creating a clean energy world economy

Annual Report and Accounts
for the year ended 31 December 2010

Business successfully refocused to deliver profits and enhanced prospects for growth

"The Company is in a strong position across all our markets after its 2010 turnaround and best performing year. Given the performance and focus of the business, we are in a prime position to seize the current opportunities, grow our projects business, deliver the current portfolio and build value for our customers and shareholders."

Scott McGregor, Camco Chief Executive Officer

To find out more about our Carbon Project Development Services (Carbon) see page 6

To find out more about our Clean Energy Project Development and Investments (Investments) see page 10

To find out more about our Energy and Carbon Advisory Services (Advisory) see page 14

Camco* Highlights 2010

as at 31 December 2010

- Profit in 2010 of €10.1m (2009: loss of €10.9m)
- Increased revenues to €30.0m in 2010 (2009: €27.8m)
- Net assets of €61.2m of which €31.7m is net accrued income from carbon projects, which are registered, operational and expected to deliver cash in the next 2.5 years
- More than doubled the amount of carbon credits, 8.1m tonnes issued in 2010 (2009: 3.3m tonnes)
- Expansion of the Carbon portfolio including 30m tonnes of carbon credits contracts signed, delivering into phase three of the EU-Emissions Trading Scheme (EU-ETS)
- Formed a financial and operational partnership with Khazanah Nasional Berhad (a Malaysian sovereign wealth fund) into Camco South East Asia Joint Venture, with USD 30m cash to expand business growth in one of the fastest growing regions in our sector
- Established joint ventures in North America creating an investable pipeline greater than USD 300m of clean energy projects in the agricultural methane and industrial energy efficiency sectors
- Turned around our Advisory business to deliver a strong profit of €0.8m

*Camco International Limited and all its subsidiaries (Camco)

Overview

Business Review

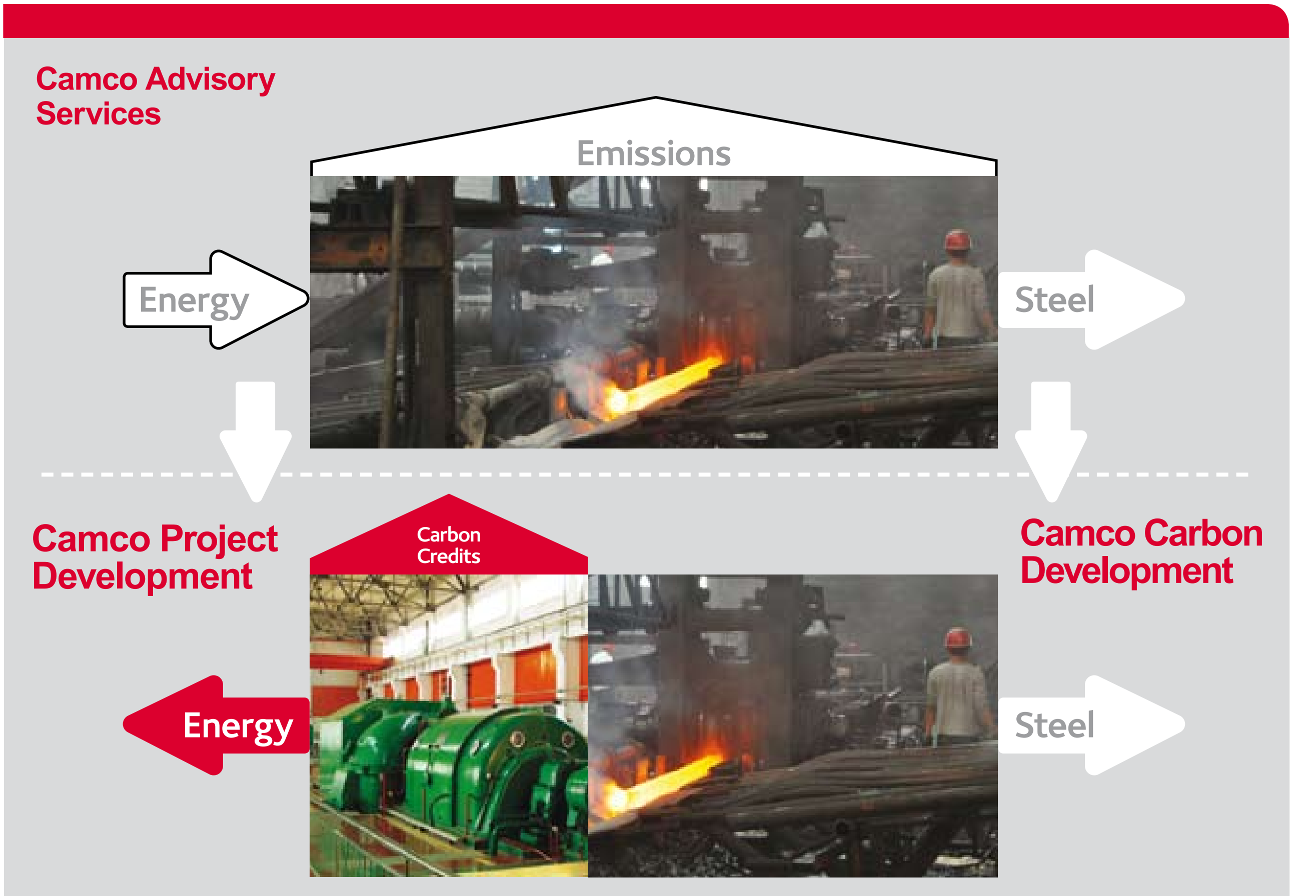
Governance

Financial Statements

What We Do

- Camco's core capabilities are to reduce emissions and develop clean energy projects
- Camco has a 20-year track record in sustainable development
- We are focused on North America and Asia, regions with the world's highest emissions, where we are regional market leader in our sectors
- We also have regional hubs in those markets where we see growth potential: Africa and Europe
- Camco's Carbon projects have been delivering emission reductions and cash over the last three years and delivery is increasing
- Camco Investments has developed a pipeline of clean energy projects in Asia and North America which is now ready for investment

Example: A mill which produces emissions through manufacturing steel



Camco Energy and Carbon Advisory (Steel Mill owns project)

Camco advises the Steel Mill on local and international regulations regarding emissions.

Camco identifies any potential regulatory incentives to reduce emissions, complete a carbon footprint, design a carbon reduction strategy and identify projects to reduce emissions and improve energy efficiency.

For this work Camco receives payment as an advisor.

Camco Clean Energy Project Development and Investments (Camco owns project)

Camco develops, constructs, owns and operates the clean energy project.

Camco fully manages what is a non-core business for the Steel Mill.

For this work Camco receives an ownership interest in the project. This project will generate both carbon and energy revenue streams.

Camco Carbon Project Development (Steel Mill owns project)

Our engineers design, implement and manage an emission reduction project to comply with an incentive scheme (locally or internationally). The client invests in the project benefiting from Camco's financial structuring experience to maximise their financial return. We work with the Steel Mill to maximise delivery of emission reductions according to the relevant regulation. For this work Camco receives a percentage of carbon deliveries on a success basis.

Our Business Lines

Key Performance Indicators for 2010

	Carbon Project Development Services	Clean Energy Project Development and Investment	Carbon and Energy Advisory Services
	Carbon Credit Delivery Delivered 8.13m carbon credits in 2010. **Registration Success** 64% of projects under development are registered (as of 31 December 2010).	**Pipeline Size** Built a pipeline of clean energy projects with a project value greater than USD 300m ready for investment. **Capital Raised** Raised USD 30m in capital for investments in clean energy projects in South East Asia.	**Profit Margin** Camco's Advisory business achieved a profit margin of €0.8m in 2010. **Sales** Achieved sales of €9.9m in the advisory business in 2010.

Business Strategic Focus

	Carbon Project Development Services	Clean Energy Project Development and Investment	Carbon and Energy Advisory Services
2010	Deliver	Originate and Secure Capital	Turnaround
2011	Deliver	Invest	Recurring Revenue Growth
2012+	Deliver	Growth	Recurring Revenue Growth
Focus in 2011	Camco will focus on delivering an ongoing annuity from carbon projects, capitalise on its market position and expand regionally based on regulatory opportunities.	Camco will expand development and investment services to exploit regulatory incentives in Asia and North America, building clean energy projects.	Camco will continue to provide advisory services and products to new and returning clients.

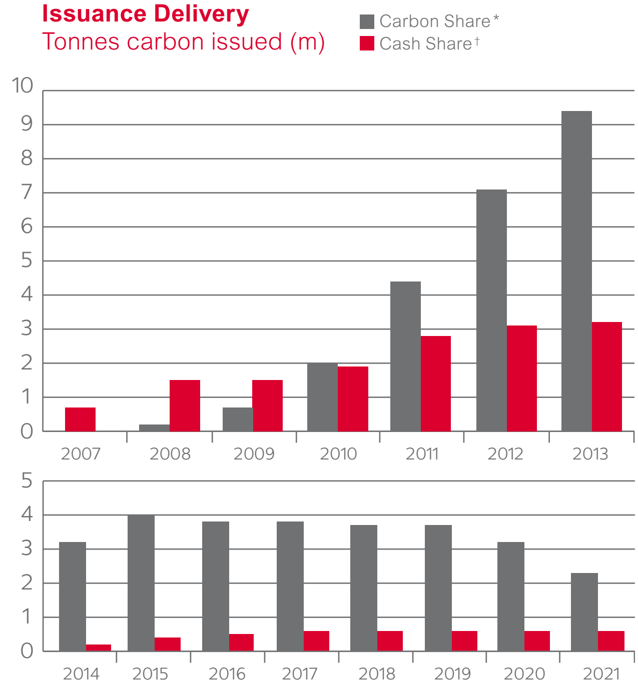
Camco Carbon Project Development Services

Camco provides bespoke carbon reduction services for large emitters. We have unique expertise in projects across a range of sectors including waste heat, steel, power, cement, wind, hydro, biomass, biogas, agriculture, landfill and coal mine methane.

Our technical experts manage the project development process through registration, monitoring and issuance. Our carbon commercial experts assist with the monetisation and commercialisation of carbon credits. We currently have a portfolio of over 200 projects, representing more than 200m tonnes of emission reductions over a ten-year period.

- **Design:** Our in-country teams work with our partners to identify opportunities and design projects to reduce emissions. We then assess whether a project is eligible under regulatory incentive schemes. Our experts will advise our partner on appropriate technical and financial structuring solutions.
- **Register:** Where we assess that a project is eligible under a relevant regulatory incentive scheme, our experts will work with our partners to document and process the project to registration approval stage.
- **Monitor:** Once a project is approved by a regulator then our operations teams will monitor emission reductions under the approved scope.
- **Issuance:** We work with our partners to maximise the delivery of emission reductions for their project.
- **Monetise:** We work with our partners to maximise the financial benefit from the delivery of their project.

