total non-current liabilities		(180)	(180)
Total liabilities		(483)	(378)
Net assets		39	590
Equity			
Share capital	10	970	970
Retained earnings	10	(931)	(380)
Total equity attributable to equity holders		39	590

Cash flow statement

for year ended 31 December 2005

	Note	*2005 Total €000*	*6 month period to 31 December 2004 Total €000*
Cash flows from operating activities			
Loss for the period		(551)	(380)
Adjustments for:			
Financial income		(13)	(6)
Taxation		2	–
Operating loss before changes in working capital and provisions		(562)	(386)
Increase in trade and other receivables		(2)	(22)
Increase in work in progress		(184)	–
Increase in trade and other payables		105	198
Cash used in operations		(643)	(210)
Tax Paid		(2)	–
Net cash used in operating activities		(645)	(210)
Cash flows from investing activities			
Interest received		13	6
Net cash from investing activities		13	6
Cash flows from financing activities			
Proceeds from the issue of share capital	10	–	1,150
Net cash from financing activities		–	1,150
Net (decrease)/increase in cash and cash equivalents		(632)	946
Cash and cash equivalents at 1 January		946	–
Cash and cash equivalents at 31 December	8	314	946

Notes

(forming part of the financial statements)

1 General Information

Camco AG is a company incorporated in Austria on 2 July 2004.

Camco AG provides services to project developers who are seeking to develop and register emission reduction projects under the Kyoto Protocol, by assisting with the determination of carbon reductions and with the realisation of their value.

The financial information has been prepared for the purpose of inclusion in the Admission Document and is derived from the audited statutory financial statements of Camco AG for the period ended 31 December 2004 and the year ended 31 December 2005 which have been adjusted as detailed in note 14.

Basis of preparation

Camco AG has prepared statutory financial statements for the 6 month period ended 31 December 2004 and the year end 31 December 2005 in accordance with generally accepted accounting principles in Austria. As a company seeking admission to AIM, a market of London Stock Exchange plc, Camco International Limited is required to present certain historical financial information in its prospectus on a basis consistent with these financial statements. The financial information has been derived from the statutory Austrian financial statements and represented to comply with International Financial Reporting Standards adopted by the European Union ("IFRS-EU"). The financial information is presented in Euros, the functional currency of the Camco AG.

The financial information has been prepared in accordance with the recommendation of CESR for consistent implementation of the European Commission's Regulation on Prospectuses 809/2004 (CEST/05-054b) as to the presentation of information in prospectuses for entities transitioning to IFRS-EU.

The financial information has been prepared on a going concern basis which the directors consider to be appropriate because although Camco AG is reliant on funds provided to it by its related party shareholders (see note 12) and parent undertaking, Camco International Limited, no indication has been received that the parent company will cease to make funds available as needed by Camco AG to continue in operations and to meet liabilities as they fall due.

Judgements and estimates

The preparation of financial statements in conformity with IFRS-EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Summary of significant accounting policies

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Camco AG's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other payables

Trade payables are stated at amortised cost. Trade payables are classified as current liabilities unless the Camco AG has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date in which case they are classified as other payables.

Revenue

Revenue from one-off consultancy fees is recognised when the service is provided.

Revenue from service contracts will generally be recognised at the point that Camco AG has provided the service and is contractually entitled to the revenue. This will usually be when the Carbon Emission Reduction (CER) has been verified and certified by the Designated Operational Entity (DOE) and enters the Clean Development Mechanism (CDM) registry.

However, in certain sales contracts, the actual sale is contingent on the CER entering the International Transaction Log (ITL). If the latter is specified in the contract, then costs on these CER contracts will be recorded in work in progress until the CER is entered into the ITL when the associated revenue will be recognised.

Camco AG expects that the verification, certification and registration processes would take place within the six months following the CER taking place.

Cost recognition and work in progress

Costs capitalised on contracts and shown in work in progress include personnel and travel costs directly incurred on each contract to date, which are charged to Camco AG by the KWI/Wildburger Private Trust (Austria) ("KWI") and Energy for Sustainable Development Limited ("ESD") (see note 12 below) as well as sub-contractor and consulting fees, environmental reporting, verification and validation costs incurred. Costs are capitalised when the profitable outcome of the contract can reasonably be foreseen. All other costs are written off as incurred.

Advance payments

Advance payments on contracts are recorded within liabilities until the revenue recognition point is reached.

Net financing costs

Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested and dividend income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Segment Reporting

A segment is a distinguishable component of Camco AG that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from these of other segments. At this time Camco AG has only one segment which is the European based provision of services to world-wide project developers in the area of emission reductions.

Adopted IFRS not yet applied

The following Adopted IFRSs were available for early application but have not been applied by Camco AG in these financial statements:

- IFRS 7 'Financial instruments: Disclosure' applicable for years commencing on or after 1 January 2007

  The application of IFRS 7 in the year ended 31 December 2005 would not have affected the balance sheet or income statement as the standard is concerned only with disclosure.

3 Operating loss is stated after charging:

	2005 €000	*6 month period to 31 December* 2004 €000
Auditor's remuneration	9	5

Camco AG had no employees other than the directors during the periods. Personnel costs were paid by related party shareholder companies and charges for their services were made to Camco AG (see note 12).

4 Finance income

	2005 €000	*6 month period to 31 December* 2004 €000
Interest income	13	6
Financial income	13	6

5 Taxation

Recognised in the income statement

	2005 €000	*6 month period to 31 December* 2004 €000
Current tax expense		
Current year	2	–
Total tax in the income statement	2	–

Reconciliation of effective tax rate

	2005 €000	*6 month period to 31 December* 2004 €000
Loss before tax	(549)	(380)
Tax using the Austrian corporation tax rate of 25% (2004:25%)	(137)	(95)
Effect of tax losses carried forward	137	95
Minimum tax payable under Austrian law for loss making companies	2	–
Total tax in the income statement	2	–

6 Work in progress

	2005 €000	2004 €000
Work in progress	184	–
	184	–

7 Trade and other receivables

	2005 €000	2004 €000
Trade receivables	4	22
Other receivables and prepayments	10	–
	14	22

8 Cash and cash equivalents

	2005 €000	2004 €000
Cash and cash equivalents per balance sheet	314	968
Cash and cash equivalents per cash flow statements	314	968

9 Trade and other payables

	2005 €000	2004 €000
Trade payables due to related companies (see note 12)	229	92
Other trade payables	31	46
Non-trade payables and accrued expenses	43	60
	303	198

10 Capital and reserves

Reconciliation of movement in equity

	Share capital €000	*Retained earnings €000*	*Total equity €000*
Balance at 2 July 2004	–	–	–
Issued share capital	970	–	970
Total recognised income and expense	–	(380)	(380)
Balance at 31 December 2004	970	(380)	590
Balance at 1 January 2005	970	(380)	590
Total recognised income and expense	–	(551)	(551)
Balance at 31 December 2005	970	(931)	39

The aggregate current and deferred tax relating to items that are charged or credited to equity is €nil (2004: €nil).

10 Capital and reserves (continued)

Share capital

In thousands of shares	*Number of shares Convertible preference shares of €10 each* 2005	2004	*Number of shares Ordinary shares* 2005	2004
On issue at 1 January	18	–	97	–
Issued upon incorporation	–	18	–	97
On issue at 31 December – fully paid	18	18	97	97

	2005 *€000*	*2004* *€000*
Authorised		
Ordinary shares of €10 each	970	970
Convertible preference shares of €10 each	180	180
	1,150	1,150
Allotted, called up and fully paid		
Ordinary shares of €10 each	970	970
Convertible preference shares of €10 each	180	180
	1,150	1,150
Shares classified in liabilities	180	189
Shares classified in shareholders funds	970	970
	1,150	1,150

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 Camco AG.

The preference shares will be converted on 1 January 2013 into ordinary shares in a ratio of 1:1. In the period from 1 January 2009 to 31 December 2012 the shareholders will have no voting rights but are entitled to receive dividends if profits are available up to a maximum in total of 8.58 times the nominal value of the preference share capital. On conversion in 2013 the shareholders will regain voting rights.

11 Ultimate parent company and parent company of larger group

At 31 December 2005 Camco AG was partly owned by ESD and KWI, with 30.4 per cent. and 21.4 per cent. holdings in Camco AG's share capital respectively. The remaining share capital was owned by a variety of individuals, none of which owned more than 10 per cent. of the overall share capital. No one party was deemed to have ultimate control.

On 10 February 2006, 100 per cent. of Camco AG's share capital was purchased by Camco International Limited, a company incorporated in Jersey. The parent company is owned by a number of shareholders, none of which is deemed to have control.

12 Related parties

Identity of related parties

Camco AG has a related party relationship with its directors and executive officers and with its shareholders exercising significant influence, both ESD and KWI and the group companies of those shareholders.

Following the acquisition of Camco AG by Camco International Limited on 10 February 2006, Camco AG also has a related party relationship with its parent undertaking and ultimate shareholders.

Transactions with related parties

There were no material transactions with the directors during the periods.

At 31 December 2005 Camco AG owed €54,049 (2004: €40,549) to ESD. In the year Camco AG obtained services from ESD in return for charges totalling €433,457 (2004: €212,953).

At 31 December 2005 Camco AG owed €nil (2004: €6,514) to group companies the KWI. In the year Camco AG obtained services from KWI in return for charges totalling €187,421 (2004: €106,621).

Upon the formation of Camco AG a Framework Agreement was entered into with certain group companies KWI and ESD. The agreement included the payment of a management fee to KWI Project Development & Consulting GmbH ("KWI PDC") and ESD for services to be provided over a period of 66 months, commencing from July 2004. The total value of this part of the contract was €500,000 (€90,909 per annum). At 31 December 2005 18 months of the service had been provided, but had not been paid, therefore interest had accrued on the balance amounting to €39,186. The amount outstanding at 31 December 2005 is €175,550 (2004: €45,455). The total value was due to be paid in four instalments in 2006-2009.

In addition the Framework Agreement covered a commitment to pay related parties for accounting and financial reporting services and contingent payments of success fees of up to €210,000 per year to each of KWI and ESD for the years 2008-2012 and up to €1.5 million in total to KWI and ESD for 2013 depending on the level of future profits.

On 10 February 2006, Camco AG agreed to pay the sum of €600,000 to KWI and ESD in full settlement of the Framework Agreement described above. Camco AG received a loan from its parent company, Camco International Limited of €600,000 to enable the payment to be made. The loan currently has no repayment date and bears no interest. Camco AG has no further liability in connection with the Framework Agreement.

On 17 March 2006 one of Camco AG's service contracts was novated to Camco International Limited in return for €1.3 million as described in note 15 below.

13 Commitments and contingent liabilities

Since the year end Camco AG has made commitments to pay professional fees of approximately €348,000.

14 Explanation of transition to IFRS

As stated in note 1, this is Camco AG's first financial information prepared in accordance with IFRS. The accounting policies set out in note 2 have been applied in preparing the financial information for the year ended 31 December 2005 and the period ended 31 December 2004. Since Camco AG was incorporated on 2 July 2004, there is no IFRS transition at that date.

In preparing the financial information under IFRS Camco AG has considered amounts reported previously in financial statements prepared in accordance with its basis of accounting for statutory financial statements (Austrian GAAP). An explanation of how the transition from Austrian GAAP to IFRS has affected Camco AG's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables. The format of the Austrian GAAP column has been adapted to the IFRS format.

Balance sheet	*Austrian GAAP*	*Effect of transition to IFRS*	*IFRS*	*Austrian GAAP*	*Effect of transition to IFRS*	*IFRS*
	31 December 2004	*31 December 2004*	*31 December 2004*	*31 December 2005*	*31 December 2005*	*31 December 2005*
	€000	*€000*	*€000*	*€000*	*€000*	*€000*
Current assets						
Work in Progress	–	–	–	184	–	184
Trade and other receivables	22	–	22	24	–	24
Cash and cash equivalents	946	–	946	314	–	314
	968	–	968	522	–	522
Total assets	968	–	968	522	–	522
Current liabilities						
Trade and other payables	(198)	–	(198)	(303)	–	(303)
Total current liabilities						
Non-current liabilities						
Financial liabilities (preference shares)	–	(180)	(180)	–	(180)	(180)
Total non-current liabilities	–	(180)	(180)	–	(180)	(180)
Total liabilities	(198)	(180)	(378)	(303)	(180)	(483)
Net assets	770	(180)	590	219	(180)	39
Equity						
Share capital	1,150	(180)	970	1,150	–	1,150
Retained earnings	(380)	–	(380)	(931)	–	(931)
Total equity	770	(180)	590	219	–	219

14 Explanation of transition to IFRS (continued)

Reconciliation of loss for the periods:

Income statement	*Austrian GAAP period ended 31 December 2004 €000*	*Effect of transition to IFRS 31 December 2004 €000*	*IFRS period ended 31 December 2004 €000*	*Austrian GAAP Year ended 31 December 2005 €000*	*Effect of transition to IFRS 31 December 2005 €000*	*IFRS Year ended 31 December 2005 €000*
Revenue	–	–	–	10	–	10
Cost of sales	–	–	–	–	–	–
Gross profit	–	–	–	10	–	10
Administrative expenses	(386)	–	(386)	(690)	118	(572)
Other expenses	–	–	–	(66)	66	–
Deferred expenses	–	–	–	184	(184)	–
Operating loss	(386)	–	(386)	(562)	–	(562)
Financial income	6	–	6	13	–	13
Loss before tax	(380)	–	(380)	(549)	–	(549)
Taxation	–	–	–	(2)	–	(2)
Loss for the period attributable to equity holders	(380)	–	(380)	(551)	–	(551)

Notes to the reconciliation of equity and profit for the period ended 31 December 2004 and the year ended 31 December 2005

The following adjustments were made to the previously reported Austrian GAAP information as at 31 December 2004 and 31 December 2005:

- Adjustments to reflect IFRS reclassifications and presentational requirements
- Reclassification of preference shares from equity to financial liabilities (see note 10)

Adjustments to the cash flow statement for the period ended 31 December 2004 and the year ended 31 December 2005

There were no adjustments to the cash flow statement except those made for presentation only.

15 Post Balance Sheet Events

On 10 February 2006, 100 per cent. of Camco AG's share capital was purchased by Camco International Limited, a company incorporated in Jersey. On the same date Camco International Limited loaned €600,000 to Camco AG in order for Camco AG to terminate the Framework Agreement and to reach full settlement on the amounts due as described in note 12.

On 17 March 2006 one of Camco AG's service contracts was novated to Camco International Limited in return for €1.3 million. This transaction resulted in the settlement of the loan due to Camco International Limited by Camco AG of €600,000 and the recording of a loan note due to Camco AG by Camco International Limited of €700,000. The loan bears no interest and no repayment date has been set but Camco AG has received €240,000 at the date of this report.

Since the year end Camco AG has made commitments to pay professional fees of approximately €348,000.

PART VI

PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets set our below has been prepared to illustrate the effect of the Placing on the Company's net assets as if the Placing had taken place on 10 February 2006. This unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results. The unaudited pro forma statement of net assets is compiled on the basis set out below from the IFRS consolidated balance sheet of the Company as at 10 February 2006, as set out in Part V (Financial Information in IFRS adopted for use in the EU) of this document.

No adjustments have been made to take account of the trading or changes in the financial position of the Company after 10 February 2006.

	Balance sheet of Camco International Limited at 10 February 2006 (Note 1)	*Balance sheet of Camco AG at 31 December 2005 (Note 2)*	*Adjustments (Note 3)*	*Placing proceeds and costs and repayment of loan note (Note 4)*	*Pro forma balance sheet of the Camco Group at 10 February 2006*
	€000	*€000*	*€000*	*€000*	*€000*
Assets					
Intangible assets	3,027	–	–	–	3,027
Goodwill	–	–	3,846	–	3,846
Investment in subsidiary	4,996	–	(4,996)	–	–
Loans to subsidiary	600	–	(600)	–	–
Total non-current assets	8,623	–	(1,750)	–	6,873
Current assets					
Work in Progress	–	184	–	–	184
Trade and other receivables	–	24	–	–	24
Cash and cash equivalents	473	314	–	28,055	28,842
Total current assets	473	522	–	28,055	29,050
Total assets	9,096	522	(1,750)	28,055	35,923
Current liabilities					
Trade and other payables	–	(303)	–	–	(303)
Total current liabilities	–	(303)	–	–	(303)
Non-current liabilities					
Loans due to shareholders	(5,000)	–	–	5,000	–
Financial liabilities	–	(180)	180	–	–
Total non-current liabilities	(5,000)	(180)	180	5,000	–
Total liabilities	(5,000)	(483)	180	5,000	(303)
Net assets	4,096	39	(1,570)	33,055	35,620
Equity					
Share capital	850	970	(970)	390	1,240
Share premium	3,246	–	–	32,665	35,911
Retained earnings	–	(931)	(600)	–	(1,531)
Total equity	4,096	39	(1,570)	33,055	35,620

Notes:

Note 1: The financial information relating to the net assets of the Company at 10 February 2006 has been extracted, without adjustment from the accountant's report on the Company in Part V of this document.

Note 2: The financial information relating to the net assets of Camco AG at 31 December 2005 has been extracted, without adjustment from the accountant's report on Camco AG in Part V of this document.

Note 3: This adjustment represents the consolidation of parent and subsidiary companies and the payment of €600,000 outside the Group by Camco AG after 31 December 2005.

Note 4: This adjustment represents the receipt of proceeds from the Placing of €36,055,000 less the Placing expenses of €3,000,000 and the repayment of loan notes of €5,000,000.

PART VII

ADDITIONAL INFORMATION

1. Incorporation and principal activities

1.1 The Company was incorporated and registered in Jersey as a public company limited by shares on 8 February 2006 under the Law with the name Camco International Limited and with registered number 92432.

1.2 The Company has applied for and been granted ‘exempt’ status for the purposes of the Income Tax (Jersey) Law 1961. This status depends, subject to certain statutory and extra-statutory exceptions and concessions, on no Jersey resident having a beneficial interest in the Company. Please see paragraph 13 below (Jersey Taxation) for a fuller explanation.

1.3 The liability of the members of the Company is limited.

1.4 The principal legislation under which the Company operates is the Law and the regulations and orders made thereunder.

1.5 The Company has unlimited corporate capacity under Jersey law and the main activity of the Company is as described more fully in Part I of this document.

1.6 Details of the Group are set out in paragraph 3 below of this Part VII.

2. Share capital

2.1 Since the date of incorporation of the Company to the date of this document, there have been the following changes in the authorised and issued share capital of the Company:

(a) on incorporation the authorised share capital of the Company was €12,500,000 divided into 1,250,000,000 Ordinary Shares of €0.01 each of which two shares were issued nil paid to the subscribers to the memorandum of association of the Company;

(b) on 8 February 2006, 4,499,998 Ordinary Shares were allotted and issued to David Scaysbrook credited as fully paid up for an aggregate cash consideration of €73,124.98;

(c) on 10 February 2006, in part consideration for the acquisition of the entire issued share capital of Camco AG, the Company allotted and issued 36,918,000 new Ordinary Shares credited as paid up as to €0.05 per Ordinary Share to the shareholders in Camco AG;

(d) on 10 February 2006, in part consideration for the acquisition of certain business and assets from CWE, the Company allotted and issued 43,542,000 new Ordinary Shares credited as paid up as to €0.05 per Ordinary Share to CWE;

(e) on 21 March 2006, the Company allotted and issued an aggregate of 2,369,113 new Ordinary Shares to various parties, which shares have been paid up as to €0.3472 per Ordinary Share; and

(f) on 30 March 2006, the Company allotted and issued 3,600,000 new Ordinary Shares to Consortia Trustees Limited as nominee for itself as trustee of the Company’s employee benefit trust on its establishment, which shares have been paid up as to €0.05 per Ordinary Share.

2.2 The authorised and issued share capital of the Company at the date of this document is as follows:

	Authorised		*Issued (fully paid)*	
	Number	*€*	*Number*	*€*
Ordinary Shares of €0.01 each	1,250,000,000	12,500,000.00	90,929,113	909,291.13

2.3 Immediately following the Placing and Admission, the authorised and issued share capital of the Company will be as follows:

	Authorised		*Issued (fully paid)*	
	Number	*€*	*Number*	*£*
Ordinary Shares of €0.01 each	1,250,000,000	12,500,000.00	129,898,733	1,298,987.33

2.4 On 19 April 2006, 38,969,620 new Ordinary Shares were provisionally allotted for subscription pursuant to the Placing Agreement conditional *inter alia* on Admission. On Admission, the Placing Shares will be allotted at the Placing Price pursuant to the Placing.

2.5 On Admission the Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions hereafter declared, paid or made in respect of the ordinary share capital of the Company.

2.6 Save as disclosed in this document, since the date of the Company's incorporation:

(a) other than the Existing Ordinary Shares, the Loan Notes and the Placing Shares, no share or loan capital of the Company has been issued or agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such share or loan capital; and

(c) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

2.7 There are no issued but not fully paid Ordinary Shares.

2.8 Other than the issue of the Placing Shares and the grant of options to certain individuals (more fully described in paragraphs 7.1 and 10 of this Part VII), there is no present intention to issue or grant rights to subscribe for any of the authorised but unissued share capital of the Company.

2.9 As at the date of this document, the Company has no listed or unlisted securities not representing share capital.

2.10 The Ordinary Shares are not redeemable and the Company has not issued any convertible or exchangeable securities with warrants.

2.11 As at the date of this document the Company does not hold any of its own Ordinary Shares and none of the Company's subsidiaries hold any of the Company's Ordinary Shares. Neither such holding is permitted under the Law.

2.12 The Placing Price of 64p (€0.93) per Ordinary Share represents a premium of €0.92 over the nominal value of €0.01 per Ordinary Share.

2.13 The Jersey Financial Services Commission has consented under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of all of the 1,250,000,000 Ordinary Shares representing the authorised share capital of the Company.

2.14 Pre-emption provisions in the Articles do not apply to the allotment and issue of the Placing Shares and the Company has obtained all consents necessary to allot and issue the Placing Shares.

2.15 A special resolution of the Company has been passed to disapply the pre-emption provisions contained in the Articles to the allotment and issue of Ordinary Shares representing 10 per cent. of the Enlarged Issued Share Capital.

3. The Group

The Company has two wholly owned subsidiaries, details of which are set out below:

Name	*Date and place of incorporation*	*Company Registered Number*	*Issued share capital*	*Nature of business*
Carbon Asset Management International A.G.	15 October 2004 Austria	FN252776f	96,553 ordinary shares of €10 each and 18,447 preference shares of €10 each	Developing projects and providing advisory services in relation to the Kyoto Protocol
Camco Services UK Limited	27 March 2006 England and Wales	5758013	1 Ordinary Share of £1	Providing Group services

4. Memorandum of association

Under the Law there is no requirement for the Company to state its objects. It has unlimited corporate capacity as referred to in paragraph 1.5 above.

5. Articles of association

The Articles contain, inter alia, provisions relating to the following:

(a) ***Voting rights***

Subject as referred to below, all members shall have the right to receive notice of and to attend and to vote at all general meetings of the Company. Save as otherwise provided in the Articles, on a show of hands each holder of shares present in person (or in the case of a corporation by a representative) and entitled to vote shall have one vote and upon a poll every member present in person (or such representative) or by proxy/attorney and entitled to vote shall have one vote for each share held by him. A proxy cannot vote on a show of hands.

No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a member has been served by the Directors with a direction notice in the manner described in the Articles.

(b) ***Return of capital on a winding up***

On a winding up of the Company any surplus assets will be divided between the members according to the respective amounts paid up or credited as paid up in respect of the nominal amount of the shares held by them, subject to any particular rights attaching to any shares.

The liquidator (or where there is no liquidator, the Directors) may, with the sanction of a special resolution of the Company and any other sanction required by the Law, divide the whole or any part of the assets of the Company in specie among the members, and the liquidator (or where there is no liquidator, the Directors) may for that purpose value any assets and determine how the division shall be carried out. No member shall be compelled to accept any assets upon which there is a liability.

(c) ***Dividends and other distributions***

Subject to the Law, the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any particular rights or limitations, all dividends shall be declared and paid according to the respective amounts paid up or credited as paid up in respect of the nominal amount of the shares in respect of which the dividend is paid (other than amounts paid up in advance of calls).

The Directors may pay such interim dividends (including any dividend payable at a fixed rate) as they think fit if they are of the opinion that the profits of the Company justify payment.

If the share capital of the Company is divided into different classes, the Board may pay such interim dividend on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights.