Issuance Delivery
Tonnes carbon issued (m)



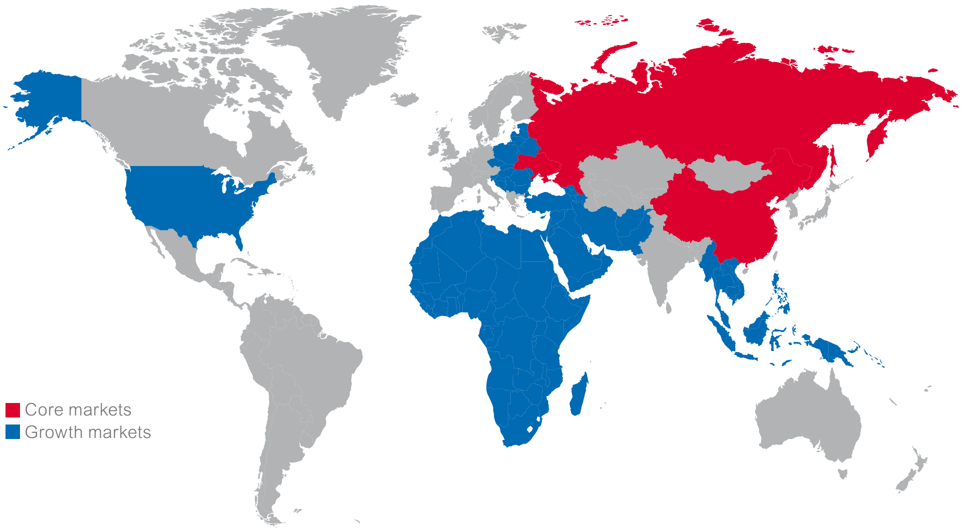
These projects are eligible under the EU-ETS scheme and are in line with current EU guidelines subject to registration before the end of 2012. These numbers are risk adjusted taking into account known and anticipated regulatory, registration, verification, delay, operating and commercial risks across all projects in Camco's portfolio.

64%

of Camco's carbon projects are registered

* Carbon Share – CERs and ERUs Camco receives to its account for services performed (excludes VERs).

† Cash Share – CERs for which Camco receives commission revenue for services when delivered.



China
Camco is the leading carbon project developer in China. We have unique expertise in the methane abatement, industrial energy efficiency and clean energy sectors. The projects developed in China are eligible under the Clean Development Mechanism (CDM) and each tonne of carbon reduced is sold to European or Japanese utilities and industrial emitters.

European emitters are required to comply with the EU Emissions Trading Scheme (EU-ETS) and offset any excess emissions. Japanese emitters comply with voluntary caps agreed with the government. The EU-ETS operates until at least 2020 and the projects Camco develops in China, which are registered before 2012, are currently eligible as offsets for European companies to buy through to the end of the 2020 compliance period.

Russia
Camco has been actively developing projects in Russia since the commencement of the Russian market in 2005. The projects developed in Russia are eligible under the Joint Implementation (JI) scheme. European and Japanese emitters buy these JI credits as part of their compliance obligations in their local regulatory schemes. Camco has successfully gained approval for two of its projects during 2010.

Growth Markets
Camco also develops CDM projects in South East Asia within its joint venture operation. The projects developed in this region, which are registered before 2012, are eligible as offsets for European companies to buy through to the end of the 2020 compliance period.

Other markets where Camco develops JI and CDM credits include Africa, Eastern Europe, former Soviet Union republics and the Middle East.

Within the US, Camco has developed a portfolio of projects which are eligible under the Climate Action Reserve (CAR). Camco is the leading carbon developer in the agricultural waste-to-energy sector in the US.

200+ projects

Camco has one of the largest carbon credit portfolios worldwide

Examples of Camco's Carbon Project Development Services

Baogang – Waste Gas to Energy

Helping set the standard for China's iron and steel industry

Waste gases from iron and steel production are potent greenhouse gases, yet in production plants in China they are typically flared or vented into the atmosphere. China is by far the largest steel producer in the world. The Baogang Group, owner of the project is one of the largest steel manufacturers in China, exporting to more than 30 countries worldwide.

Recycling and utilisation of waste gases within the iron and steel industry is not common practice in China because these gases have a low heat value and require cleaning to remove impurities and render them usable. The custom modified gas turbines used in this project are specifically designed to burn the low heat value fuel. The system incorporates a combination of gas and steam turbine technology that is not yet commercially established in China. Due to the high upfront costs of such projects, the technology was perceived as not financially viable. Without revenues from the carbon component such a project would not have been implemented.

The project in Baotou in Inner Mongolia captures the waste gases and utilises them in a Combined Cycle Power Plant (CCPP) to generate electricity which is fed back to the grid. The 300 MW CCPP generates 2057GWh in electricity annually, reducing GHG emissions by 1.8m tonnes CO_2e per year through displacing power that would otherwise be taken from the local power grid. Over the crediting period of the project, the project is expected to reduce emissions by 9.2m tonnes.

Camco worked closely with Baogang Iron and Steel Group to secure registration with the CDM executive board within two months. Apart from reducing the emissions of GHGs, the project significantly reduces odour pollution from the steel plant, improving working conditions at the plant and living conditions in the surrounding communities.

Emission Reductions

9.2m tonnes over seven years

Project Status

Implemented, Registered, Issued emission reductions to date: 2.2m Certified Emission Reductions (CERs)

Anhui Conch Cement – Waste Heat Recovery
Pioneering cleaner cement production in China

Camco has the largest cement project pipeline in China

Number of Chinese Cement Projects under Development

CDM Pipeline of cement projects in China.
Source: Unep Risoe, as of December 31, 2010.

Cleaner Cement
Camco has been working with Anhui Conch Cement Company Limited, the largest cement producer in China on over 30 projects since 2006, developing and implementing a programme of energy efficiency projects at multiple production facilities. The projects use technology never before commercially financed in China. Carbon financing was crucial for the project, making it economically viable and allowing Conch to leverage scale to achieve large aggregated emission reductions across their portfolio.

The projects capture and utilise waste heat from the cement making process to generate electricity in onsite power plants ranging in size from 8 to 47 MW. Camco is working closely with Anhui Conch Cement Company Limited enabling them to access carbon financing to make this series of projects possible. Camco continues its services to Conch and 2010 has seen further successes with eight of the projects registered under the Kyoto Protocol and 7.5m tonnes of greenhouse emissions will be avoided at the various plants.

Camco Clean Energy Project Development and Investment

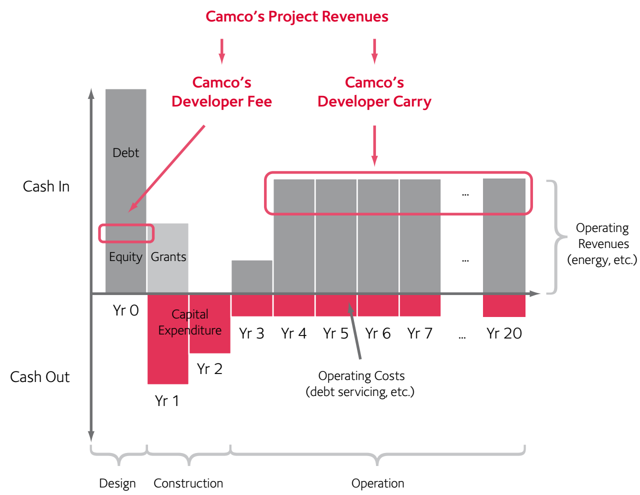
Camco is expanding its clean energy project development services. Camco specialises in developing projects, which take emissions and turn these into energy. We place emphasis on the two regions, which are the largest emitters in the world: Asia and North America. In these regions, we capitalise on proprietary knowledge and project development expertise to target two distinct sectors: methane-to-energy and industrial energy efficiency.

2010 has seen important steps towards the development of build-own-operate schemes in these sectors. The way we finance these projects is by structuring investments through joint ventures in North America and South East Asia.

Camco's low risk approach focuses on developing projects with the following attributes:

- Using proven equipment (no new technology)
- Quick to deploy projects (six to 18 months)
- Replicable projects (many projects of the same type)
- Counterparties with strong credit ratings
- Secure long-term supply contracts
- Long-term off-take (PPA) agreements
- Target 20% IRR levered project return

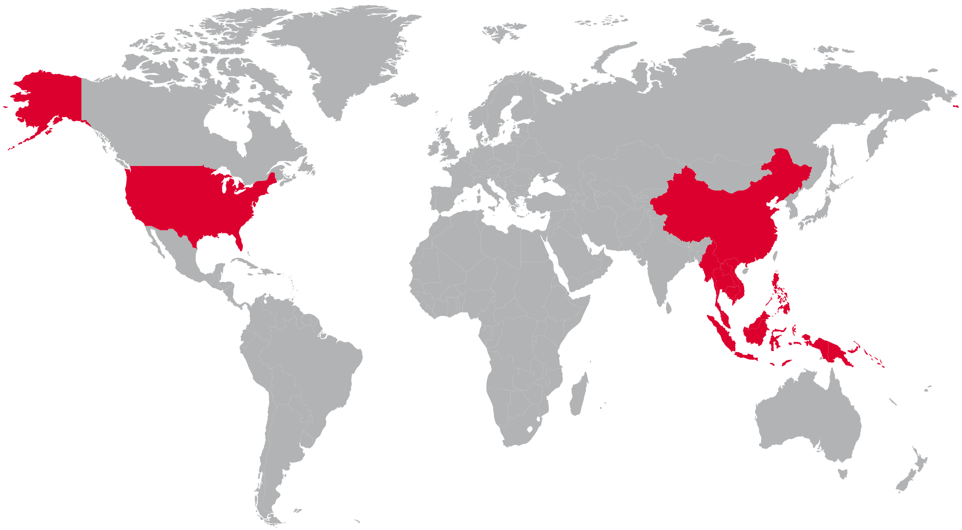
Project Structure



A typical financial structure for a clean energy project

USD 30million

Capitalisation of Camco's South East Asian Joint Venture to invest in clean energy projects



China/South East Asia

In South East Asia Camco formed a joint venture (JV) with Khazanah Nasional Berhad, the investment holding arm of the Government of Malaysia. The joint venture is capitalised at an initial amount of USD 30m. Investments in Asia will focus on biogas, biomass, industrial energy efficiency and methane-to-energy technologies. In the coming year the region will be a focus as we are looking to deploy the capital and build our energy assets base in Asia.

North America

Camco has continued to grow its project development operations in North America. Camco has incorporated and is leading a consortium, AgPower Group LLC (AgPower), through which Camco will deploy capital to build, own and operate emissions-to-energy projects in the agricultural sector. Together with Camco, AgPower's members have extensive local experience in building anaerobic digesters that convert manure and other agricultural waste products into energy.

2010 Highlight: Joint Venture in South East Asia

"Camco Khazanah South East Asian partnership will pave the way for Malaysia and countries in South East Asia to unlock and capture immense value."

YB Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology and Water of Malaysia, on the occasion of the launch of Camco South East Asia.

Camco has been operating in South East Asia for the last three years and 2010 marked the launch of Camco South East Asia Limited (Camco SEA), a joint venture with Khazanah Nasional Berhad (Khazanah). Khazanah is the investment holding arm of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Our partner is involved in various key sectors including power, telecommunications, banking, automotive manufacturing, airport management, infrastructure, property development, broadcasting, semiconductors, steel production, electronics and technology.

The joint venture expands our operations in all of our three key areas: Carbon Project Development, Clean Energy Project Development and Energy and Carbon Advisory Services. Already Camco SEA has more than 20 carbon development projects in the region. These projects are diversified by technology and host country and comprise end-to-end management of the entire carbon project process.