Unless otherwise provided by the rights attached to any share, no dividend shall bear interest.

The Directors may, with the sanction of an ordinary resolution of the Company in general meeting, direct that payment of a dividend be satisfied by the distribution of specific assets and, in particular, of paid up shares or debentures of any other company instead of cash in respect of the whole or any part of the dividend.

Any dividend unclaimed for a period of 10 years after it was declared may be forfeited and cease to remain owing by the Company and thereafter shall belong to the Company absolutely.

(d) ***Transfer of shares***

Subject to the provisions of the Articles in respect of uncertificated shares, all transfers of shares shall be effected by a transfer in writing in any usual or common form or in any other form approved by the Directors. An instrument of transfer in respect of certificated shares shall be signed by or on behalf of the transferor and in the case of an unpaid or partly paid share by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members of the Company in respect thereof.

The Directors may decline to register any transfer of a certificated share, unless (a) the instrument of transfer is deposited at the registered office of the Company or such other place as the Directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer provided that, in the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question; (b) it is in respect of a share which is fully paid up; (c) it is in respect of a share upon which the Company has no lien; (d) the instrument of transfer is in respect of only one class of share; and (e) the instrument of transfer is in favour of not more than four transferees; provided that in the case of a class of shares which has been admitted to AIM, a market operated by London Stock Exchange plc, the Directors shall not refuse to register a transfer if the refusal would prevent dealings in those shares from taking place on an open and proper basis.

The Directors may also decline to register a transfer of any share (in certificated form) if they are not satisfied that the shares are to be transferred to a transferee that would not give rise to a compulsory transfer of shares (as described under "Compulsory transfer of shares" below).

The Directors shall register the transfer of any uncertificated shares in accordance with the Companies (Uncertificated Securities) (Jersey) Order 1999 and other applicable law and, where permitted by that Order and any other applicable law, the Directors may, in their absolute discretion and without giving any reason for their decision, refuse to register any transfer of an uncertificated share.

The registration of transfers of shares, or of any class of shares, may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that the register shall not be closed for more than 30 days in any year.

Notwithstanding any other provision of the Articles to the contrary, any shares may be held in uncertificated form and title to shares may be transferred by means of a relevant system such as CREST.

There are no restrictions on the transferability of the shares in the Company subject to (a) compliance with the foregoing provisions of the Articles of Association relating to the transfer of shares as summarised above and (b) any restriction on transfer imposed by a direction notice served by the Directors in the manner described in the Articles (see below).

(e) ***Pre-emption on allotment and issue of new shares***

The pre-emption rights in respect of the issue of new shares are set out in the Articles. These pre-emption rights would require the Company to offer new shares for allotment to existing members on a pro rata basis before allotting them to other persons (a "pre-emptive offer").

The pre-emptive offer must be made by notice specifying the number of shares offered and the period (not being less than 21 days) within which the offer may be accepted. Any shares which are not accepted under the pre-emptive offer can be allotted by the Board to other persons. The members by special resolution (under Jersey law, which is the law applicable to the Company, this means a 2/3 majority) may waive the requirement to make such a pre-emptive offer.

There are no pre-emption rights on transfers of shares. The pre-emption provisions do not apply to the Placing Shares.

(f) ***Restrictions on shares***

If a member has been served with a notice pursuant to the Articles and is in default in supplying to the Company information required within a prescribed period after the service of such notice, the Directors may serve on such member a notice (a "direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that in relation to such shares the member shall not be entitled to be present or to vote at any general meeting or class meeting of the Company. Where the default shares represent at least 0.25 per cent. of the class of shares the direction notice may in addition direct, among other things, that any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest and that no transfer of any of the shares held by the member shall be registered. The direction notice will not, however, prohibit the registration of, among other things, a transfer pursuant to a sale of the whole beneficial ownership of the relevant shares to an unconnected party.

(g) ***Redemption provisions***

Subject to the provisions of the Law, the Company may from time to time issue or convert any existing non-redeemable shares (whether issued or not) into shares which are to be redeemed or are liable to be redeemed at the option of the Company or at the option of the holder thereof and on such terms and in such manner as may be determined by special resolution. Subject to the provisions of the Law, the Company may purchase its own shares (including redeemable shares).

(h) ***Compulsory transfer of shares***

(i) If it shall come to the notice of the Directors that any shares are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or jurisdiction or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Directors, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Directors to be relevant) would in the reasonable opinion of the Directors, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred (any such ownership or holding being a "Disadvantageous Ownership") then the Directors may serve written notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person whose ownership or holding of such shares would not, in the sole and conclusive determination of the Directors, result in Disadvantageous Ownership (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this

paragraph or paragraph (ii) below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

(ii) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Directors may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the purchaser and in relation to an uncertificated share may require the operator of the relevant system (for the holding or transfer of uncertificated securities) to convert the share into a certificated form and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

(iii) A member who becomes aware that his ownership or holding of shares in the Company is a Disadvantageous Ownership, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to above, either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions referred to above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

(iv) Subject to the provisions of the Articles, the Directors will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 clear days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

(v) The Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to at paragraphs (i) and/or (ii) and/or (iv) above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial

owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

(i) ***Variation of rights***

The rights attaching to shares are set out in the Articles and summarised above. For these rights to be varied or changed a special resolution would have to be passed at a general meeting of the Company. In the absence of appropriate consent to short notice, this would require 21 clear days' written notice to be given to each member. Every member, except as referred to above, has the right to attend the general meeting in person or by proxy and vote on the resolution to be proposed. Such resolution would be a special resolution of the Company and this requires a majority of not less than two-thirds of members voting in person or by proxy at such general meeting.

If at any time the share capital of the Company is divided into different classes of shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether the Company is a going concern or during or in contemplation of its being wound up, either (i) with the consent in writing of the holders of two thirds of the issued shares of that class or (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall apply mutatis mutandis except that (a) the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing at least one-third in nominal amount of the issued shares of the class in question (b) at an adjourned meeting the holders present shall constitute a quorum.

(j) ***Alteration of share capital***

There are no conditions imposed by the Company's memorandum of association or Articles regarding changes in the Company's capital which are more stringent than required by the laws of England and Wales, save that the prior written consent of the Jersey Financial Services Commission will be required for any increase in the Company's authorised share capital.

The Company may, by altering its memorandum, (a) increase its share capital by creating new shares of such amount and in such currency or currencies as it thinks expedient, (b) consolidate and divide all or any of its shares (whether issued or not) into shares of larger amount than its existing shares, (c) convert all or any of its fully paid shares into stock, and re-convert that stock into fully paid shares of any denomination; (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, (e) convert any of its fully paid shares the nominal value of which is expressed in one currency into fully paid shares of a nominal value of another currency, (f) in the case to which Article 38(1A) of the Law applies, denominate the nominal value of its issued or unissued shares in units of the currency into which they have been converted, and (g) cancel shares which, at the date of the passing of the resolution to cancel them, have not been taken or agreed to be taken by any person, and diminish the amount of the company's share capital by the amount of the shares so cancelled.

Subject to the Law, the Company may by special resolution reduce its share capital and any share premium account in any way.

(k) ***Directors***

(i) *Appointment and removal of Directors*

Unless determined by the Company in general meeting, there is no maximum number of Directors and the minimum number is two. The Company may by ordinary resolution appoint and remove any person as a Director. The Board also has powers to appoint a person as a Director either to fill a casual vacancy or as an addition to the board and to remove a director. There is no shareholding qualification for officers or Directors.

There is no requirement to retire by rotation or to resign on attaining the age of 70 or any other age.

The office of a Director shall be vacated if the Director resigns, becomes bankrupt or is the subject of other insolvency-related proceedings, becomes of unsound mind, or if the Director is removed or becomes prohibited from being a Director under any provision of applicable law.

A Director may at his sole discretion and at any time and from time to time appoint any other Director or any other natural person (other than one disqualified or ineligible by law to act as a director of a company) as an alternate Director to attend and vote in his place at any meetings of Directors at which he is not personally present.

(ii) *Meetings of Directors*

Board meetings must be held outside of the UK. At meetings of the Board questions are determined by a majority of votes and in the case of an equality of votes the Chairman of the board shall not have a second or casting vote. The quorum at Directors' meetings may be fixed by the Directors but otherwise shall be two. The Directors may delegate any of their powers to committees consisting of such Director(s) or other persons as they think fit.

(iii) *Directors' interests*

A Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Company or by a subsidiary of the Company which to a material extent conflicts or may conflict with the interests of the Company and of which he is aware, must disclose to the Company the nature and extent of his interest.

Subject to the provisions of the Law, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to tenure of office, remuneration and otherwise as the Directors may determine.

Subject to the provisions of the Law, and provided that he has disclosed to the Company the nature and extent of any of his material interests in accordance with the Articles, a Director notwithstanding his office, (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested, (b) may be a Director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested, (c) shall not by reason of his office be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and (d) may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(iv) *Directors' fees and expenses*

The Directors shall be entitled to such remuneration as the Board in its discretion determines. The Directors are entitled to be paid all travelling, hotel and other expenses properly and necessarily incurred in attending meetings of the Directors or members or otherwise in connection with the business of the Company.

(l) ***General meetings***

The Company must in each year hold a general meeting as its annual general meeting ("AGM"). Not more than 18 months can elapse between AGMs. An AGM must be convened, unless all members entitled to attend and vote agree to short notice, on giving 21 clear days' notice in writing to all members of the Company.

Other meetings can be convened by the Company from time to time, referred to as extraordinary general meetings. The length of written notice to convene such a meeting varies depending on the nature of the business to be transacted. If the meeting is for the passing of an ordinary resolution, then generally 14 clear days' written notice to convene an extraordinary general meeting is required. If the meeting is for the passing of a special resolution then 21 clear days' notice must be given.

Extraordinary general meetings can be convened on shorter notice with the agreement of members being a special majority in number who have the right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. of the total voting rights of the members who have that right.

Members need not attend a meeting of the Company or class meeting of members in person but can do so by way of validly appointed proxy.

If a member is a body corporate, it can pass a resolution of its Directors or other governing body to authorise such person as it thinks fit to act as its representative at any meeting of the Company or class meeting of members.

(m) ***Change in control***

There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company except as might arise under Transfer of shares (see (d) above).

(n) ***Disclosure of interests in shares***

Where a member acquires a material interest in the shares in the Company or becomes aware of having acquired such an interest and the aggregate nominal value of such shares is equal to or more than three per cent. of the nominal value of the Company's share capital then that member has an obligation to disclose such interest. The Directors may serve notice on any member requiring him to disclose the identity of any person other than the member having an interest in the shares held by the member and the nature of that interest. Members holding not less than one tenth of the voting rights may make requisition for such a notice. In default of compliance with such notice, the relevant member or his shares can be subject to certain restrictions (see under (f) above).

Where a person's notifiable interest changes, then further disclosure obligations arise.

6. Information on the Directors

6.1 The interests of the Directors in Ordinary Shares as at the date of this document, all of which are beneficial, are as follows:

Ordinary Shares

	As at the date of this document		*On Admission*	
Directors:	*No. of Ordinary Shares*	*Percentage of issued share capital*	*No. of Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
David Potter	80,645	0.09%	80,645	0.06%
Tristan Fischer	–	–	–	–
Scott McGregor	–	–	–	–
Dr Alex Westlake[1]	33,030,000	36.32%	29,905,000	23.02%
Dr Jeff Kenna[2]	9,945,139	10.94%	8,382,639	6.45%
Michael Farrow[3]	72,004	0.08%	72,004	0.06%
Dr Herta von Stiegel	72,004	0.08%	72,004	0.06%

1. These Ordinary Shares are held by CWE, a company (i) in which Dr Alex Westlake and his wife own 50 per cent. of the shares and (ii) of which Dr Alex Westlake is a director.

2. The Ordinary Shares held on Admission are as to 8,157,639 by ESD and 225,000 by the trustees of Overmoor Limited SSAS. Dr Jeff Kenna (i) owns 25.2 per cent. of ESD Partners Limited which in turn controls 75 per cent. of the voting shares of ESD and 64.3 per cent. of the dividend bearing shares of ESD, (ii) is a director of ESD and (iii) is a trustee and potential beneficiary of Overmoor Limited SSAS.

3. Although Michael Farrow is Jersey-resident, his shareholding interest in the Company will not prejudice the Company's 'exempt' status for Jersey tax purposes, by reason of a published extra-statutory concession of the Jersey Comptroller of Income Tax. In addition, the Jersey Comptroller of Income Tax has expressly confirmed (in terms) that Mr Farrow's holding will not prejudice the Company's tax 'exempt' status.

Rights over Ordinary Shares under Pre-Admission Arrangements and the Long Term Incentive Plan

	Date of grant	*Ordinary Shares under conditional rights to receive shares*	*Exercise Price*
Tristan Fischer[1]	19 April 2005	321,429	€0.05
Scott McGregor[2]	19 April 2005	321,429	€0.05
Alex Westlake[3]	–	–	–

1 These rights are held by a personal trust of Tristan Fischer of which he is the sole beneficiary. In addition under the terms of his service agreement (summarised at paragraph 7.1 of this Part VII), Camco Services UK Limited has agreed to procure the establishment of a long term incentive plan which will grant Tristan Fischer the right to be awarded up to a maximum of 2,597,974 Ordinary Shares equal to 2 per cent. of the Enlarged Issued Share Capital based on achieving certain targets relating to total shareholder return and net operating cash flow.

2 These rights are held by a personal trust of Scott McGregor of which he is the sole beneficiary. In addition under the terms of his service agreement (summarised at paragraph 7.1 of this Part VII), Camco Services UK Limited has agreed to procure the establishment of a long term incentive plan which will grant Scott McGregor the right to be awarded up to a maximum of 1,558,785 Ordinary Shares equal to 1.2 per cent. of the Enlarged Issued Share Capital based on achieving certain targets relating to total shareholder return and net operating cash flow.

3 In addition under the terms of his service agreement (summarised at paragraph 7.1 of this Part VII), the Company has agreed to establish a long term incentive plan which will grant Dr Alex Westlake the right to be awarded up to a maximum of 1,558,785 Ordinary Shares equal to 1.2 per cent. of the Enlarged Issued Share Capital based on achieving certain targets relating to total shareholder return and net operating cash flow.

The share plan and the long term incentive plan are described in more detail in, respectively, paragraphs 10.2 and 10.3 of this Part VII.

6.2 The Directors currently hold the following directorships (other than in the Company and its subsidiaries) and have held the following directorships within the five years prior to the publication of this document:

	Current directorships	*Former directorships held in last five years*
David Potter	Bryanston School Incorporated Eon Lifestyle Limited (in liquidation)[1] Guinness Flight VCT plc InfoCandy Group Limited InfoCandy.com UK Limited Nelson Mandela Children's Fund (UK) NewMedia Spark plc NFTS Foundation Noble Group Limited Solar Integrated Technologies Inc. Worldwide Volunteering For Young People	Avery Business Systems Limited (dissolved) Deltron Electronics Limited Dictascribe Holdings Limited DictaScribe Limited (in liquidation) FCS Trading Limited (in liquidation)[2] Fluid Conditioning Systems Limited Human Capital Services Limited (dissolved) Noble Financial Holdings Limited NOTFCS plc Numerica Group Limited The Rose Partnership Limited W.M.C. Communications Limited WMC Public Relations Pty Limited
Tristan Fischer	None	Mutual Enterprise LLP XLN Telecom Limited
Scott McGregor	Intucraft Limited	None
Dr Alex Westlake	ClearWorld Energy (BVI) Limited Westlake Associates (HK) Limited	None

	Current directorships	*Former directorships held in last five years*
Dr Jeff Kenna	Energy for Sustainable Development Limited ESD Biomass Limited ESD Carbon Services Limited ESD Carbon Systems Limited ESD Partners Limited ESD Ventures Limited GB-SOL Limited Heliodynamics Limited Low Carbon Engines Limited Overmoor Limited Real Energy Developments Limited Real Energy Projects Limited Re-Fuel Technology Limited Roves Fuel Limited Rudloe Centre Limited Shetland Power Technologies Limited Solargen (Europe) Limited (in liquidation)[3] Sustainable Community-Owned Renewable Energy (Score) Limited The Edinburgh Centre for Carbon Management Limited	Ecolog Limited (dissolved) Energy Equipment Testing Services Limited
Michael Farrow	Abbotsdale Limited Broadsheet Investments Limited Broadsheet Properties Limited Burchill Limited Canvey Properties Limited Carrousel Capital (CI) Limited Circle Property (Warrington) Limited Consortia Partnership Limited Consortia Trustees Limited Debonair Properties Limited Dunmead Limited Estero Holdings Inc Freedom Interactive Limited (in administration)[4] Gillminster Investments Limited Global Wealth Management Trust Co (Jersey) Ltd GWM Secretaries Limited Harmony Investments Limited Kristensen Holdings Limited Lascaux Investment Corp Lausanne Holdings Limited Maplewood Financial Corporation Inc Phoenix Investments Services Limited Pilgrim Global Limited Sadis Limited Siona Properties Limited	0800 freedom.com Plc Acton Maritime Limited Allix Discount B V Argente Limited Aufer Limited (in liquidation) Bronzage Limited Carlton Management Services Limited Clarsu Investments Limited Dassie Property Investments Limited Evolution Systems Limited General Practice Group (Jersey) Limited General Practice Properties No 1 Ltd General Practice Property Services Limited George Blampied Limited Gers Realty Limited Grainton Holdings Limited Lady K Ltd Liberty Telecom (UK) Limited (dissolved) MacDonald Hotels Limited Mallprop Holdings Limited Orviss Limited Petersdale Limited (in liquidation) Pulsar Holdings Limited Pulsar Technology Group Limited Sandhill Holdings Limited Somersdale Limited

	Current directorships	*Former directorships held in last five years*
Michael Farrow (continued)	Special Holdings Limited Termco Computer Holdings Limited Termco Computer Leasing (Sales) Limited Wedgeport Properties Limited Wellstone Properties Limited	Somerston Capital Limited Somerston Consultancy Limited Somerston Group International Holdings Limited Somerston Holdings Limited Somerston Hotels Holdings Limited Somerston Investment (BVI) Limited Somerston Investments Limited Somerston Luxembourg S.A. Somerston Technology Group Limited Somerston Tele-Hotels Limited Sorrento Investments Limited Stornoway Limited Swapplan No 1 Limited Swapplan No 2 Limited The Mall Retail Properties Limited (in liquidation) The Minute Factory (IOM) Limited Tristannifer Development BV Tristannifer Holdings BV Wayseach.com Limited
Dr Herta von Stiegel	Enham	Newbold College

1 David Potter was a director of Eon Lifestyle Limited which was placed into a members' voluntary liquidation pursuant to a special resolution dated 4 April 2006. A declaration of solvency was filed at Companies House on 4 April 2006.

2 David Potter was a director or FCS Trading Limited ("FCS"). At an extraordinary general meeting of FCS on 16 May 2003, a resolution was passed which placed FCS into voluntary liquidation and appointed joint liquidators.

3. Dr Jeff Kenna was a non-executive director of Solargen (Europe) Limited which was placed into compulsory liquidation on 20 August 2001 and on 13 June 2002 a liquidator was appointed pursuant to a voluntary arrangement dated 2 February 1999. Dr Jeff Kenna has not been contacted by the liquidator since 13 June 2002.

4. Michael Farrow was a director of Somerston Technology Group Limited ("Somerston Technology") and subsequently a nominated director of both Freedom Interactive Limited and 0800freedom.com plc ("Freedom"). Somerston Technology decided not to continue to fund Freedom in September 2000 and Freedom was immediately placed into administration. Joint administrators of Freedom Interactive Limted were appointed on 13 October 2000. Michael Farrow was required by the administrators to report to the board on the administration.

6.3 Save as set out in paragraph 6.2 above, at the date of this document none of the Directors has:

(a) had any unspent convictions in relation to indictable offences;

(b) been declared bankrupt or entered into an individual voluntary arrangement;

(c) been a director of any company at the time or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors (or any other state of insolvency or bankruptcy);

(d) been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;

(e) had his assets made the subject of any receivership or been a partner of a partnership at the time of or within the twelve months preceding, any assets thereof being the subject of a receivership; or

(f) been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7. Directors' Service Agreements, letters of appointment and remuneration of the Directors

7.1 *Service agreements*

Tristan Fischer, Scott McGregor and Dr Alex Westlake were appointed directors of the Company on 16 March 2006.

Tristan Fischer, Scott McGregor and Dr Alex Westlake entered into service agreements (the "Service Agreements") with certain members of the Group (being Camco Services UK Limited in the case of Tristen Fischer and Scott McGregor and the Company in the case of Dr Alex Westlake) dated 19 April 2006 governing their appointments as Group Chief Executive Officer, Group Chief Financial Officer and Group Chief Operating Officer respectively. Under the terms of the agreements, the appointments commenced with effect from 10 February in the case of Dr Alex Westlake, 13 March 2006 in the case of Scott McGregor and 14 March 2006 in the case of Tristan Fischer. The Service Agreements may be terminated by either party giving not less than three months written notice to the other in the case of Scott McGregor and Dr Alex Westlake and six months written notice in the case of Tristan Fischer and unless otherwise agreed in writing shall automatically terminate on 1 August 2006, if Admission has not occurred by that date. If Tristan Fischer's agreement is terminated because Admission has not occurred by 1 August 2006, he is entitled to a payment equal to six months salary and the post-termination restrictions in the agreement shall not apply in such circumstances. The Service Agreements may also be terminated without notice (summary termination) or payment in lieu of notice in certain circumstances including gross misconduct, negligence, breach of the Company's share dealing code, bankruptcy or material breach of the service agreement.

Tristan Fischer is entitled to (i) a basic salary of £120,000 per annum; (ii) a minimum bonus of £55,880 payable in or around March in each year in respect of the previous calendar year, payment of which will be wholly dependent upon Tristan Fischer meeting certain agreed key performance indicators relating to his own and the Group's performance; (iii) a one-off relocation expense of £20,000; and (iv) a one-off payment of £30,000 on the execution of the service agreement.

Scott McGregor is entitled to (i) a basic salary of £80,000 per annum until the second anniversary of the agreement and thereafter at the rate of £100,000 per annum; (ii) a minimum bonus of £50,000 payable in or around March in each year in respect of the previous calendar year, payment of which will be wholly dependent upon Scott McGregor meeting certain agreed key performance indicators relating to his own and the Group's performance; and (iii) an education and training allowance of £20,000 per annum payable for the first two years of employment.

Dr Alex Westlake is entitled to (i) a basic salary of €115,000 per annum until the second anniversary of the agreement and thereafter at the rate of €140,000 per annum; (ii) a minimum bonus of €70,000 payable in or around March of each year in respect of the previous calendar year, payment of which will be wholly dependent on Dr Alex Westlake meeting certain agreed key performance indicators relating to his own and the Group's performance; and (iii) an overseas expatriate allowance of €30,000 per annum.

In addition the Service Agreements provide for a further wholly discretionary bonus payable to the Directors in the relevant employing Group member's absolute discretion.

The executive Directors pay shall be reviewed in March each year save that Tristan Fischer's is to be reviewed in September 2006. Under the Service Agreements the relevant employing member of the Group shall pay to each of Tristan Fischer and Scott McGregor by way of pension contribution a sum equivalent to five per cent. per annum of their basic salary. Each of the executive Directors are entitled to 25 working days paid holiday per annum.

The Service Agreements contain detailed provisions in respect of the relevant employing Group member's power to impose garden leave provisions and to ensure delivery up of Group property on termination.

Under the terms of the Service Agreements each of the executive Directors shall not (without the prior written consent of the board of the relevant employing member of the Group, such consent not to be unreasonably withheld or delayed) directly or indirectly either on his own account or on behalf of any other person engage in, be concerned with, or provide services to, (whether as an employee, officer, director, agent, partner, consultant or otherwise) any other business, office or other external activity which does or might reasonably be expected to affect the full and proper performance of his duties or might reasonably be likely to compete with the business of the Group except that the Directors may hold up to three per cent. of any securities in a company which is quoted on any recognised stock exchange (other than the Company).

The Service Agreements are subject to various post-termination restrictions for a period of six months after termination of employment including non-solicitation of certain products and/or services and employees and non-competition with the relevant employing member of the Group in relation to any business which supplies certain products and/or services in competition with that member or other member of the Group. The Service Agreements also contain detailed provisions in respect of the preservation of the Group's confidential information both during and after the termination of the Service Agreements.