Camco SEA provides both project development skills and capital to clean energy projects in partnership with manufacturers, developers, technology providers and investor groups. The company has available equity to invest in projects worth up to USD 120m.

Camco SEA also provides energy and carbon advisory services to companies to identify and implement cost-effective sustainable solutions, including emissions assessments, carbon management strategies and energy efficiency improvement programmes.

Camco SEA's first advisory project emanating from the partnership with Khazanah Nasional Berhad was announced in 2010: an engagement for a sustainability scoping study for Teluk Datai Resorts in Langkawi, Malaysia. The study will deliver sustainable recommendations and options to Teluk Datai Resorts while considering the needs of the surrounding environment. Camco SEA will also design a long-term strategy to support the conservation of rainforest on Teluk Datai Resorts' land bank as well as exploring opportunities to form alliances with local partners to conserve natural assets and deliver social benefits to the local community.

The launch of Camco SEA is a reflection of the growing opportunities in the sustainable development sector in South East Asia. The region has a high potential for reducing GHG emissions and generating clean energy from sustainable sources. The joint venture allows us to participate in this from the pole position.

Camco Energy and Carbon Advisory Services

Camco Advisory has a 20-year track record in decentralised clean energy and energy efficiency. Camco works with a broad range of multinational, regional and local companies. Our advisory benefits from a large share of repeat business with many of our clients choosing to work with Camco time and again.

Our advisory team generates cost savings on energy expenditure for large and small corporations and local and regional governments. They ensure technical delivery on energy investments and generate revenue from energy and carbon investments on behalf of our customers. We reduce the financial impact of energy and carbon risk and prepare our clients for energy and carbon regulation.

Our advisory business provides:

- Policy work for governments, NGOs and international organisations on national and sectoral policy frameworks;
- Industrial energy efficiency programmes for large corporations;
- Energy efficiency and carbon reduction software solutions;
- Energy efficiency program monitoring equipment;
- Advice for property developers and local governments on zero carbon or low carbon developments and compliance with local regulation;
- Carbon strategy and foot-printing services;
- Business strategy, financing and appraisal for emissions reduction projects; and
- Renewable energy development.

Wembley City Project
Camco developed the Site Wide Energy Strategy for the Wembley City project and identified solutions that deliver CO_2 emission reductions in a commercially viable way, without reducing the net development value of the site. The project potentially is the largest commercially-led combined heat and power (CHP) project within a development in London.

Euro 0.8 million

profit achieved by the advisory business in 2010

UK

Camco has been focusing its advisory business in the UK supplying consistent profits throughout 2010.

This was delivered by focusing on opportunities for cost reduction with large industrial and manufacturing clients, exploiting an early mover position in the low carbon building retrofit market and maintaining our market-leader position in the delivery of carbon management programmes and renewable energy assessment for the public sector. In addition to our advisory services, Camco's Carbon and Energy desktop software has now been installed at over 200 sites. Camco continues to demonstrate its leading position, winning contracts for providing advisory services, to national and local government bodies as well as a number of larger corporates on the back of regulatory drivers including the Carbon Reduction Commitment (CRC), the introduction of feed-in-tariffs and the Renewable Heat Incentive Scheme.

In 2010 we have expanded our provision of technical and financial due diligence on clean energy projects.

81%

Share of repeat business in Camco's advisory business

Africa

Camco is a respected provider of advisory services to companies and governments in Africa. Following our work with the South African Government on the Renewable Energy Feed-In-Tariff (REFIT) we have also worked with the governments of Uganda and Botswana in establishing similar regulatory frameworks there, creating a reputation as key experts in the establishment of REFITs on the continent.

A seminal piece of work, funded by the UK Foreign and Commonwealth Office (FCO) assessed the key risks and opportunities related to climate change for the major industry sectors within the South African economy.

In Tanzania, Camco has established itself as a reputable and preferred sustainable development partner, providing advisory services to a range of clients including national and local governments, international development institutions and blue-chips.

An important aspect of Camco's work in Kenya is the creation of policy frameworks for promoting sustainable energy. Camco is at the forefront in analysing risk in relation to biomass sourcing and supply, and working with government and business to support the switch from fossil fuels to sustainable biomass energy utilisation.

Reducing Emissions from Deforestation and Forest Degradation (REDD) is set to be a central element in global emission reduction policies. On a project level, we continue to be leaders in East Africa, Camco's REDD+ centre of excellence.

Examples of our Advisory Services work

Sustainable Tees

Anvil Knitwear, a leading apparel company headquartered in the US, is committed to constantly evolving their Corporate Social Responsibility (CSR) goals and surpassing previously achieved CSR objectives. We have worked with Anvil for over two years, to analyse their environmental impact by quantifying the carbon footprints of their operations and products including the AnvilOrganic® Tee, the AnvilRecycled® tee, the AnvilSustainable™ tee, and the Anvil® Adult Heavyweight Tee. Our work together is highlighted in many of Anvil's outreach initiatives including their first formal CSR Report through the Global Reporting Initiative, a consumer-oriented online interactive website detailing the life-cycle of footprinted products called TrackMyT.com, and qualifying for the Carbonfund.org's CarbonFree® label. In addition, Anvil and Camco have jointly contributed to the development of the first internationally recognized greenhouse gas product carbon footprinting methodology through the road testing of The GHG Protocol Initiative's Product Accounting and Reporting Standard.
We look to continue our relationship with Anvil in the future to quantify their carbon footprints to reflect the naturally dynamic nature of business operations over time, footprinting accounting methodologies and reporting guidelines.

Energy Efficient Drinks

Since 2008 Camco has worked with one of the world's largest alcoholic beverage manufacturers on its global energy efficiency programme. Detailed audits have been performed at 14 sites across sub-Saharan Africa and the UK, as well as in Jamaica. Over 300 individual opportunities have been identified, with a total savings potential of over £7m per year. Camco is now in the process of implementing enhanced energy management solutions across these sites.

Advising on a Clean Energy Economy in Africa

Early 2010 saw the South African Renewable Energy Feed-In Tariff scheme (REFIT) come into force. In 2009 Camco worked with the National Energy Regulator in South Africa (NERSA) to help set up the country's REFIT scheme. Camco worked with NERSA to model the economics and financial costs of the scheme, and to help develop the framework for the tariff structure. The REFIT is in line with wider energy policy and national integrated resource planning. There has been extensive interest from developers and it looks set to achieve government targets of adding over 10,000 GWh of renewable energy by 2013.

Following the publication of the South African scheme, Camco was contracted by the Ugandan Energy Regulatory Authority to help establish Uganda's first REFIT. Camco submitted its final report in 2010 and the Uganda Electricity Transmission Company Limited subsequently published the guidelines, demonstrating a keen commitment to implementing the programme.

Since publication the Ugandan REFIT programme has received very positive feedback and has been hailed as 'one of the most sophisticated, if not the most sophisticated programme in Africa'. The programme offers a tariff for a diversified mix of technologies, including hydro, bagasse, biomass and biogas, solar PV, wind, geothermal and landfill gas. The tariffs are differentiated by technology and an innovative approach was taken for hydro to smooth the tariff, thus ensuring appropriate sizing by developers.

> **"But it is Uganda that will set heads spinning this week. Quietly, without fanfare, Uganda has announced one of the most sophisticated, if not the most sophisticated programme in Africa."**
>
> **Paul Gipe, renewable energy industry analyst and author**

In addition, the team developed a tool to allow increased tariffs during early years to assist with debt servicing by developers, thus reducing tariffs in later years, but still maintaining the same overall net present value (NPV) for the project.

The government of Botswana also contracted Camco to help design a REFIT for the country and work commenced in June 2010 on tariff modelling and guideline development. It is expected that this work will be completed in early February 2011.

At present, Camco is investigating how international climate change funds can be utilised to support the expansion of feed-in tariffs in sub-Saharan Africa, in particular for higher cost technologies such as solar PV and CSP. Camco is also looking at the role of feed-in tariffs for off-grid rural energy programmes.

Camco Business Risks Mitigation

	Risk	Mitigation Strategy
Carbon Project Development Services	**Regulatory Risk** This relates to the development of future regulation, administrative efficiency of regulation and current regulation affecting future business.	Camco develops projects under existing regulation, applying our extensive in-house policy knowledge.
	Project Delivery Risk This relates to the risk of the underlying project delivering less or no carbon credits. This can be due to operational problems, monitoring failure or technology problems.	We have strong local engineering teams that operate in partnership with the client to monitor all aspects of project development.
	Price Risk This relates to price fluctuations in the carbon credit market.	Our award winning in-house commercialisation team, together with internal market analysis, allows us to time trading activities to the best possible market scenarios.
Clean Energy Project Development and Investment	**Technical Delivery Risk** This relates to issues surrounding operational production performance using new technologies.	We use proven equipment and technology based on our extensive technological expertise.
	Feedstock, Off-take Risks This relates to securing stable supply of feedstock and stable secure off-take for the life of the project.	Camco secures long-term contracts for existing projects.
	Counterparty Risk This relates to the risk that the counterparty may face credit issues.	Camco works with large established partners.
Carbon and Energy Advisory Services	**Cyclical Business Risk** This relates to business cycles or other economic cycles adversely affecting the returns that can be achieved in the business line.	Camco has a strong, stable and recurring client base.
	Commoditisation of Services This relates to the risk that services become commoditised and margins are reduced by excessive competition.	Focus on high value policy and energy efficiency implementation sectors.
	Fragmented Market with Abundant Opportunities Could Defocus the Business This relates to the risk that the business pursues loss making initiatives without delivering a core return.	Camco focuses on repeatable business, products and services.

Examples of the Work We Do

Camco delivers emission reduction and sustainable development projects across a range of sectors

Cement
Taishan Cement

This is the world's first cement sector project to achieve Clean Development Mechanism (CDM) registration, and the first industrial waste heat-to-power project that was undertaken in China. The project captures waste heat from the cement making process and utilises it to produce power in a 13.2 MW power plant.

Wind
Taonan

Located in Taonan, Jilin Province, China, this 49.3 MW grid connected wind farm demonstrates the economic viability of wind power in a region where, until now, it has been seen as marginal. It generates over 100,000 MWh of electricity per annum, and delivers greenhouse gas emission reductions equal to 92,508t CO_2e.

Coal Mine Methane (CMM)
Yangquan Coal Mine Methane Project

This is a ground-breaking project in China and the first of its kind in the world. It is the largest CMM project registered under the CDM and the largest non-HFC/N2O project in China. Located in the Yangquan coal mining area of Shanxi, the project utilises CMM for both power generation and industrial heat applications and is registered as two projects generating more than three million CERs per year in total.

Landfill Gas
Dallas Clean Energy LLC

The McCommas Bluff landfill gas processing plant is the third largest landfill gas operation in the US. Landfill gas is a by-product of waste decomposition over time, composed largely of methane (55%) and carbon dioxide (54%). It can be used as industrial heating fuel, natural gas substitute or vehicle fuel. More than 300 wells were installed at the project site producing 5m cubic feet of pipeline-quality gas daily.