Under the terms of the Service Agreements, the relevant employing member of the Group undertook to establish or procure the establishment of as soon as reasonably practicable a long term incentive plan granting the executive Directors rights to be awarded Ordinary Shares in the Company based on achieving certain targets relating to total shareholder return and net operating cash flow. Under the terms of the Service Agreements, and assuming targets are achieved and exceeded, the maximum number of Ordinary Shares to be received by each of the executive Directors is as follows:

	Number of Ordinary Shares
Tristan Fischer	2,597,974[1]
Scott McGregor	1,558,785[2]
Alex Westlake	1,558,785[3]

1 This number of Ordinary Shares equals 2 per cent. of the Enlarged Issued Share Capital.

2 This number of Ordinary Shares equals 1.2 per cent. of the Enlarged Issued Share Capital.

3 This number of Ordinary Shares equals 1.2 per cent. of the Enlarged Issued Share Capital.

7.2 *Non-executive Letters of Appointment*

Each of the non-executive Directors of the Company, namely David Potter, Dr Jeff Kenna, Michael Farrow and Dr Herta von Stiegel has entered into a letter of appointment with the Company dated 3 March 2006, 16 March 2006, 16 March 2006 and 26 March 2006 respectively governing the terms of their appointment as a non-executive director of the Company with an effective date of 10 February 2006, 8 February 2006, 16 March 2006 and 16 March 2006 respectively.

Each of the letters of appointment provides for termination on three months written notice by either party. The appointments may also be terminated by the Company without notice in certain circumstances including incapacity for three months in any 12 month period, serious or repeated breach of obligations in connection with the appointment or unsatisfactory performance as determined by the Board.

Under the terms of the letters of appointment, the Company shall pay an annual fee of £50,000 to Human Capital Services and an annual fee of £25,000 to Overmoor Limited for the provision of the services of David Potter and Dr Jeff Kenna respectively as non-executive directors of the Company. Each of Michael Farrow and Dr Herta von Stiegel are entitled to an annual fee of £25,000. The Company will reimburse any expenses properly and reasonably incurred by the non-executive

directors, Human Capital Services and Overmoor Limited in the performance of duties under the letters of appointment.

The non-executive Directors are expected to attend such meetings of the Board or general meetings of the Company as requested. The appointments are subject to the Law and the Company's articles of association and the non-executive directors are subject to the normal duties and responsibilities of a director at law.

Although the non-executive Directors are not required to work exclusively for the Company, they, Human Capital Services and Overmoor Limited are required to disclose to the Company any external commitments prior to accepting them or which might mean they cannot allocate sufficient time to the appointments.

Each of the non-executive Directors of the Company has agreed to give a restrictive covenant that during the term of the letter of appointment and for 3 months after the termination of his appointment:

(a) he will not take up any role, be involved in or provide technical, commercial or professional advice to any business which materially competes with the business of the Company; and

(b) he will not assist, encourage or procure any third party to offer any of the Directors any appointment outside the Company without the prior written consent of the Board.

7.3 The aggregate of the remuneration payable and benefits in kind (including pension contributions) to be granted by the Group to the Directors for the financial period ending 31 December 2006 under the arrangements in force at the date of this document is estimated to be approximately £620,000.

8. Employees

Group Employees by location	
Russia	1
Austria	1
China*	13
United Kingdom	5
	20

Employees by Function	
Executive Board Members	3
Management and revenue generators	14
Administration and support staff	3
	20*

Note:

* Included within this figure are five employees of the Beijing Chen Yu ShiDai Investment Management Consulting Company Limited who are in the process of transferring to Camco in China and a further seven new staff who have accepted offers of employment in China.

9. Major shareholders

9.1 Other than the holdings of the Directors, which are set out in paragraph 6.1 above, the Directors are aware of the following who, as at the date of this document and at Admission, were or will be interested, directly or indirectly, in 3 per cent. or more of the Company's share capital:

	As at the date of this document		*On Admission*	
	No. of Ordinary Shares	*Percentage of issued share capital*	*No. of Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
The Tudor BVI Global Portfolio Ltd	9,360,000	10.29%	7,488,000	5.76%
Josef Wildburger[1]	8,368,312	9.2%	8,368,312	6.44%
Tudor Proprietary Trading LLC	5,040,000	5.54%	4,032,000	3.10%
David Scaysbrook	4,500,000	4.95%	4,500,000	3.46%
Christian Zeller[2]	4,226,685	4.65%	4,226,685	3.25%
Consortia Trustees Limited	3,735,000	4.11%	3,735,000	2.88%

1 These Ordinary Shares are held as to 6,693,096 by Josef Wildburger Privatstiftung (a foundation in which Josef Wildburger is a founder and beneficiary), 837,608 by his wife, Gabriela Wildburger and 837,608 by Josef Wildburger.

2 These Ordinary Shares are held as to 3,389,077 by Christian Zeller Privatstiftung (a foundation in which Christian Zeller is a founder and beneficiary) and 837,608 by Christian Zeller.

9.2 No holder of Ordinary Shares, either as listed above, or as set out in paragraph 6, has voting rights different from other holders of Ordinary Shares.

10. Employee benefit trust and share option arrangements

10.1 *The Jersey Employee Benefit Trust*

On 19 April 2006 the Company established and sponsored an employee benefit trust, the Camco International Limited Employee Benefit Trust (the "EBT").

The Company has by deed sponsored the EBT as a means of encouraging share ownership and providing incentives for employees of the Group.

The trustee of the EBT is Consortia Trustees Limited a professional trust corporation based in Jersey of which Michael Farrow is a director.

On 30 March 2006 Consortia Trustees Limited as nominee for itself as trustee of the EBT on its establishment subscribed for 3,600,000 Ordinary Shares at an aggregate subscription price of €180,000 and acquired 135,000 Ordinary Shares from certain existing shareholders of the Company for an aggregate consideration of €1,350. The EBT now holds 3,735,000 Ordinary Shares.

The Company loaned the EBT €181,350 on 19 April 2006 to enable it to fund the subscription/acquisition monies for the 3,735,000 Ordinary Shares issued and transferred to Consortia Trustees Limited on 30 March 2006.

10.2 *Pre-Admission Share Awards*

The Company has established a share plan, the Camco International Limited 2006 Executive Share Plan ("the Plan"), under which either the Company or the Trustee of the EBT can make awards of share options or conditional rights to receive shares ("Awards") to selected directors or employees of the Company or its subsidiaries (together "Group Companies").

The number of Awards made to Directors of the Company, and the amount payable per share, is as set out in the table below.

Name	*Date of Grant*	*Number of Shares over which Awards are Outstanding*	*Vesting after 12 months*	*Vesting after 24 months*	*Price payable (per share)*
Tristan Fischer[1]	19 April 2006	321,429	128,572	192,857	€0.05
Scott Mcgregor[1]	19 April 2006	321,429	128,572	192,857	€0.05

1 Awards have been made to the personal trusts of these individuals, of which they are the sole beneficiaries.

In addition, other selected employees have received Awards over 3,015,000 Ordinary Shares.

Awards are made in two tranches, with each tranche vesting as detailed below.

Tranche 1 comprises 1,212,144 shares (including awards made to Scott McGregor and Tristan Fisher), and vests 12 months following the date of employment, provided that the participant remains in employment of the Company or any Group Company. The shares comprised in Tranche 1 may be acquired after that date or before at the discretion of the remuneration committee of the Board (the "Remuneration Committee").

Tranche 2 comprises 2,445,714 shares (including awards made to Scott McGregor and Tristan Fisher), and vests 24 months following the date of employment, provided that the participant remains in employment of the Company or any Group Company. The Tranche 2 shares may be acquired at any time after that date or before at the discretion of the Remuneration Committee.

The subsisting Awards are not subject to any further performance conditions.

Awards will lapse and cease to be exercisable in certain circumstances if the participant does not continue in employment with any Group Company for the periods specified above. The number of shares in respect of which an Award will lapse will depend upon the reason for the cessation of employment.

In the event of a change of control of the Company, Awards will Vest in full.

The Remuneration Committee may also determine that an unvested Award does not lapse in exceptional circumstances. However, Awards will lapse automatically to the extent that they are not vested in cases of dismissal for gross misconduct and for any other reasons as set out in the relevant Award certificate.

Variation of share capital

In the event of a variation in the Company's ordinary share capital, the price payable for the shares subject to Awards and/or the number of such shares may be adjusted with the confirmation in writing of the auditors (except in the case of a capitalisation issue) that such adjustment is fair and reasonable.

Transferability

Awards are personal to the participant and may not be transferred in any circumstances.

Future awards and dilution limits

The Remuneration Committee may in its discretion select individuals to participate in Awards made under the terms of the Plan at any time up to the tenth anniversary of the Adoption Date of the Plan. The Remuneration Committee may impose performance conditions, and any other conditions which it deems appropriate, to Awards made under the Plan. Awards will be exercisable on the satisfaction of any performance condition attached to the Awards.

Awards may not be granted over more than 8 per cent. of the Enlarged Issued Share Capital in any 10 year period (excluding the initial Awards of 3,735,000 shares made under the Plan).

10.3 *Long Term Incentive Plan*

It is intended that the Plan may also be used for future awards as a long term incentive plan ("LTIP") that will be used to award Ordinary Shares to selected participants subject to the extent of achievement measured against specified performance criteria. Relevant Members of the Group have undertaken to the executive Directors in their service contracts that the LTIP will be established by 30 September 2006.

Participation in the LTIP will be restricted to employees who will be selected on a discretionary basis. The extent to which Ordinary Shares may be received under the LTIP will depend on the performance of the Company measured against specified performance criteria, commencing with effect from 1

January 2006 and ending on 31 December 2008 or if earlier on completion of a change of control takeover or other reconstruction. It is intended that the amount of Ordinary Shares received by participants under the LTIP will depend on the extent to which the performance of the Company exceeds various targets measured against specified performance criteria, with the maximum number of Ordinary Shares only issued if highest targets are reached or exceeded.

To date the Company has agreed to grant the executive Directors maximum awards under the LTIP representing 5,715,544 Ordinary Shares (equating to 4.4 per cent. of the Enlarged Issued Share Capital) assuming that the highest targets set in the LTIP are met. Awards of Ordinary Shares under the LTIP shall not exceed eight per cent. of the Enlarged Issued Share Capital.

Awards under the LTIP will be reviewed and approved by the remuneration committee of the Board.

11. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group is sufficient for its present requirements, that is for at least the twelve months from the date of Admission.

12. Legal and arbitration proceedings

Neither the Company nor any of its subsidiaries is, or has been, involved in any governmental legal or arbitration proceedings against or being brought by the Company or any of its subsidiaries, which have or may have or have had during the twelve months preceding the date of this document a significant effect on the Group's financial position or profitability and so far as the Company is aware, there are no such proceedings pending or threatened against the Company or its subsidiaries.

13. Jersey taxation

The Company has applied for and been granted 'exempt' company status within the meaning of Article 123A of the Income Tax (Jersey) Law 1961, as amended, for the calendar year ending 31 December 2006 and intends to apply at the appropriate times for such status for subsequent calendar years. The effect of such status is that the Company is treated as not resident in Jersey for Jersey tax purposes. As an 'exempt company', the Company is exempt from Jersey income tax on income arising outside of Jersey and by concession, bank interest arising in Jersey, but is otherwise liable to Jersey income tax on income arising in Jersey and is liable to Jersey income tax on the profits of any trade carried on through an established place of business in Jersey. For so long as the Company is an 'exempt company', it is not required to deduct Jersey income tax from dividends paid on Ordinary Shares and no withholding in respect of taxation will be required on any such payments.

Subject to certain exceptions or unless the Comptroller of Income Tax in Jersey otherwise agrees, a company may not have 'exempt company' status if any Jersey resident is beneficially interested in the company. These exceptions include extra-statutory concessions, of which the two most relevant to the Company are (i) that the holding of shares by a Jersey resident in a Jersey 'exempt' company, the shares of which are traded on a recognised stock exchange (which includes AIM), is not regarded as a beneficial interest, provided that the holding is *de minimis* or clearance has been obtained from the Jersey Comptroller of Income Tax (which is the case with Mr. Farrow's holding) and (ii) that where more than 10 persons are beneficially interested in an exempt company, an interest in up to 10 per cent. of the shares will not be regarded as a beneficial interest. The Jersey Comptroller of Income Tax has also given confirmation to the effect that he will not treat the acquisition of an interest or interests by Jersey residents of less than 50 per cent. of the shares of the Company as prejudicing the Company's continuing status as an 'exempt' company provided the Company files a notice of change of beneficial owners where it is on notice of the acquisition by a Jersey resident or residents of a beneficial interest, or aggregate beneficial interest, in an amount in excess of 10 per cent. of the shares, and makes an annual confirmation that it is listed on AIM.