Iron and Steel
Taigang Saturated Steam

Taigang Stainless Steel, an iron and steel manufacturer in China, is host to two projects that capture waste heat and gas to generate electricity. Waste heat from several different places in the iron and steel plant is collected and used to run 41.25 MW steam turbine and deliver greenhouse gas emission reductions of 103,025t CO_2e per annum. Also waste heat from the sinter process is used to generate power in a 32 MW power plant (greenhouse gas emission reductions of 194,717t CO_2e per annum).

Biomass
Kaidi – Jianli Kaidi Biomass Power Project

The project comprises 12 biomass residue-to-power projects located across China. The Kaidi projects generate power from locally sourced waste biomass such as rice husk, rice, wheat and corn straw. All 12 projects are registered and generating green electricity while creating a new revenue stream for local farmers.

Grid-connected Electricity Generation
Taiyanggong

The Beijing Taiyanggong Trigeneration Project is a 780 MW grid connected natural gas fired combined cycle gas turbine power plant (CCGT), demonstrating that, with carbon financing, gas-fired power generation can be economically competitive with coal-fired power in China. The Taiyanggong CCGT generates 3,266 GWh of electricity per annum, displacing coal fired power on the local grid.

Hydro
Maguan

Located in the remote Maguan County in Yunnan Province, China, this small-scale 32 MW hydro power project delivers real benefits to the local community as well as significant greenhouse gas emission reductions. This project was the first hydro power CDM project to issue CERs. It generates over 156,000 MWh of electricity per annum and delivers emissions reductions of 97,667t CO_2e per annum through displacing principally coal-fired power on the local power grid.

Industrial Waste Gas
Jigang Industrial Waste Gas

The largest project of its kind to be registered with the CDM this is widely regarded as the benchmark CDM project in the Chinese iron and steel industry. The project captures waste gases from the steel making process and uses them in a combined cycle power plant (CCPP). A 544 MW CCPP generates 2,295,000 MWh of electricity and emission reductions of 2,089,883t CO_2e per annum.

Chairman's Report

Dr Jeff Kenna, (Acting) Chairman

"Our strategy of expanding our services to build a clean energy development business is right and achievable and is underpinned by the increasing regulatory incentives to reduce emissions."

I am delighted to report an exciting and profitable year for the Company. It has been nine months since I moved into my new role as the Acting Chairman and I am happy to note 2010 was a highly successful and thriving year for Camco. We have seen market consolidation, which has changed the competitive landscape while Camco has secured its market leading position in our key regions. Our strategy of expanding our services to build a clean energy development business is right and achievable, and is underpinned by the increasing regulatory incentives to reduce emissions and develop clean energy in our markets.

The European Union has confirmed it will accept CDM projects registered before 2012 into the EU-ETS phase three, which operates until 2020. This is a major development for Camco, as in 2010 we have contracted a large portfolio of projects which are eligible under this legislative development (Camco does not own any carbon credits from HFC or N2O projects which are expected not to be eligible for phase three of the EU-ETS). While there has been recent press coverage on fraudulent trading in EUA allowances, this does not directly affect Camco, as we do not trade EUA allowances. Camco as a carbon project developer delivers, from its projects, CERs or ERUs, which we can sell either OTC or spot.

Unfortunately, in the short term these EUA allowance activities have resulted in negative sentiment in the European market generally. The positive consequence of such activities will, in the long-term, be a more tightly controlled regulated market, which is better for all participants.

In Asia the last year has seen a push by governments and the corporate sector to reduce emissions and create a cleaner economy. China aims to cut the amount of carbon it emits per unit of economic output to 40-45% less than the 2005 level by the year 2020. It has started developing internal cap and trade systems, with pilot schemes to run in five provinces and eight cities, including Beijing. Other countries across South East Asia are also adopting a range of legislative steps to promote a cleaner economy. In Malaysia, for example, the feed in tariff legislative initiative has passed its first hearing in Parliament. This is just one of many regional initiatives to meet the ambitious emission reduction goals and our joint venture with Khazanah Nasional Berhad will see increasing market opportunities as a result of such legislative change.

In North America, the California Air Resources Board adopted regulations that permit the use of carbon credit offsets to meet compliance targets from four project types, one of which is livestock projects. Camco has been working with eligible dairy farmers for the past two and a half years and we have the largest number of projects registered under the Climate Action Reserve's Livestock Protocol. This enables Camco to offer large, assured volumes of offsets into the Californian market. We expect an increasing demand from the scheduled start date of 1 January 2012.

Our advisory business extends our global reach and we have continued to provide thought leadership for our corporate and government clients. We have supported several governments on their Feed-In Tariffs legislation and our service in the UK on the Carbon Reduction Commitment has expanded considerably. These legislative developments create additional opportunities and we are in an excellent position to exploit them.

The COP16 in Cancun in December last year, has provided clear guidance on a number of issues, not least the adoption of measures to speed up the registration and delivery process of Clean Development Mechanism projects and strong support to prepare this mechanism to operate effectively beyond 2012.

Our recent experience is that these changes are already improving the time it takes to register our projects. There is still insufficient clarity regarding international cap and trade mechanisms and we do not expect this to improve in the near term. However, in the absence of an international agreement on caps we are seeing strong development of regional schemes and bi-lateral agreements, which will underwrite the market and reduce emissions in the near term.

We expect to see more regulatory developments over the near to medium term which will have a positive impact on our business creating additional sources of revenues. These include: incentives in China to reduce emissions and introduce cap and trade pilot schemes; a regional offset scheme in Japan; a cap and trade scheme in South Korea; inclusion of other North American states and provinces in the Californian cap and trade scheme; and the development of emission reduction incentives in Australia.

Last year saw two Board changes. I am happy to welcome Yariv Cohen as an Executive Director to the Board. Mr. Cohen joined the board in May last year and has been a valuable addition to the team. David Potter resigned from the Board and I would like to thank him and our Non-Executive Directors for the contribution that they made to the Company during the year.

Camco has taken important steps this year in delivering strong performance in all its business activities and preparing for the future. We have increased our efforts to work and communicate with shareholders and stakeholders. This will be a central focus in 2011. We have continued to be awarded industry accolades, such as the '2010 Commodity Business Award for the Renewable Energy Markets' and have once again been chosen as Best Project Developer in 2010 following similar awards over the previous three years. I would like to congratulate our management and staff on their achievements in 2010 and I look forward to another successful year in 2011.

Dr Jeff Kenna, (Acting) Chairman
21 February 2011

Shaping Our Market

Our policy focus complements our advisory and project based expertise. We use innovative projects or technical work to help set frameworks and show they work, helping policy makers, whether public sector or private, to see the benefits.

An excerpt of our policy work:

Theme: Carbon Market Development Regulatory Input and Market Analysis

The carbon market forms the basis for much of our work in our carbon, advisory and, to a great extent, investment business. Showing our expertise on all matters related to the market, such as climate change science and legislation, renewable energy and energy efficiency technologies and legislation or overall environmental legislation at an international, national, regional or local level is therefore crucial to our success.

1. 'CMIA Response to UNFCCC Secretariat and EB calls for input on review and issuance procedures following the Copenhagen 5th CMP', Camco co-author of CMIA submission to the UNFCCC Secretariat, March 2010.
2. 'Adapting CDM Methodologies to stimulate investment in clean energy technology to capture flared gas for electricity generation', GGFR, World Bank, Washington, DC, March 2010.
3. 'LDCs and Carbon Markets: What's in Store for the World's Poorest Countries?', Cancun CMP5, December 2010.

Theme: Carbon and Clean Energy Finance

Financing is a key issue in the clean energy and carbon markets, enabling the development of new projects in both. Presenting on Camco's extensive experience in mobilising, structuring, and packaging finance deals helps us to ensure potential clients are well aware of our expertise in the field.

1. 'How to mobilise financial resources in Africa', Africa DNA Forum in Nairobi, March 2010.
2. 'Global Climate Change: Carbon Market Financial Mechanisms', USAID Economic Growth Officers' Conference, Washington, DC, June 2010.

Theme: REDD+

REDD+ is set to be a central element in global emission reduction policies. Hence we are positioning Camco as one of the world's thought leaders and practitioners in REDD+. Working with trade associations and key stakeholders we were instrumental in setting the agenda for the Cancun REDD+ discussions and outcomes.

1. 'Laying the Foundation for a REDD+ Mechanism', Analysis and stance/ recommendations on key REDD+ policy issues, CMIA Discussion paper. April 2010.
2. 'Addressing REDD project leakage', IETA Guidance Note – Quantifying and putting in place measures to address leakage in REDD projects, June 2010, IETA.
3. 'Options for REDD National Reference Levels', IETA Discussion Paper – Analysis and recommendations on REDD national reference levels under the proposed California cap and trade scheme, Camco lead author, November 2010, IETA and California ARB 32 policy makers.

Theme: Energy and Climate Change in Africa

Most would acknowledge that Africa will be one of the worst-affected areas of the world if the deleterious effects of global climate change are not seriously tackled. African countries will be among the main hosts of emission reduction and clean energy projects in the next several years. Camco worked with nearly a dozen governments over the last year to help set policy frameworks in the region.

1. 'Towards Low Carbon Growth in South Africa', Low Carbon Growth Seminar, Protea Hotel Balalaika Sandton, May 2010.
2. Presentation to the Congress of South African Trade Unions (COSATU) on 'Climate Change: Risks and Opportunities for the South African Economy', COSATU Climate Change Workshop, July 2010.
3. Presentation to Fossil Fuel Foundation on 'Climate Change: Risks and Opportunities for the South African Coal Sector', July 2010.

Chief Executive Officer's Statement

Scott McGregor, Chief Executive Officer

"We have, in 2010, achieved our ambitious business targets and delivered significant impact to our customers and partners."

During 2010, we completed a company turnaround to re-focus our activities in each of our regions. Strategically and operationally, the business is now focused on reducing emissions and developing clean energy within an increasingly positive regulatory environment.

Across all regions we operate in, there is consensus by regulators that emissions must be reduced and clean energy developed. This creates different regulation, incentives and opportunities with the same goal – reducing emissions.

Camco's core capability is taking emissions and transforming them into energy. Moreover, we help create policies and transform regulation into business action. Across Camco this is the single activity we all share around the world. We help clients adapt to the evolving policies, thus creating better business and a cleaner economy.

Our in-country local teams work with businesses and governments to deliver emission reductions and develop clean energy. With our core technical and financial capabilities we have, in 2010, achieved our ambitious business targets and delivered significant impact to our customers and partners.

Now firmly in its delivery phase our Carbon Project Development business is performing well. During the year, we developed a large pipeline of clean energy projects in North America and Asia, which will turn emissions into energy. We also raised capital for a joint venture in South East Asia and established a development platform in North America. Lastly, we have successfully restructured our advisory business to deliver its largest profit to date.

Performance

Carbon Project Development

In the carbon business, in China we accelerated registration of new projects and at 8.1m tonnes we have delivered more than double the issuance of the previous year (2009: 3.3m tonnes). This is thanks to our diligent and experienced technical team as well as efficiency improvements in the registration process implemented this summer by the UN Executive Board. Our emphasis this year was to accelerate carbon credit delivery and get our projects through the qualification process and issuing. This will continue in 2011. During the past year, we were also able to execute a number of profitable commercial transactions in the European and in the US markets delivering additional value through sales.

In South East Asia we developed a large portfolio of carbon projects, mainly in Vietnam, Indonesia and Thailand. The portfolio covers a range of project types, such as hydropower, waste-water treatment and cogeneration technologies. These were transferred to our recent joint venture in South East Asia, which is certain to further develop our efforts in the region. For more information on the joint venture please see page 12.

Russia completed the first tender approval of Joint Implementation (JI) carbon projects. Our team had a great success receiving two approvals from the first batch of tenders.

In the US our team has rapidly developed our agricultural carbon portfolio and in addition we purchased a portfolio of existing US carbon projects. Camco is now the leading carbon developer in the agricultural waste-to-energy sector in the United States and is a leading provider of offsets from livestock projects through the Climate Action Reserve (CAR). This positions us well as a primary supplier of credits to the California carbon market, which is due to commence at the end of 2011.

Clean Energy Project Development and Investments
This year marked a quantum leap forward for Camco in developing clean energy projects. In our target regions South East Asia and China we have secured funds available for investment in emissions-to-energy projects and have developed a pipeline of projects ready for investment in the US. In North America we established a development platform for agricultural methane to energy projects.

In South East Asia we have formed a joint venture with Khazanah Nasional Berhad, the investment holding arm of the Government of Malaysia. The joint venture has been capitalised at an initial amount of USD 30m, which is available for investing in clean energy project development in the region. Investments in Asia will focus on industrial energy efficiency, biogas and biomass, leveraging our growing expertise in these sectors and the developing regulatory environment. In the coming year this will be an area of focus and we are planning to deploy this capital and build up our energy asset base.

Energy and Carbon Advisory
Our advisory business has done exceptionally well this year; moving from a €1.7m loss in 2009 to a profit of €0.8m. This was only possible thanks to the success of our team in winning new business, focusing delivery and growing our client base in the UK and Africa. Management restructuring has also led to significant cost reductions.

In the UK, we have won €5.8m in new contracts. Across the business, 2010 sales targets have been exceeded. This year we will be looking to enhance our offering by strengthening client relationships and cross sales between the different sector consultants. We will continue to grow our client base supported by regulatory changes as well as a growing demand for clean energy and energy efficiency programmes.

In Africa, we have established ourselves as industry experts and have implemented a number of high impact projects in Kenya, South Africa and Tanzania. Last year Camco won several new advisory contracts such as developing the Climate Change Strategy for some of the largest platinum mining companies in the world. Other advisory successes include the development of South Africa's Renewable Energy Feed-in Tariff Structure and follow-on contracts in Botswana and Uganda. Our REDD projects in Eastern Africa will furthermore provide us with great operational credibility as this sector develops.

Outlook
The Company is in a strong position across all our markets after its 2010 turnaround and best performing year to date. Governments and industry agree, across all the markets we operate in, that carbon emissions must be reduced and there is a push through incentives and policy to build clean energy projects. Given the performance and focus of the business, we are in a prime position to seize the current opportunities, grow our project business, deliver the current portfolio and build value for our customers and shareholders.

I am looking forward to an exciting year of growth ahead as we build on our 2010 achievements.

Scott McGregor, Chief Executive Officer
21 February 2011

"Given the performance and focus of the business, we are in a prime position to seize the current opportunities, grow our project business, deliver the current portfolio and build value for our customers and shareholders."

Financial Review

Andrew Twynam, Finance Director

"2010 was a successful year for Camco. The Carbon project development business accelerated delivery of projects providing a segment result of €12.3m whilst the Advisory business moved to profitability with €0.8m profit."

2010 was a successful year for Camco across all business segments. The Carbon project development business accelerated delivery of projects providing a segment result of €12.3m (2009: €8.4m) whilst the Advisory business moved to profitability with €0.8m profit (2009: loss €1.7m). The Investment Clean Energy Project Development business also progressed well with significant contractual rights developed over future project revenues.

Headline revenues grew by 8% to €30.0m (2009: €27.8m) whilst administration expenses reduced by 7% or €1.4m as the Group received the full benefit of prior year restructuring programmes and tight cost control generally.

Accrued Income

The Group has net current assets of €43.8m (2009: €44.7m). Net Carbon Development Contract (CDC) accruals (in accrued income and other payables) accounts for a substantial portion of net current assets and grew from €28.0m at the beginning of the year to €31.7m at 31 December 2010. This balance represents the current fair value of consideration and future delivery cost of our registered and operational carbon projects. These are projects where our work is significantly complete and we're awaiting delivery. This net fair value accrued balance of €31.7m is a proxy for future cash and will shortly convert to cash as these projects deliver carbon credits, the majority of which are scheduled within the next 0 to 2.5 years. The increase in the year (net €3.7m) comes from new projects being registered and reaching operational stage (the point at which we recognise revenue and hence fair value our consideration) in 2010, deliveries of prior year net fair value balance and true-ups to the fair value of pre-2010 registered and operational projects. Each year as the Group completes its work and more projects become operational the Fair Value balance will increase. The balancing effect on this is cash collection which occurs as projects deliver.

Joint Venture in South East Asia

In September, the Group entered into a Joint Venture agreement to create a new business in South East Asia. Camco SEA Ltd was set up with Khazanah Nasional Berhad contributing cash €18.3m in the form of equity and convertible bonds. Camco contributed its South East Asia carbon portfolio valued at €12.5m and cash of €3.8m. The realisation of this value in the carbon portfolio led to other Carbon income in the period of €5.8m.

Cash and Cash Equivalents

At 31 December 2010, the Group had cash and cash equivalents of €12.4m (2009: €28.5m). The key movements in cash during 2011 were: carbon deliveries in 2010 (inflow €23.8m), carbon payables on deliveries in 2010 (outflow €10.9m), working capital prepayments for carbon (outflow €13.3m), advisory net contribution (inflow €0.9m), operating expenditure (outflow €14.6m), investment in Camco SEA JV (outflow €3.8m), new shares issued (inflow €2.2m) and other capital items (outflow €0.4m) complete the cash flow for the year.

Where possible, Camco waited with carbon sales from our own 'in specie' portfolio to capture a higher carbon price in the future. The Company was successful in receiving upfront cash on a number of large carbon transactions (notable when the carbon price was higher) in 2009 and earlier which led to payable commitments in 2010. The net reduction in cash from capital transactions was €2m and included Camco's investment in the JV in SEA and new shares issued. The cash reduction from recurring operating activities was only €0.8m in the year.

The Directors consider the Group to be in a strong position to manage this cash position and continue creating value and profits in the future.

Carbon

The Carbon teams continued to achieve key regulatory milestones resulting in the Camco portfolio continuing to deliver as expected. This has led to accelerated issuances of 8.13m tonnes for 2010. Camco continues to originate projects which we expect to be registered prior to the end of 2012 and hence eligible for delivery into the EU-ETS phase 3 and will therefore provide the company with a revenue and cash stream from this business until at least 2020.

Advisory

The Advisory business moved to profitability with a 23% increase in gross margin and 21% decrease in costs. This led to a segment profit of €0.8m following a loss of €1.7m in 2009. This performance is based on a re-focused operation and a re-balanced cost base following the 2009 restructuring. The net profit margin for this business has increased to 14% from loss making percentage in 2009. Order book value has increased to €2.0m during the year which bodes well for 2011. Also in early 2011, it was announced that the two UK advisory businesses are merging which should bring additional synergies across business development, operations and administration. This business segment is well placed for continued growth in 2011.

Investments

The significant achievements for the project Investment team were the creation of the South East Asian joint venture to focus on developing clean energy projects in the region and in the US the establishment of an Agricultural Methane to energy development platform. The US business has developed rights for a portfolio of projects being major dairy farms. As these projects close, Camco then receives management service fee revenue and an equity stake in the future operating revenues. The Camco SEA joint venture has successfully raised €22m to invest in emissions to energy projects.

Andrew Twynam, Finance Director
21 February 2011

Positive Impact

Camco is committed to creating a clean energy world economy. To achieve our vision we actively participate in projects that enhance sustainable development in our local communities.

Camco's Impact in Africa

Rural Electrification – Tanzania

Camco has been working with and for the Swedish International Development Agency (SIDA) to stimulate commercial rural electrification in Africa since 2003. SIDA funded us to work with Tanzania's Ministry of Energy and Minerals (MEM) from 2003 to 2006 to help set up the Rural Energy Agency (REA), one of Africa's most dynamic rural electrification agencies. We worked with them to develop the National Rural Energy Act in 2004.

Solar PV Distribution – Tanzania

Camco worked with SIDA and the Tanzanian Ministry of Energy, to implement one of the world's most innovative rural photovoltaic (PV) projects, working with hundreds of businessmen and technicians to sell and install PV systems throughout rural Tanzania. Less than 3% of rural Tanzanians (who make up over 80% of the population) have access to electricity. Camco, with SIDA assistance, has helped bring electricity to more than 50,000 Tanzanian homes and thousands of businesses over the past five years.

Rural Electrification – Uganda

Camco has also worked with SIDA in Uganda to set up financing schemes through the Ugandan Energy for Rural Transformation Programme since 2002. SIDA funded Camco to work with the Zambian Rural Electrification Authority to train up personnel, develop financing schemes through commercial banks, and carry out feasibility studies for a number of 'flagship' rural electrification projects.

Small-Scale CDM – Eastern and Southern Africa

Camco is working with SIDA and the Swedish Energy Agency (SEA) to identify and develop small-scale CDM projects in Eastern and Southern Africa. We currently have three rural electrification CDM projects in Tanzania and Kenya being supported by this programme and several more in the pipeline.

Camco's Impact on Global Emission Abatement

	Achieved Emission Reductions to Date (to end of 2010) (Mtonnes CO_2 equivalent)	Estimated Emission Reductions 2011-2020 Inclusive (Mtonnes CO_2 equivalent)*
Asia	38.3	331.4
North America	0.2	1.2
EMEA	12.1	64.4
Total	**50.6**	**396.9**

*Includes all active projects, assumes that projects will reduce emissions to 2020, in some cases beyond the crediting period, as per the PDD volumes during the crediting period.

Helping Towards a Brighter Future for Street Children in South Africa

In 2010 Camco provided financial assistance to Twilight Children, a support and refuge centre for street children in Johannesburg, South Africa.

Twilight Children offers quality support to the community of Hillbrow and greater Johannesburg, especially for boys between 8 and 18 years of age. The centre currently provides refuge for, on average, 90 boys and operates a community outreach programme and provides meals to over 300 people daily, as well as counselling.

Corporate Social Responsibility

Camco works worldwide to reduce greenhouse gas emissions and energy use and to develop renewable energy sources. Our own environmental impact is therefore carefully monitored as we work continuously to reduce it. At the same time we are conscious of our responsibility towards our staff and the communities we operate in and with.

Our Environment

Camco is a carbon neutral business. In 2010 our global carbon footprint was 949 tonnes CO_2 equivalent, a net decrease of 21% from our 2009 (1,200t CO_2e) footprint and a 25% decrease in emissions per employee. We reduce our energy use and carbon footprint wherever possible and offset all remaining greenhouse gas emissions through emission reduction projects. Camco purchased carbon emission reduction certificates from Plan Vivo projects to offset all remaining emissions for 2010. Plan Vivo projects are located in Latin America and Africa and promote environmental protection, education, local capacity building and poverty relief.