On 3 June 2003, the EU Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business Taxation. Jersey is not a member of the European Union, however the Finance & Economics Committee (as it then was) of the States of Jersey has announced that, in

keeping with Jersey's policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime with a general zero rate of corporate tax by 2008, for the first full year of tax assessment thereafter, that is, with effect from 1 January 2009.

Under current Jersey law there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, redemption, sale or transfer of Ordinary Shares. Probate or Letters of Administration may be required to be obtained in Jersey on the death of an individual holder of Ordinary Shares. Stamp duty is payable in Jersey on the registration of such Probate or Letters of Administration calculated on the value of the holder's estate in Jersey.

14. UK taxation

The following is a general summary of certain UK tax consequences of the ownership of the Ordinary Shares for UK resident and ordinarily resident shareholders who are domiciled in the UK. This summary is based on current UK tax law and HM Revenue and Customs practice at the date of this document. It assumes that the persons referred to in this section are beneficially entitled to the Ordinary Shares as an investment and does not address the tax consequences which may be relevant to certain other categories of UK shareholders such as financial institutions and dealers in securities, or where the Ordinary Shares are acquired in connection with an employment. It does not purport to be a complete analysis of all the potential tax effects relevant to a decision to invest in the Ordinary Shares, nor should it be considered to be legal or tax advice to any potential investor. Accordingly, prospective investors who are in any doubt as to their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom are urged to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Ordinary Shares based upon their particular circumstances.

14.1 *Taxation of dividends*

UK resident individuals or companies will be subject to income tax and corporation tax respectively in the UK on dividends received from the Company. For a UK domiciled individual who is liable to income tax the dividends will be taxable at 10 per cent. and/or 32.5 per cent., depending upon the amount of the holders' taxable income.

UK resident corporate shareholders are liable to UK corporation tax in respect of dividends received from the Company. Where such a shareholder controls (either alone or together with one or more associated companies) directly or indirectly 10 per cent. or more of the voting power of the Company, they will be liable to UK corporation tax on the aggregate of the dividend and any underlying corporation tax on the profits from which the dividend is paid. Such underlying corporation tax may be available for set off against the UK corporation tax liability on the aggregate amount.

A UK resident shareholder who is not subject to tax in the UK by reason of the UK law affording relief to charities and certain superannuation schemes or to insurance companies in respect of their pension business should not be subject to tax in the UK on a dividend received from the Company.

14.2 *Taxation of capital gains*

A disposal of all or part of the Ordinary Shares by a person who is resident or ordinarily resident in the UK for tax purposes may give rise to a liability to UK taxation on chargeable gains ("CGT") depending on individual circumstances. Individuals, personal representatives and trustees may be entitled to taper relief which may operate to reduce the chargeable gains subject to CGT. Companies are not entitled to taper relief, but are entitled to indexation relief which may reduce the taxable chargeable gains. Indexation relief cannot be used to create or increase a loss. There are provisions contained in the Finance Act 2002 which operate to remove from the scope of taxation on chargeable gains for UK companies certain gains (or losses) arising on disposals of shares where such shares constitute part of a substantial holding (defined as at least 10 per cent. of the ordinary share capital) in a company subject to a number of conditions.

14.3 *UK stamp duty and stamp duty reserve tax*

Transfers of Ordinary Shares executed in the UK will give rise to a charge to stamp duty and/or SDRT, payable by the purchaser, at a rate of 0.5 per cent. of the consideration payable, rounded up to the nearest £5 in the case of stamp duty. Where the sale transaction takes place in CREST, generally SDRT will be automatically deducted and no stamp duty will arise. Stock transfer forms used to transfer Ordinary Shares not held within CREST will be liable to stamp duty. The execution and stamping of an appropriate stock transfer form within 6 years of the agreement to transfer the Ordinary Shares will normally cancel the related charge to SDRT.

14.4 *Inheritance tax*

As the register of Shareholders will be kept in Jersey, the Ordinary Shares will be not assets situated in the UK for the purposes of inheritance tax. For UK individual Shareholders who are either domiciled in the UK or deemed to be domiciled in the UK for inheritance tax purposes, a gift of such assets by, or on the death of, an individual holder of such assets might, subject to certain exemptions and reliefs, including business property relief, give rise to a liability to inheritance tax. Similarly, a transfer of such assets at less than market value may be treated as a gift for inheritance tax purposes. For non-UK domiciled individuals, assets which are not situated in the UK will not be within the scope of UK inheritance tax.

15. Material Contracts

15.1 Set out below is a summary of each material contract entered into by a member of the Group other than those entered into in the ordinary course of business, to which the Company or any other member of the Group is a party, within the two years immediately preceding the date of this document:

(a) *Placing agreement between the Company (1) the Directors (2) the Selling Shareholders (3) and KBC Peel Hunt (4)*

On 20 April 2006 the Company entered into the Placing Agreement pursuant to which KBC Peel Hunt has conditionally agreed to use its reasonable endeavours to procure subscribers on behalf of (i) the Company for the Placing Shares and (ii) the Selling Shareholders for 7,754,712 of their existing Ordinary Shares. The Placing Agreement is conditional, *inter alia*, on the entire issued and to be issued share capital of the Company being admitted to trading on AIM by no later than 25 April 2006 (or such later date as may be agreed between the parties being no later than 9 May 2006). The Placing is not underwritten.

The Placing Agreement contains warranties given by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Group and its business. In addition, the Company has given an indemnity to KBC Peel Hunt in respect of certain matters. KBC Peel Hunt is entitled to terminate the Placing Agreement in specified circumstances prior to Admission, *inter alia*, in the event of the occurrence of certain *force majeure* events or a material breach of the Placing Agreement or of any of the warranties contained in it being untrue or inaccurate. The Selling Shareholders have given warranties in relation to their title to the existing Ordinary Shares which they are selling as well as their capacity to enter into the Placing Agreement.

In consideration of its services in connection with the Placing, the Company will pay KBC Peel Hunt a corporate finance fee of £200,000 and a commission of 4 per cent. of the Placing Price for each of the Placing Shares for which KBC Peel Hunt procures placees on behalf of the Company.

(b) *Nominated adviser and broker agreement between the Company (1) and KBC Peel Hunt (2)*

On 10 February 2006, the Company entered into a nominated adviser and broker agreement with KBC Peel Hunt pursuant to which the Company has appointed KBC Peel Hunt to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay KBC Peel Hunt a fee of £40,000 plus VAT per annum for the services. The

agreement contains certain undertakings and indemnities by the Company. Save in certain circumstances the agreement is subject to termination on 30 days' written notice by either party.

(c) *Share acquisition agreement between the shareholders of Camco AG (the "Camco Shareholders") (1), the Company (2), KWI (3) and KWI Management Consultants GmbH ("KWI MC") (4) in respect of the acquisition by the Company of the entire issued share capital of Camco AG*

On 10 February 2006, the Company entered into an agreement (the "Camco Acquisition Agreement") pursuant to which the Company acquired the entire issued share capital of Camco AG. The consideration was the sum of €4,995,900 satisfied by (i) the allotment and issue of 36,918,000 Ordinary Shares credited as paid up as to €0.05 per Ordinary Share and (ii) the issue of €3,150,000 nominal amount of A Loan Notes. All the Camco Shareholders gave warranties to the Company as to their title to their shares in Camco AG and their capacity to enter into the agreement. In addition ESD, KWI and KWI MC gave commercial warranties to the Company. The period for making claims under the commercial warranties (other than those relating to taxation) is the date that falls two months after publication of the audited accounts of Camco AG for the period ending 31 December 2007 but in any event no later than 30 June 2008. The period for making a claim under the tax warranties is on or before 10 February 2012. The Camco Acquisition Agreement also contains restrictive covenants given in favour of the Company and undertakings in respect of confidentiality, both of which were given by all of the Camco Shareholders.

(d) *Business acquisition agreement between the Company (1), CWE (2) and Westlake Associates (3) in respect of the acquisition by the Company of certain of the business and assets of CWE*

On 10 February 2006, the Company entered into an agreement (the "ClearWorld Acquisition Agreement") pursuant to which the Company acquired the sell-side carbon asset development business of CWE (the "ClearWorld Business") and the benefit of a number of its contracts ("the Contracts") and certain other assets. Westlake Associates was a party to the ClearWorld Acquisition Agreement as certain of the Contracts had previously been assigned to CWE and although beneficially owned by CWE those Contracts had not yet been novated by Westlake Associates to CWE.

The consideration payable by the Company was the sum of €3,027,100 satisfied by (i) the allotment and issue of 43,542,000 Ordinary Shares credited as paid up as to €0.05 per Ordinary Share to CWE and (ii) the issue of €850,000 nominal amount of A Loan Notes to CWE. Under the terms of the ClearWorld Acquisition Agreement, (i) the Company did not assume any liabilities in connection with the ClearWorld Business or the Contracts prior to 10 February 2006 and (ii) each of CWE and Westlake Associates undertook to novate the Contracts to be transferred under the ClearWorld Acquisition Agreement to the Company. All of the Contracts have since been novated to the Company, under the terms of the ClearWorld Acquisition Agreement. Under the terms of the ClearWorld Acquisition Agreement, CWE gave commercial warranties to the Company. The period for making claims under the commercial warranties is the date that falls two months after publication of the audited accounts of the Company for the period ending 31 December 2007 but in any event no later than 30 June 2008. The ClearWorld Acquisition Agreement also contains restrictive covenants given in favour of the Company and undertakings in respect of confidentiality both given by each of CWE and Westlake Associates.

(e) *Exclusivity and non-compete agreements with ESD, KWI and KWI Management Consultancy GmbH ("KWI MC") and CWE*

On 19 April 2006 the Company entered into separate agreements with each of ESD, KWI and KWI MC and CWE pursuant to which certain covenants and undertakings relating to exclusivity and future competition were provided to the Company. Each of ESD, KWI and KWI MC and CWE is obliged to offer to the Company all sell-side carbon asset development opportunities which it becomes aware of to the extent that it is within its reasonable ability to control or influence the offering or introduction of the same. Where any of them has expended time and

effort and undertaken work to source and develop such opportunities, the same must be offered to the Company on fair and reasonable terms in accordance with good industry practice.

Each of the agreements commenced with effect from 10 February 2006 and continue for a fixed period of seven years and thereafter is terminable on 30 days' notice in writing.

In addition, each of ESD, KWI and KWI MC and CWE has undertaken that (i) for a period of seven years following the date of the agreement it will not be engaged, concerned or interested in a business or activity which competes with one carried on by the Company or any member of the Group at the date of the agreement and (ii) for the period of the agreement or if longer for a period of two years following Admission it will not (a) solicit people who were then employees away from the Company or any member of the Group, (b) employ any person then employed by the Company or any member of the Group, (c) solicit orders in competition with the Company or any member of the Group from any person who has been a customer or client of the Company or any member of the Group during the twelve months preceding the date of the agreement or (d) accept orders from any such person.

Michael Ashburn is also party to the agreement with CWE whereby he personally gives certain undertakings to the Company relating to non-completion and non-solicitation. In addition under the CWE agreement, in consideration for the payment by the Company to CWE of a fixed fee of €9,000 per month, CWE will provide Michael Ashburn's services to the Company (being 50 per cent. of his time, i.e. an average of 2.5 working days per week, for an initial fixed period of six months and continuing thereafter unless and until terminated by either party on thirty days notice in writing).

(f) *Interim service agreements*

On 19 April 2006 the Company entered into separate agreements with (i) ESD and (ii) CWE and Beijing Cheng Yu Shi Dai Investment Management Consulting Co. Ltd ("CYSD") relating in each case to the provision to the Company for up to six months from 10 February 2006 of certain support services (e.g. office accommodation, personnel, administration support, telephone services, bookkeeping, IT support etc).

Under the agreement with ESD, the Company must pay the following fees with effect from 10 February 2006: (i) £1,100 per month for the provision of office accommodation, (ii) £10,417 per month for the two months commencing 10 February 2006 for the provision of personnel (including Dr Jeff Kenna) and (iii) a one off fee of £75,000 for services provided prior to commencement of the agreement (payment of which is due within thirty days following Admission).

Under the agreement with CWE and CYSD, the Company must pay the following fees with effect from 10 February 2006: (i) a lump sum fixed fee of US$20,000 per month, (ii) £12,500 per month for the two months commencing 10 February 2006 for the provision of the services of Mike Ashburn, (iii) a one off fee of £75,000 for services provided prior to commencement of the agreement (payment of which is due within thirty days following Admission).

In addition the Company must reimburse all third party costs and expenses incurred by ESD, CWE and CYSD in providing their services under these agreements.

(g) *The A Loan Note Instrument*

The Company executed a loan note instrument on 10 February 2006 creating €4,000,000 nominal amount of Series A Loan Notes 2006. Pursuant to the terms of the Camco Acquisition Agreement and the ClearWorld Acquisition Agreement €4,000,000 nominal amount of the A Loan Notes were issued on 10 February 2006. €1,403,905 nominal amount of the A Loan Notes were redeemed on 10 February 2005. The principal nominal amount of €2,596,095 of the A Loan Notes remains outstanding at the date of this document. No interest is payable or accrues on the A Loan Notes until 10 August 2006. Thereafter the rate of interest in respect of the A Loan Notes is 3 per

cent. per annum above LIBOR payable in arrears on 31 March and 30 September in each year. A holder of the A Loan Notes is permitted to transfer all but not some only of the A Loan Notes held by him. The A Loan Notes may be redeemed by the Company at any time. Under the terms of the A Loan Note Instrument the outstanding A Loan Notes shall be redeemed at par on the date of Admission or if earlier on 10 February 2009.

(h) *The B Loan Note Instrument*

The Company executed a loan note instrument on 10 February 2006 creating €2,403,905 nominal amount of Series B Loan Notes 2006. ESD and CWE subscribed in aggregate €2,403,903 for €2,403,905 nominal amount of B Loan Notes on 10 February 2006 which principal amount remains outstanding as at the date of this document. No interest is payable or accrues on the B Loan Notes until 10 August 2006. Thereafter the rate of interest in respect of the B Loan Notes is 3 per cent. per annum above LIBOR payable in arrears on 31 March and 30 September in each year. A holder of the B Loan Notes is permitted to transfer all but not some only of the B Loan Notes held by him. The B Loan Notes may be redeemed by the Company at any time. Under the terms of the B Loan Note Instrument the outstanding B Loan Notes shall be redeemed at par on the date of Admission or if earlier on 10 February 2009.

(i) Subscription and shareholders' agreement relating to the Company between the Company (1) and the existing shareholders of the Company (2) (the "Existing Shareholders")

On 10 February 2006, the Company and the Existing Shareholders entered into a subscription and shareholders agreement which set out *inter alia* (i) the obligation on CWE and ESD to subscribe in aggregate €2,403,905 nominal amount for B Loan Notes; (ii) the obligation on the Company to redeem €1,403,905 nominal amount of the A Loan Notes; and (iii) the terms that will govern the relationship between the Company and shareholders of the Company. Under the terms of the agreement the Company gave various undertakings to the shareholders relating to the management and administration of the Company. This agreement automatically terminates immediately prior to Admission and shall have no further force or effect save in relation to any claim for an antecedent breach.

(j) *Framework termination deed between KWI Holdings AG (1), KWI Management Consultants GmbH (2), KWI (3), ESD Partners Limited (4), ESD (5), Camco International Limited (company number 04815175) (6) and Camco AG (7).*

On 10 March 2006, Camco AG entered into a deed (the "Termination Deed") terminating a framework agreement dated 15 June 2004 between it and *inter alia* KWI and ESD. Under the terms of the framework agreement, Camco AG was obliged to make payments to KWI and ESD in respect of the financial years 2009-2014 in consideration for (i) the provision of services to Camco AG; and (ii) the provision of certain assets on the formation of Camco AG. Under the terms of the Termination Deed, Camco AG agreed to pay €600,000 in aggregate by paying €300,000 to each of KWI and ESD (a company in which Dr Jeff Kenna has an interest as described in paragraph 6.1 of this Part VII) in full and final settlement of all past, present and future claims under the framework agreement other than the payment of outstanding management fees of approximately €320,000.

(k) *Engagement letter for Private Energy Partners ("PEP") between David Scaysbrook (1) and the Company (2)*

On 16 March 2006, the Company entered into an engagement letter with David Scaysbrook, the principal of PEP, a consulting business carried on by him. The letter sets out the terms upon which PEP has been engaged by the Company to act as commercial adviser to the Board and provide consultancy, negotiation and advisory services. In particular, PEP has been engaged, *inter alia*, to (i) identify commercial opportunities for the Company to acquire carbon related businesses assets and/or companies to grow the Company portfolio; and (ii) provide such other commercial advisory services as the Board may request from time to time. The engagement will terminate on

31 December 2006 unless terminated before by either party giving the other at least 30 days notice in writing or unless extended by the parties in writing. Under the terms of the engagement, PEP is entitled to receive a fixed fee of £25,000 (plus VAT) (the "Fixed Fee") on the earlier of Admission and 1 May 2006. From 1 May 2006, PEP shall be entitled, for services provided, to a daily fee of £1,000 (plus VAT) per day or part thereof on a pro-rated basis based on an 8 hour day. In addition, PEP shall be entitled to a success fee (plus VAT, if applicable) calculated at 1 per cent. of the higher of (i) the gross consideration paid by the Company (including by way of shares, cash or assumed indebtedness) to acquire any company business or other asset or (ii) the total enterprise value of any company or business acquired by the Company in both cases in relation to which PEP has advised the Company. Such success fees are payable within seven days of a completed transaction. In the event a success fee is payable and to the extent such a fee is payable, the Company may deduct from such success fee an amount in respect of the Fixed Fee by way of a rebate.

(l) *Intra-group transfer*

On 24 February 2006, Camco AG novated to the Company one of its CADAs in consideration for a cash payment of €1,300,000. Further details of this arrangement are set out on page 60 of the Accountants' Reports in Part V of this document.

16. Lock-In Arrangements

Under the terms of the Placing Agreement for the purposes of Rule 7 of the AIM Rules, each of the Directors has undertaken to each of the Company and KBC Peel Hunt that he will not, and will procure that no person with whom he is connected, will dispose of any interests which they have in Ordinary Shares during the period until the first anniversary of Admission. The only circumstances in which the Directors can dispose of Ordinary Shares during such period are in the event of (i) a takeover offer for the Company, (ii) death or (iii) an intervening court order. In addition, each of the Directors has further undertaken to the Company and KBC Peel Hunt that any disposals will be conducted through the Company's broker.

On 19 April 2006 the Company entered into a lock-in agreement with each of ESD, James Graham, CWE and the trustees of the Overmoor Limited SSAS (the "Rule 7 Shareholders") pursuant to which for the purposes of Rule 7 of the AIM Rules the Rule 7 Shareholders have undertaken to the Company and KBC Peel Hunt that, subject to limited exceptions, during the period until the first anniversary of Admission, they will not dispose of any Ordinary Shares or rights over Ordinary Shares. The only circumstances in which the Rule 7 Shareholders can dispose of Ordinary Shares during such period until the first anniversary of Admission are in the event of (i) a takeover offer for the Company, (ii) death or (iii) an intervening court order. The Rule 7 Shareholders have further undertaken to the Company and KBC Peel Hunt that for a further period of six months from the first anniversary of Admission any disposals of Ordinary Shares by them will be undertaken through the Company's broker.

On 19 April 2006 the Company entered into a lock-in agreement with Gabriele Gschmeidler, Manfred Stockmayer, Gunter Quirchtmayer, Christian Zeller Privatstiftung, Josef Wildburger Privatstiftung, Gabriela Wildburger, Josef Baumgartner, Gertrude Baumgartner, Dr. Karl Fuchs, Furstliche Colloredo-Mansfield'sche Familienstiftung, Schelling GmbH, Johannes Ramler, Franz Höchtl Andreas Dana, Klaus Raffetseder, Wolfgang Gschmeidler Ramler, Christian Zeller, Dr Josef Wildburger (the "Non-Rule 7 Shareholders") pursuant to which the Non-Rule 7 Shareholders have undertaken to the Company and KBC Peel Hunt that, subject to certain exceptions, during the period until the first anniversary of Admission, they will not dispose of any rights over Ordinary Shares. The circumstances in which the Non-Rule 7 Shareholders can dispose of Ordinary Shares during such period until the first anniversary of Admission include in the event of (i) a takeover offer for the Company, (ii) death, (iii) transfers to connected parties and (iv) financial hardship. The Non-Rule 7 Shareholders have further undertaken to the Company and KBC Peel Hunt that for a further period of six months from the first anniversary of Admission any disposals of Ordinary Shares by them will be through the Company's broker.

On 19 April 2006 the Company entered into a lock-in agreement with The Tudor BVI Global Portfolio Limited and Tudor Proprietary Trading LLC ("Tudor") pursuant to which Tudor have undertaken to the

Company and KBC Peel Hunt that, subject to certain exceptions, during the period until the six month anniversary of Admission, they will not dispose of any rights over Ordinary Shares. The circumstances in which Tudor can dispose of Ordinary Shares during such period until the six month anniversary of Admission include in the event of (i) a takeover offer for the Company, (ii) transfers to connected parties, (iii) financial hardship or (iv) with the agreement of the Company and KBC Peel Hunt.

17. Related Party Transactions

Save as disclosed in respect of transactions summarised in paragraphs 15.1(c) to (j) of this Part VII the Company has not entered into any related party transactions which are material to the Company.

18. Consents

18.1 KPMG LLP has given its consent to the inclusion of its reports dated 20 April 2006 in the form and context in which they appear and authorise the contents of those reports for the purposes of Schedule Two of the AIM Rules.

18.2 KBC Peel Hunt has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it is included.

18.3 DNV Certification bv, IT Power Limited and SGS India Private Limited have each given and have not withdrawn their respective written consents to the issue of this document with the inclusion of their respective reports as set out in Part IV of this document and the use of their respective names in the form and context in which they are included.

19. General

19.1 Save as disclosed in Part I of this document there has been no significant change in the trading or financial position of the Company since its date of incorporation.

19.2 Save as disclosed in this document, no person (excluding professional advisers and trade suppliers) has (i) received directly or indirectly from the Company within the 12 months preceding the date of this document or (ii) entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more; or

(b) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit to a value of £10,000 or more on the date of Admission.

19.3 The accounting reference date of the Company is 31 December.

19.4 The total costs and expenses in relation to Admission and the Placing (including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting, corporate finance and public relations fees and expenses) are payable by the Company and (assuming subscription in full) are estimated to amount to approximately €3.0 million (£2.1 million), excluding value added tax.

19.5 To the extent that information in this document is sourced from a third party, it has been accurately reproduced and so far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.6 The Directors are not aware of any arrangements in place under which future dividends are waived or agreed to be waived.

19.7 Monies received from subscribers pursuant to the Placing will be held in accordance with the terms of the subscription procedures issued by KBC Peel Hunt until such time as the Placing becomes unconditional in all respects. If the Placing does not become unconditional in all respects by 25 April 2006 (or such later date as KBC Peel Hunt and the Company may agree but in any event no later than 9 May 2006), application monies will be returned to subscribers as soon as practicable at their own risk and without interest prior to delivery of the Ordinary Shares. The period within which the Placing monies may be accepted pursuant to the Placing are set out in the Placing Agreement and in the placing letters sent to placees by KBC Peel Hunt.

20. Availability of Admission Document

Copies of this document will be available to the public free of charge from the registered office of the Company at 47 Esplanade, St Helier, Jersey JE1 0BD and from the offices of KBC Peel Hunt at 4th Floor, 111 Old Broad Street, London EC2N 1PH, during normal office hours, Saturdays and Sundays excepted, from the date of this document until the date which is one month following Admission.