Camco and its staff strive to ensure that the principles of environmental stewardship are implemented throughout our company's operations. We adhere to environmental policies that govern the way we use our facilities, conduct business travel, and procure resources. Camco aims to set best practice examples of energy reduction, energy efficiency, renewable energy, and waste and water management in all of its offices. Some of our offices benefit from renewable energy including biomass heating and a solar energy system.

Our Contribution

In 2010 Camco assisted with donations and staff from our Johannesburg office undertook several visits to the centre. The team learned more about the home during these visits and assisted in cleaning and maintenance work. Work was done in the library, including setting up blinds and shelves. Camco also led a clothes donation drive, seeking to provide adequate winter clothing for the boys.

Camco plans to assist with the Senior Bridging Programme of the centre, to offer CV writing skills and also general interview guidance and training. The potential for energy and water efficiency opportunities are also being investigated, which will be offered pro-bono to assist the home to reduce its operational costs and expenditure.

Our People

Camco takes pride in its workforce. We recognise it is the combined skills, knowledge and experience of our employees that enables Camco to promote clean energy and to be successful in creating value for our clients, partners and investors.

Diversity is an asset to our business, allowing us to respond creatively to our clients worldwide with solutions that match their local requirements. Camco follows a comprehensive Equal Opportunities Policy to make sure all employees are valued and can achieve their full potential.

Our Community

Each year local Camco offices identify projects that provide the greatest contribution towards creating sustainable communities whether in terms of climate change or poverty alleviation. Camco contributes to these selected projects through cash contributions, pro-bono consulting services, and staff time spent on the projects.

In Kenya, Camco staff participate in the Standard Chartered Marathon each year. Proceeds are directed towards 'Seeing is Believing', a Standard Chartered Bank Global initiative for eradication of avoidable blindness in children under the age of nine years. Proceeds from the marathon allowed Seeing is Believing to restore eyesight for more than 750 children.

In 2010, Sean O'hIarnain, a member of Camco's legal team, completed the 1,350 mile 'Race Around Ireland'. He finished 3rd with a time of 127 hours 58 mins. Camco matched donations employees made. Proceeds from the race go to Fauna and Flora International – the world's oldest conservation charity.

In South Africa, Camco donated in cash and kind to a number of charities, including Orlando Children's Home and the Twilight Centre (see box inset).

Board of Directors

Dr Jeff Kenna † ‡
(Acting) Chairman
Jeff Kenna has 30 years experience, managing small and medium-sized enterprises in the sustainable energy sector, from incubation to full commercial development. Jeff was one of the founders of Camco and served as Camco's CEO until October 2009. Jeff has worked on low carbon projects in Europe, Africa, Asia and the US, providing strategic assessment for businesses, energy policy analysis and evaluation of clean energy technologies. He has been an adviser to the European Commission, the World Bank, the UN and the UK government on energy policy and market growth.

Scott McGregor
Chief Executive Officer
Scott McGregor, as CEO, has been a member of the Camco Board of Directors since March 2006 and served as CFO before being appointed to his current position in October 2009. With strong exposure to fund raising and strategic development within early-stage and high growth companies, Scott has worldwide experience in the mining, finance and technology industries and has advised leading corporations in North America and Europe on environmental initiatives. Former positions include finance and development roles for Rio Tinto, Merrill Lynch and Skype Technologies. Scott has an MBA from the London Business School, a B.Econ from Monash University and qualified as a Chartered Accountant through PriceWaterhouseCoopers.

Dr Herta von Stiegel * † ‡
Non-Executive Director
Herta von Stiegel is Executive Chairman of Ariya Capital Group, a private equity firm focusing on sustainable investments in Africa. Through senior positions at Citibank and JP Morgan, as well as a Managing Director role at AIG Financial Products and a more recent role at American International Group Inc., Herta has extensive experience in building profitable and regulated structured finance businesses. She holds a Juris Doctor degree from Thomas M. Cooley Law School in Michigan and a Masters of Law degree in Taxation from New York University School of Law.

Michael Farrow * † ‡
Non-Executive Director
Michael Farrow is a Principal and Director of Consortia Partnership Limited, a Jersey-licensed trust company. He currently sits on the boards of a number of listed companies and substantial private funds. He has also been Group Company Secretary of Cater Allen Jersey, a banking, trustee and investment management group. Michael has been a member of Camco's Board of Directors since March 2006, is a member of the Audit and Nomination Committees and the Chairman of the Remuneration Committee.

Yariv Cohen
President

Yariv Cohen is President of Camco and joined its Board of Directors in May last year. During the last three years he has led and transformed Camco's three business units, starting with Investment, moving to Carbon and then Advisory in succession. He led the teams which executed market leading carbon transactions creating cash proceeds of over €30m. Mr. Cohen has a proven track record in transformational change coming from experience of over a decade as CEO, CTO and lead negotiator in high growth companies. During this time, Mr. Cohen has worked across Europe, China, the Middle East and the US. Mentorship and teaching is at the heart of Mr. Cohen's recipe for delivering success for organisations and their individuals. He is a recognised business teacher, and holds an MBA with high distinction and a Master in Research on Negotiations, both from the London School of Business. He also holds several patents.

Paolo Pietrogrande * ‡
Non-Executive Director

Paolo Pietrogrande has extensive experience in renewables and clean technology. He is currently serving as Executive Chairman of 9REN Group and as a board member of Ryanair. He has formerly served as CEO of Enel Greenpower, CEO of Nuovi Cantieri Apuania, Chairman of Netplan Management Consulting, Chairman of Atmos Holding and Chairman of Solar Energy Italia. He has held executive positions at Enel Group, General Electric, KTI, Bain & Company and board membership at Ducati Motor Holding and Trinergy.

* Audit Committee
† Remuneration Committee
‡ Nomination Committee

Management Team

Andrew Twynam
Finance Director

Andrew has been with Camco since 2006. Previous posts include Arthur Andersen, Interpublic Group Inc and 3i plc. Andrew is a qualified Chartered Accountant, qualifying in 2003. He heads the London finance team and is responsible for financial reporting, financial systems and controls, external audit, tax and treasury. He holds a BEng in Aeronautical Engineering and an MSc in Computational Fluid Dynamics.

Henrik Dalsgard MSc, PhD
Managing Director, Camco China

Henrik is Managing Director of Camco China. After working at StatOil, Denmark and COWI he joined Camco in 2007, initially as Director of Operations. Henrik has handled the development of CDM processes and technical issues, supporting business development and project evaluation. Henrik holds an MSc and PhD in Mechanical Engineering from the Technical University of Denmark.

Jim Wiest
Managing Director, Camco North America

Jim is responsible for the coordination of Camco's North American carbon origination and commercialization activities. He has over 18 years of transactional experience in the finance sector with a focus on mergers and acquisitions and institutional development financing. Jim received his accounting degree from Colorado State University and is a Certified Public Accountant.

Kent Carter
Camco South East Asia Joint Venture

Kent brings more than 25 years of international experience in infrastructure development and investment in diverse industries and markets. Prior to joining Camco, Kent was at Peak Pacific Investment Company, Asian Energy Ventures, a power development firm, and the Ipco Group, one of SE Asia's leading infrastructure development and construction firms. Kent holds a BSc from the University of British Columbia, Canada.

Arthur Houston
Managing Director, Camco EMEA (Carbon)

As Managing Director of the Camco EMEA Carbon team, Arthur is developing and expanding Camco's Carbon business into Africa. He has several years of experience in carbon project development and implementation and has been with Camco for more than five years. Previously he was the Managing Director of Russia and FSU.

Craig Holden
Managing Director, Camco Advisory, United Kingdom

Craig is a Professional Mechanical Engineer with 20 years industrial experience. He has been with Camco for over seven years, specialising in industrial energy management. Craig has a bachelor's degree in mechanical engineering from Manchester Metropolitan and a Master in process related research from Manchester University. Craig also holds project management and engineering management qualifications.

Stephen Mutimba
Managing Director, Camco Advisory, Kenya

Stephen has been with Camco for nine years, he is an environment and renewable energy specialist, with 20 years' experience in clean energy, biofuels, forestry, policy, institutional research and project management. Recently he headed the team that developed the National Climate Change Strategy for Kenya. He holds an MSc in Forestry, Land Use and Change from Oxford University and a Certificate of Economics of Climate Change from Cambridge University.

Jonathan Curren
Managing Director, Camco Advisory, South Africa

Jonathan has 12 years experience in the sustainable energy and climate chance sector, largely in sub-Saharan Africa. Jonathan established Camco's advisory services in the region, opening our office there in 2007. He has extensive experience in policy and legislation related to energy, renewable energy and climate change, and in the development and strengthening of institutional frameworks. He holds an MSc in Renewable Energy Systems Technology and a BSc Hons in Environmental Science.

Jeff Felten
Managing Director, Camco Advisory, Tanzania

Jeff is the Managing Director of Camco Advisory Services Tanzania, and has been with Camco since 2005. He has been working in the field of sustainable development in Africa for over 20 years. He is an experienced project manager, team leader, trainer and facilitator. He has successfully introduced a variety of new technologies into new developing markets, such as Jiko stoves in Mali and Benin and solar PV in Tanzania.

Directors' Report

The Directors present their Directors' report and financial statements for the year ended 31 December 2010 (the 'year').

Tax and Company Status

Camco International Limited (the 'Company') is a public company admitted to the London Stock Exchange's Alternative Investment Market ('AIM'). The Company is incorporated in Jersey under the Companies (Jersey) Law 1991 as a registered public company and regulated by the Jersey Financial Services Commission ('JFSC'). Until 31 December 2008 the Company had been granted tax exempt status by the Jersey Comptroller of Income Tax for the year. Effective 1 January 2009, Jersey's tax regime changed, the effect of this is limited to the change of status from exempt to liable to Jersey income tax at 0%. The Company will apply for and expects to be granted this status for future years.

Principal Activities

The principal activity of the Company and its subsidiaries (together the 'Group') is to identify and develop emission reduction and clean energy projects.

Financial Review

2010 was a successful year for Camco across all business segments. The Carbon project development business accelerated delivery of projects providing a segment result of €12.3m (2009: €8.4m) whilst the Advisory business moved to profitability with €0.8m profit (2009: loss €1.7m). The Investment clean energy project development business also progressed well with significant contractual rights developed over future project revenues.

Headline revenues grew by 8% to €30.0m (2009: €27.8m) whilst administration expenses reducing by 7% or €1.4m as the Group received the full benefit of prior year restructuring programmes and tight cost control generally.

Accrued Income

The Group has net current assets of €43.8m (2009: €44.7m). Net CDC accruals (in accrued income and other payables) accounts for a substantial portion of net current assets and grew from €28.0m at the beginning of the year to €31.7m at 31 December 2010. This balance represents the current fair value of consideration and future delivery cost of our registered and operational carbon projects. These are projects where our work is significantly complete and we are awaiting delivery. This net fair value accrued balance of €31.7m is a proxy for future cash and will shortly convert to cash as these projects deliver carbon credits, the majority of which are scheduled within the next 0 to 2.5 years. The increase in the year (net €3.7m) comes from new projects being registered and reaching operational stage (the point at which we recognise revenue and hence fair value our consideration) in 2010 and true-ups to the fair value of pre-2010 registered and operational projects. Each year as the Group completes its work and more projects become operational the Fair Value balance will increase. The balancing effect on this is cash collection which occurs as projects deliver.