20 April 2006

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Admission"	the admission of the Existing Ordinary Shares and the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"Act"	the Companies Act 1985
"AIM"	AIM, a market operated and regulated by London Stock Exchange
"AIM Rules"	the rules published by London Stock Exchange relating to AIM
"A Loan Notes"	the €4,000,000 nominal amount of Series A unsecured loan notes 2006 of the Company, of which €2,596,095 remains outstanding and will be redeemed out of the Placing proceeds
"A Loan Note Instrument"	the loan note instrument of the Company dated 10 February 2006 pursuant to which the A Loan Notes were constituted and issued
"Articles"	the articles of association of the Company
"B Loan Notes"	the €2,403,905 nominal amount of Series B unsecured loan notes 2006 of the Company, all of which remains outstanding and will be redeemed out of the Placing proceeds
"B Loan Note Instrument"	the loan note instrument of the Company dated 10 February 2006 pursuant to which the B Loan Notes were constituted and issued
"Board"	the board of directors of the Company
"Camco AG"	Carbon Asset Management International A.G., a company incorporated under the laws of Austria with registered number FN252776, a wholly owned subsidiary of the Company
"Combined Code"	the principles of good governance and code of best practice appended to but not forming part of the listing rules from time to time of the United Kingdom Listing Authority
"Company" or "Camco"	Camco International Limited, a company incorporated under the laws of Jersey with registered number 92432
"CREST"	the relevant system (as defined in the CREST Regulations) operated by CRESTCo in accordance with which securities may be held or transferred in uncertificated form
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales
"CREST Regulations"	the Uncertificated Securities Regulations 2001 as amended (SI 2001/3755) and the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended, (and in the event of any inconsistency the latter shall prevail)
"CWE"	ClearWorld Energy Limited, a company incorporated under the laws of the British Virgin Islands with IBC number 546665 and with its registered address at Portcullis TrustNet (British Virgin Islands) Limited, Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands
"Directors"	the directors of the Company, whose names are set out on page 3
"Enlarged Issued Share Capital"	the Existing Ordinary Shares and the Placing Shares

"ESD"	Energy for Sustainable Development Limited, a company incorporated under the laws of England and Wales with registered number 1974812 and with its registered address at Overmoor Farm, Neston, Carsham, Wiltshire SN13 9TZ
"Euro" or "€"	Euro and "cent" refers to part thereof
"Existing Ordinary Shares"	the 90,929,113 Ordinary Shares in issue at the date of this document
"FSA" or "Financial Services Authority"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Group"	the Company and its subsidiaries
"ISIN"	International Securities Identification Number
"Jersey"	the Island of Jersey
"KBC Peel Hunt"	KBC Peel Hunt Ltd
"KWI"	KWI Business and Project Development GmbH (Company Number 183337p) a company incorporated under the laws of Austria with registered address at Fuhrmannsgasse 3-7, 3100, St Polten, Austria
"Law"	The Companies (Jersey) Law 1991
"Loan Notes"	the A Loan Notes and the B Loan Notes
"London Stock Exchange"	London Stock Exchange plc
"Ordinary Shares"	ordinary shares of €0.01 each in the capital of the Company with ISIN GB00B11FB960
"Placing"	the conditional placing by KBC Peel Hunt of the Placing Shares on behalf of the Company and certain existing Ordinary Shares on behalf of the Selling Shareholders pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 20 April 2006, between the Company, the Directors, the Selling Shareholders and KBC Peel Hunt relating, *inter alia*, to the Placing and Admission, further details of which are set out in paragraph 15 of Part VII of this document
"Placing Shares"	38,969,620 new Ordinary Shares to be issued by the Company
"Point Carbon"	a provider of carbon market news, information and related products with website www.pointcarbon.com
"Pound" or "£"	pounds sterling, the lawful currency of the UK and "pence" refers to parts thereof
"Prospectus Rules"	the Prospectus Rules issued by the FSA with effect from 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
"Recognised Investment Exchange"	has the meaning ascribed to it in Section 285 of FSMA

"Selling Shareholders"	The Tudor BVI Global Portfolio Limited whose registered office address is c/o Maples and Calder, Ugland House, South Church Street, Grand Cayman, Cayman Island, Tudor Proprietary Trading LLC whose registered office address is Corporation Services Company, 2711 Centeville Road, Suite 400 Wilmington, DE 1980, CWE, ESD, Timothy John Pritchard and Jennifer Niamh O'Dowd, (Trustees of the Pritchard Family Trust) of address 3/2B Wolseley Street, Drummoyne, New South Wales 2047, Australia and Timothy M. O'Dowd (Medical) Pty Ltd Superfund ABN 25526210811 of address Suite 1, Pindara Place, 13 Camara Street, Benowa, Queensland 4217, Australia
"Shareholders"	holders of Ordinary Shares
"UK"	the United Kingdom of Great Britain and Northern Ireland
"United Kingdom Listing Authority"	the FSA acting in its capacity as a competent authority for the purposes of Part VI of FSMA including where the context so permits any committee, employee or servant of such authority to whom any function of the United Kingdom Listing Authority may from time to time be delegated
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"Westlake Associates"	Westlake Associates (HK) Limited, a company incorporated under the laws of the Hong Kong Special Administration Region with company number 773517 whose registered address is Unit A, 29/F, Yu Fung Commercial Centre, 289 Hennessy Road, Wan Chai, Hong Kong

In this document all references to times and dates are in reference to those observed in London, United Kingdom.

GLOSSARY

The following definitions apply throughout this document, unless the context requires otherwise:

"AA"	assigned amount referring to the amount of GHGs a country is allowed to emit during the first commitment period of the Kyoto Protocol
"AAU" or "Assigned Amount Unit"	a type of Carbon Credit known as an assigned amount unit solely for use within the Kyoto Protocol
"Annex I Country"	a country, being an industrialised nation, that has ratified the Kyoto Protocol
"Annex I Party"	Annex I party to the UNFCCC
"Annex B Party"	Annex B party to the Kyoto Protocol
"Approved CDM Methodology"	a methodology approved by the CDM Executive Board for use by a CDM project
"Baseline"	the baseline for a CDM Project is the scenario that reasonably represents the anthropogenic emissions by sources of GHGs that would offer in the absence of a proposed project activity described in the UNFCCC/Kyoto Protocol Rules
"Carbon Credit"	one of the various units used to offset one tCO_2e, including CERs, VERs, EUAs, AAUs and ERUs
"CADA"	Carbon Asset Development Agreement
"CDM"	the Clean Development Mechanism, one of three flexible mechanisms included in the Kyoto Protocol
"CDM-EB" or "CDM Executive Board"	the executive board of the CDM that is established pursuant to the International UNFCCC/Kyoto Protocol Rules
"CDM Project"	a CDM project to produce Carbon Credits in a developing country which can be funded by a foreign country to generate Carbon Credits for use by a foreign country
"CDM Registry"	the registry established by the UN to ensure accurate accounting of transactions of Carbon Credits derived from CDM Projects, known as CERs
"CER"	a type of Carbon Credit, known as a certified emission reduction, derived from CDM Projects in accordance with relevant International UNFCCC/Kyoto Protocol Rules and which represents GHG Reduction of one metric tonne of carbon dioxide equivalent, calculated in accordance with the International UNFCCC/Kyoto Protocol Rules
"Certification"	the issuance of CERs by the CDM-EB on receipt of a Verification report from a DOE, and the terms "Certify" and "Certified" shall be construed accordingly
"CH_4"	methane
"CMM"	coal mine methane
"CO_2"	carbon dioxide

“CO_2e”	carbon dioxide equivalent, the universal base reference for the determination of global warming potential of Greenhouse Gases in units of carbon dioxide equivalent
“COP/MOP”	the conference of parties and the meeting of parties to the UNFCCC serving as the meeting of the parties to the Kyoto Protocol
“DNA”	a national authority designated by the UN Executive Board known as the designated national authority
“DOE” or “Designated Operational Entity”	an entity designated by the COP/MOP, based on a recommendation made by the CDM Executive Board, as qualified to Validate proposed CDM Project activities or to Verify and Certify GHG Reductions
“ERPA”	emission reduction purchase agreement
“ERU”	a type of Carbon Credit, known as an emission reduction unit, derived from JI Projects in accordance with relevant International UNFCCC/Kyoto Protocol Rules and which represents a GHG reduction of one metric tonne of CO_2 equivalent, calculated in accordance with the International UNFCCC/Kyoto Protocol Rules
“EU15”	together Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Sweden, Spain and the UK
“EUA”	European Union Allowance being a type of Carbon Credit solely for use within the EU-ETS
“EU-ETS”	European Union Emissions Trading Scheme
“GHG Reduction”	the removal, limitation, reduction, avoidance, sequestration or mitigation of GHG emissions and “GHG” Reducing shall be construed accordingly
“Greenhouse Gases” or “GHGs”	six gases thought to contribute to global warming and listed in Annex A to the Kyoto Protocol, namely carbon dioxide, methane, nitrous oxide, hydro fluorocarbons, per fluorocarbons and sulphur hexafluoride
“GWP”	global warming potential which describes a gas’s potency to contribute to global warming
“HFC-23”	tri fluoromethane
“Host Country”	a country having ratified the UNFCCC in which JI Projects or CDM Projects can be established
“International UNFCCC/Kyoto Protocol Rules”	the UNFCCC, the Kyoto Protocol, the Marrakech Accords and any relevant decisions, guidelines, modalities and procedures made pursuant to them, as amended from time to time
“IPCC”	Intergovernmental Panel on Climate Change

"ITL"	UNFCCC international transaction log, the system set up by the UNFCCC to perform automated checks and to verify transactions in Carbon Credits including issuance, transfer and acquisition between registries, cancellation, retirement and carry-over. It acts as the central reference database for authentication of information and maintenance of a publicly accessible list of units and transaction records
"JI"	joint implementation, one of the three flexible mechanisms included in the Kyoto Protocol
"JI Project"	a JI project in a developed country which can be funded by a foreign country to generate Carbon Credits for use by the foreign country
"Kyoto Protocol" or the "Protocol"	the protocol to the UNFCCC adopted at the Third Conference of the parties to the UNFCCC in Kyoto, Japan on December 11 1997, as may be amended from time to time
"Linking Amendment"	part of EU-ETS regulations which allow carbon credits from JI/CDM projects to be included in EU-ETS scheme as a way for companies to lower costs of compliance
"Linking Directive"	Directive 2004/101/EC of the European Parliament and of the Council amending Directive 2003/87/EC
"LOA" or "Letter of Approval"	the letter of approval through which each of the DNA Host Countries approves a CDM Project for the purposes of Article 12 of the Kyoto Protocol. When a project participant is from an Annex I Country, a letter of approval from the Annex I DNA is also required for project registration
"Marrakech Accords"	Decision 2/CP.7 through to Decision 24/CP.7 inclusive of the COP in its seventh session, held at Marrakech, Morocco from 29 October to 10 November 2001
"Member State"	a member state of the European Union
"Methodologies Panel"	the methodologies panel of the CDM, established to: (i) provide recommendation to the CDM Executive Board on guidelines for methodologies for baselines and monitoring plans of emissions reduction technologies; and (ii) prepare recommendations on submitted proposal for new baseline and monitoring methodologies
"MNC"	Multi National Company
"NAP"	National Allocation Plan for the EU-ETS which determines a territory's maximum permitted emissions or allowances
"National Registry"	a registry established by a country which will contain accounts for holding Carbon Credits. Transfers and acquisitions of Carbon Credits are expected to take place between account holders through National Registries
"N_2O"	Nitrous Oxide
"OECD"	Organisation for Economic Co-operation and Development
"PDD" or "Project Design Document"	a description of a specific project's activities submitted for Validation in accordance with the International UNFCCC/Kyoto Protocol Rules

"Prompt Start"	a mechanism which permits a project activity that started after January 2000 but prior to 18 November 2004 to begin its crediting period prior to the actual date of project registration. This allows the accrual of Carbon Credits where project activity has been completed prior to project Validation and Registration (subject to Validation and Registration taking place by 31 December 2005)
"Registration"	the formal acceptance by the CDM-EB of a specific project activity as a CDM Project activity and the terms "Register" and "Registered" shall be construed accordingly
"tCO_2e"	metric tonnes of carbon dioxide equivalent, the universal base reference for the determination of global warming potential of Greenhouse Gases in units of carbon dioxide equivalent
"tonne"	metric tonne
"UNFCCC"	the United Nations Framework Convention on Climate Change adopted in New York on 9 May 2002
"Validation"	the process of independent evaluation of specific project activities by a DOE against the requirements of the CDM in accordance with the International UNFCCC/Kyoto Protocol Rules and the terms "Validate" and "Validated" shall be construed accordingly
"VER"	a type of non certificated Carbon Credit, known as a Verified Emission Reduction
"Verification"	the process of independent verification of Carbon Credits by a DOE, and the terms "Verify" and "Verified" shall be construed accordingly