Joint Venture in South East Asia

In September, the Group entered into a Joint Venture agreement to create a new business in South East Asia. Camco SEA Ltd was set up with Khazanah Nasional Berhad contributing cash €18.3m in the form of equity and convertible bonds. Camco contributed its South East Asia carbon portfolio valued at €12.5m and cash of €3.8m. The realisation of this value in the carbon portfolio led to other carbon income in the period of €5.8m.

Cash and Cash Equivalents

At 31 December 2010, the Group had cash and cash equivalents of €12.4m (2009: €28.5m).

The key movements in cash during 2011 were: carbon deliveries in 2010 (inflow €23.8m), carbon payables on deliveries in 2010 (outflow €10.9m), working capital prepayments for carbon (outflow €13.3m), advisory net contribution (inflow €0.9m), operating expenditure (outflow €14.6m), investment in Camco SEA JV (outflow €3.8m), new shares issued (inflow €2.2m) and other capital items (outflow €0.4m) complete the cash flow for the year.

Where possible, Camco waited with carbon sales from our own 'in specie' portfolio to capture higher carbon price in the future. The Company was successful in receiving upfront cash on a number of large carbon transactions (notable when the carbon price was higher) in 2009 and earlier which lead to payable commitments in 2010. The net reduction in cash from capital transactions was €2m and included Camco's investment in the JV in SEA and new shares issued. The cash reduction from recurring operating activities was only €0.8m in the year.

The Directors consider the Group to be in a strong position to manage this cash position and continue creating value and profits in the future.

Carbon

The Carbon teams continued to achieve key regulatory milestones resulting in the Camco portfolio continuing to deliver as expected. This has led to accelerated issuances of 8.13m tonnes in 2010. Camco continues to originate projects which we expect to be registered prior to the end of 2012 and hence eligible for delivery into the EU-ETS phase 3 and will therefore provide the Company with a revenue and cash stream from this business until at least 2020.

Advisory

The Advisory business moved to profitability with a 23% increase in gross margin and 21% decrease in costs. This led to a segment profit of €0.8m following a loss of €1.7m in 2009. This performance is based on a re-focussed operation and a re-balanced cost base following the 2009 restructuring. The net profit margin for this business has increased to 14% from loss making percentage in 2009. Order book value has increased to €2.0m during the year which bodes well for 2011. In early 2011 it was announced that the two UK advisory businesses are merging which should bring additional synergies across business development, operations and administration. This business segment is well placed for continued growth in 2011.

Investments

The significant achievements for the project Investment team was the creation of the South East Asian joint venture to focus on developing clean energy projects in the region and in the US the establishment of an Agricultural Methane to energy development platform. The US business has developed rights for a portfolio of projects being major dairy farms. As these projects close, Camco then receives management service fee revenue and an equity stake in the future operating revenues. The Camco SEA joint venture has successfully raised €22m to invest in emissions to energy projects.

Operations

The Group operates through a network of offices in Europe, Africa, Asia and North America. In general, these offices do not enter into Carbon Development Contracts (CDCs) but provide marketing, origination and advisory services to the Company to enable it to do so. Once the Company has entered into CDCs the offices may also provide management services in respect of these contracts.

Charitable Contributions

The Group has made a charitable contribution of €2,300 during the year (2009: nil).

Directors' Interests

Details of Directors' interests in the Company's shares are shown in Note 30. Save as shown in Note 30, no Director had any disclosable interest in the shares of the Company or its subsidiaries during the year.

Corporate Governance

The Directors are committed to a high standard of corporate governance for which they are accountable to stakeholders and particularly shareholders. The Group and Company applies, having regard to its size and nature, and so far as it considers practical and appropriate, the principles contained in Part 1 of the Combined Code appended to the Listing Rules published by the UK Listing Authority. The Company continues to monitor developments in the area of corporate governance.

The Board

The Board is ultimately responsible for the effectiveness of the Group's system of internal control. The roles and responsibilities of the Board and senior management are clearly defined and regularly reviewed. The Board includes an appropriate balance of executive and Non-Executive Directors and meets formally four times a year and on such other occasions as required by the demands of the business. It is supplied with information by senior management in a timely and accurate manner, appropriate to enable it to discharge its duties of reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions.

The Roles of the Chairman and the Chief Executive Officer

The division of responsibilities between Chairman of the Board and the Chief Executive Officer is clearly defined. Their responsibilities are outlined below.

The Chairman

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman has no involvement in the day-to-day business of the Group. The Chairman facilitates the effective contribution of Non-Executive Directors and manages constructive relations between Non-Executive and Executive Directors. The Chairman ensures that regular reports from the Company's brokers are circulated to the Non-Executive Directors to enable Non-Executive Directors to remain aware of shareholders' views. The Chairman ensures effective communication with the Company's shareholders.

The Chief Executive Officer

The Chief Executive Officer has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. The Chief Executive Officer has formed a Management Committee to enable him to carry out the responsibilities delegated to him by the Board. The Management Committee comprises all Executive Directors and senior managers from each business region. The Management Committee meet on a regular basis to consider operational matters and implement the Group's strategy.

The Directors

David Potter	Non-Executive Chairman	Resigned on 17 May 2010
Jeffrey Kenna	Vice Chairman	
	Non-Executive Acting Chairman	Appointed on 17 May 2010
Scott McGregor	Chief Executive Officer	
Yariv Cohen	Executive Director	Appointed on 4 May 2010
Michael Farrow	Non-Executive	
Dr Herta von Stiegel	Non-Executive	
Paolo Pietrogrande	Non-Executive	

Overview Business Review Governance Financial Statements

The Board's Committees

The Board has formally established three committees in accordance with the Combined Code to provide oversight to support the proper governance of the Company, these are outlined below.

The Audit Committee

The Audit Committee comprises Paolo Pietrogrande (Chairman), Michael Farrow and Dr Herta von Stiegel who are all Non-Executive Directors.

The Committee is responsible for the following functions recommended by the Combined Code including:

- Review of the annual financial statements and interim reports prior to approval, focusing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, Stock Exchange and legal requirements;
- Receive and consider reports on internal financial controls, including reports from the auditors and report their findings to the Board;
- Consider the appointment of the auditors and their remuneration including reviewing and monitoring of independence and objectivity;
- Meet with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise;
- Develop and implement policy on the engagement of the external auditor to supply non-audit services;
- Review the Group's corporate review procedures and any statement on internal control prior to endorsement by the Board;
- Responsibility for a study and review of risk management process and making recommendations to the Board; and
- Review the requirement for an internal audit function.

The Remuneration Committee

The Remuneration Committee comprises Michael Farrow (Chairman), Dr Herta von Stiegel and Jeff Kenna, who are Non-Executive Directors.

The Committee has the following key duties:

- Reviewing and recommending the emoluments, pension entitlements and other benefits of the Executive Directors and as appropriate other senior executives; and
- Reviewing the operation of share option schemes and Long-Term Incentive Plans and the granting of such options.

The Nomination Committee

The Nomination Committee comprises Jeff Kenna (Acting Chairman), Michael Farrow, Dr Herta von Stiegel and Paolo Pietrogrande who are Non-Executive Directors.

The Committee is responsible for considering all potential appointments to the Board and to make suitable proposals to the Board in relation to potential appointments.

The Company Secretary

The Company secretary is Consortia Partnership Limited, a Jersey-based limited liability company regulated by the Jersey Financial Services Commission. Michael Farrow is a Director of this company.

Relations with Shareholders

The Company provides shareholders and stakeholders with relevant information in a timely and balanced manner. We understand and respect the rights of shareholders, will convene Annual General Meetings in full consideration of these rights and encourage full participation of both institutional and private investors.

Internal Control

The Audit Committee is responsible on behalf of the Board for the Group's system of internal control and has taken into account the relevant provisions of the Combined Code in formulating the systems and procedures in operation by the Group. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provide only reasonable and not absolute assurance against material misstatement or loss. The Board is aware of the need to conduct regular risk assessments to identify any deficiencies in the controls currently operating over all aspects of the Group. The Board will conduct a formal risk assessment on an annual basis but will also report by exception on any material changes during the year.

Risk Assessment

In determining what constitutes a sound system of internal control the Board considers:

- The nature and extent of the risks regarded as acceptable for the Company to bear within its particular business;
- The threat of such risks becoming reality;
- The Company's ability to reduce the incidence and impact on business if the risk crystallises;
- The costs and benefits resulting from operating relevant controls; and
- Recommendations from the Audit Committee as part of its overall responsibility for risk.

Policies

Through the regular meetings of the Board and the schedule of matters reserved for the Board's committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. For each financial year, the Board considers and approves a strategic plan and financial budget. In addition, there are established procedures and processes for planning and controlling expenditure and making investments.

Processes

- Review of monthly management accounts with comparison of actual performance against budget and consideration of the outturn for the year;
- Monthly reconciliation of all control accounts;
- Approval by the Board is required for major investments outside the budget; and
- Segregation of duties between relevant functions and departments.

Going Concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review. The financial position of the Group, its cash flows and liquidity position are described in the same review. In addition, Notes 22 to 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term relationships with a number of customers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquires the Directors are satisfied that the Group and the Company have adequate resources to continue to operate for the foreseeable future. For this reason, they consider it appropriate for the financial statements to be prepared on a going concern basis.

Audit Information
Each of the Directors confirms that: (a) so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of such information.

Auditors
On 17 May 2010 the Company resolved to reappoint KPMG Audit Plc as the Group's auditors for the year ended 31 December 2010.

By Order of the Board

Michael Farrow
Consortia Partnership Limited
Company Secretary
21 February 2011

Registered Office:
Channel House
Green Street
St Helier
JE2 4UH

Report of the Remuneration Committee

Composition and Terms of Reference

The Remuneration Committee was established on admission to AIM on 25 April 2006 and comprises only independent Non-Executive Directors. Its members during the year were Michael Farrow (Chairman), Dr Herta von Stiegel and Jeff Kenna. David Potter resigned on 17 May 2010. The Committee's terms of reference take into account the provisions of the Combined Code on corporate governance for smaller companies and ensure that processes designed to retain and remunerate the Executive Directors and management are consistent with current best practice.

Directors' Remuneration Policy

Non-Executive Directors

The Company's policy for Non-Executive Directors (including the Chairman) is to pay fees which are competitive with fees paid by other similar AIM listed companies of commensurate size and growth prospects. Non-Executives are not currently eligible for bonuses, share options, long-term incentives, pensions or performance related remuneration.

Executive Directors

The Company's policy for Executive Directors is to provide remuneration and other benefits sufficient to attract, retain and motivate executives of the calibre required. Total remuneration includes salary, performance related bonuses, share options and long-term incentives. Bonuses are provided at the discretion of the Remuneration Committee and are performance related. Share options and long-term incentives are provided to motivate and retain Executive Directors' services.

Directors' Remuneration During the Year

	2010 Salaries and fees €'000	2010 Performance bonus €'000	2010 Pension contribution €'000	2010 Total €'000
Executive Directors				
Scott McGregor	227	232	11	470
Yariv Cohen*	153	232	8	393
Non-Executive Directors				
David Potter**	76	–	–	76
Jeffrey Kenna***	168	–	8	176
Michael Farrow	38	–	–	38
Dr Herta von Stiegel	38	–	–	38
Paolo Pietrogrande	41	–	–	41
Total	741	464	27	1,232

* Yariv Cohen's remuneration is disclosed from 4 May 2010, the date of his appointment as an Executive Director.

** Includes an ex-gratia payment of €30,000 and payment of €46,000 in accordance with his service contract to 17 May 2010. As part of his settlement, Mr Potter was awarded a grant of 200,000 shares at an exercise price of €0.01 on 15 June 2010.

*** Until 17 May 2010 Jeffrey Kenna was an Executive Director in his capacity as Vice Chairman.

	2009 Salaries and fees €'000	2009 Performance bonus €'000	2009 Pension contribution €'000	2009 Total €'000
Executive Directors				
Scott McGregor	173	–	9	182
Jeffrey Kenna	194	–	10	204
Non-Executive Directors				
David Potter	72	–	–	72
Michael Farrow	36	–	–	36
Dr Herta von Stiegel	36	–	–	36
Paolo Pietrogrande	6	–	–	6
Total	517	–	19	536

Defined Contribution Retirement Benefit Plan

The Group operates a defined contribution retirement benefit plan for qualifying Directors and employees. The assets of this plan are held separately from those of the Group. The only obligation of the Group is to make the contributions.

Long-Term Incentive Plan (LTIP)

The Board has approved the LTIP under which Directors and employees are entitled to equity-settled payment following vesting years after 31 December 2010, 2011 and 2012 and upon certain market and non-market performance conditions being met for reporting years ending 31 December 2010, 2011 and 2012.

The purpose of the LTIP is to incentivise Directors and employees to ensure profit and share price performance targets are met over the vesting year. The LTIP will align Directors' objectives with those of the shareholders.

The LTIP will vest at different levels depending on the Company's share price performance as compared with comparator groups and industry comparables over the vesting year. The comparator groups consist of a basket of SmallCap companies at the grant date (adjusted for mergers, demergers and delistings during the performance year) and a basket of companies in the same sector. The Company's percentage rank is its rank in a comparator group divided by the number of companies in the group at the end of the performance year expressed as a percentage.

The LTIP will vest at differing levels at the discretion of the remuneration committee depending on the achievement of profit targets and performance as compared with comparator groups over the vesting year.

Report of the Remuneration Committee (continued)

	At 31 December 2009 Share awards outstanding Number	Granted Number	Forfeited Number	Vested Number	At 31 December 2010 Share awards outstanding Number	Price payable (per share) €
Scott McGregor	3,029,393	–	–	**(779,393)**	**2,250,000**	0.01
Jeffrey Kenna*	1,948,480	–	**(798,987)**	**(500,000)**	**649,493**	0.01
Yariv Cohen	3,408,333	–	–	**(1,158,333)**	**2,250,000**	0.01
Total	8,386,206	–	**(798,987)**	**(2,437,726)**	**5,149,493**	

* Jeffrey Kenna's awards relate to the period in the year when he was an Executive Director.

The Company's share price at the end of the year was €0.18 (2009: €0.16). The highest share price in the year was €0.21 (2009: €0.18) and the lowest €0.14 (2009: €0.12). LTIP awards are scheduled to vest annually after audited results for each of 2010, 2011 and 2012 financial year results are confirmed.

The share-based payment charge booked in these financial statements for Scott McGregor, Yariv Cohen and Jeff Kenna is €71,000 (2009: €74,000).

Directors' Service Contracts

Non-Executive Directors, including the Chairman, hold office under the Company's Articles of Association and do not have service contracts. The Chairman is entitled to six months notice prior to termination of his appointment. The other Non-Executive Directors are entitled to three months notice prior to termination of their appointment. Following these notice periods there is no further entitlement to compensation or other benefits.

The Group's policy is that Executive Directors' notice periods should not exceed one year. Scott McGregor and Yariv Cohen have employment contracts with the Group dated 16 March 2006 and 4 May 2010 respectively and are terminable with three months' notice given by the Group or employee. There are no provisions for compensation for early termination of these contracts, with the exception of change of role in the event of a merger or acquisition.

Audit

The tables above compromise part of the audited financial statements.

By Order of the Board

Michael Farrow
Remuneration Committee Chairman
21 February 2011

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under Jersey Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period.

In preparing each of these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as if those requirements were to apply to the Company.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Camco International Limited

We have audited the Group financial statements (the 'financial statements) of Camco International Limited for the year ended 31 December 2010 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare as if the company were required to comply with the requirements of Schedule 8 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410).

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991 and, in respect of the separate opinion in relation to the Directors' Remuneration Report and reporting on corporate governance, on terms that have been agreed. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to the Directors' Remuneration Report, those matters that we have agreed to state to them in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Opinion on Other Matters Under the Terms of Our Engagement

In our opinion:

- The part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as if those requirements were to apply to the Company.

Matters on Which We Are Required to Report by Exception

Under the Companies (Jersey) Law 1991 and under the terms of our engagement we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements and the part of the Directors' Remuneration Report which we were engaged to audit are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Adrian John Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Registered Auditor
8 Salisbury Square
London
21 February 2011

Consolidated Statement of Financial Position

at 31 December 2010

	Notes	2010 €'000	2009 €'000
Non-current assets			
Property, plant and equipment	13	**740**	728
Goodwill on acquisition	14	**1,959**	2,149
Other intangible assets	14	**452**	789
Intangible assets – carbon in specie	14	**2,030**	–
Investments in associates and joint ventures	15	**11,921**	1,146
Other investments	16	**236**	225
Deferred tax assets	11	**192**	216
		17,530	5,253
Current assets			
Work in progress – carbon development contracts	17	**6,053**	7,321
Prepayments and accrued income	18	**45,510**	37,096
Trade and other receivables	19	**5,563**	4,640
Cash and cash equivalents	20	**12,382**	28,463
		69,508	77,520
Total assets		**87,038**	82,773
Current liabilities			
Loans and borrowings	24	**(485)**	(236)
Trade and other payables	21	**(25,078)**	(31,474)
Tax payable		**(143)**	(1,123)
Deferred consideration	25	**–**	(27)
		(25,706)	(32,860)
Non-current liabilities			
Loans and borrowings	24	**(12)**	(5)
Deferred consideration	25	**–**	(32)
Deferred tax liabilities	11	**(126)**	(221)
		(138)	(258)
Total liabilities		**(25,844)**	(33,118)
Net assets		**61,194**	49,655

	Notes	2010 €'000	2009 €'000
Equity attributable to equity holders of the parent			
Share capital	26	**1,856**	1,730
Share premium		**74,861**	72,277
Share-based payment reserve		**1,173**	1,856
Retained earnings		**(15,645)**	(25,711)
Translation reserve		**(890)**	(106)
Own shares		**(161)**	(391)
Total equity		**61,194**	49,655

These financial statements were approved and authorised for issue by the Board of Directors on 21 February 2011 and were signed on its behalf by:

Michael Farrow
Director

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	2010 €'000	2009* €'000
Continuing operations			
Revenue	3	**30,036**	27,774
Cost of sales		**(9,482)**	(7,097)
Gross profit		**20,554**	20,677
Other income – carbon	4	**5,770**	–
Other income – net gain on disposal of investment	4	**–**	310
Other income – negative goodwill arising on acquisition	4	**–**	303
Administrative expenses	5	**(17,836)**	(18,890)
Restructuring charges	5	**(82)**	(432)
Impairment of goodwill on acquisition	14	**–**	(11,973)
Results from operating activities		**8,406**	(10,005)
Financial income	9	**2,624**	1,228
Financial expenses	9	**(1,223)**	(1,948)
Net financing income/(expense)		**1,401**	(720)
Share of loss of equity-accounted investees		**(187)**	–
Profit/(loss) before tax		**9,620**	(10,725)
Income tax expense	11	**894**	(130)
Profit/(loss) from continuing operations		**10,514**	(10,855)
Discontinued operation			
Loss from discontinued operation (net of income tax)		**(449)**	(60)
Profit/(loss) for the year		**10,065**	(10,915)
Other comprehensive income			
Exchange differences on translation of foreign operations		**(784)**	353
Total comprehensive income for the year		**9,281**	(10,562)
Profit/(loss) for the year attributable to:			
Equity holders of the parent		**10,065**	(10,597)
Non-controlling interest		**–**	(318)
Profit/(loss) for the year		**10,065**	(10,915)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**9,281**	(10,277)
Non-controlling interest		**–**	(285)
Total comprehensive income for the year		**9,281**	(10,562)

* Restated as per Note 10.

	Notes	2010	2009*
Basic profit/(loss) per share in € cents			
From continuing operations	12	**5.93**	(6.40)
From continuing and discontinued operations	12	**5.67**	(6.43)
Diluted profit/(loss) per share in € cents			
From continuing operations	12	**5.92**	(6.34)
From continuing and discontinued operations	12	**5.67**	(6.38)

* Restated as per Note 10.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Notes	2010 Share capital €'000	2010 Share premium €'000	2010 Share-based payment reserve €'000	2010 Retained earnings €'000	2010 Translation reserve €'000	2010 Own shares €'000	2010 Total equity to attributable shareholders of the Company €'000	2010 Non-controlling interest €'000	2010 Total equity €'000
Balance as at 1 January		1,730	72,277	1,856	(25,711)	(106)	(391)	49,655	–	49,655
Total comprehensive income for the year										
Profit for the year		–	–	–	10,065	–	–	10,065	–	10,065
Other comprehensive income										
Foreign currency transaction differences		–	–	–	–	(784)	–	(784)	–	(784)
Total comprehensive income for the year		–	–	–	10,065	(784)	–	9,281	–	9,281
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	7	–	–	102	1	–	–	103	–	103
Issuance of shares		126	2,584			–	(555)	2,155	–	2,155
Own shares		–	–	(785)	–	–	785	–	–	–
Total contributions by and distributions to owners		126	2,584	(683)	1	–	230	2,258	–	2,258
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Acquisition & settlement of non-controlling interest		–	–	–	–	–	–	–	–	–
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	–
Total transactions with owners		126	2,584	(683)	–	–	230	2,258	–	2,258
Balance at 31 December		1,856	74,861	1,173	(15,645)	(890)	(161)	61,194	–	61,194

	Notes	2009 Share capital €'000	2009 Share premium €'000	2009 Share-based payment reserve €'000	2009 Retained earnings €'000	2009 Translation reserve €'000	2009 Own shares €'000	2009 Total equity to attributable shareholders of the Company €'000	2009 Non-controlling interest €'000	2009 Total equity €'000
Balance as at 1 January		1,675	71,619	2,751	(14,972)	(426)	(1,170)	59,477	102	59,579
Total comprehensive income for the year										
Loss for the year		–	–	–	(10,597)	–	–	(10,597)	(318)	(10,915)
Other comprehensive income										
Foreign currency transaction differences		–	–	–	–	320	–	320	33	353
Total comprehensive income for the year		–	–	–	(10,597)	320	–	(10,277)	(285)	(10,562)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	7	–	–	296	41	–	–	337	–	337
Issuance of shares		55	658	–	–	–	(412)	301	–	301
Own shares		–	–	(1,191)	–	–	1,191	–	–	–
Total contributions by and distributions to owners		55	658	(895)	41	–	779	638	–	638
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Acquisition & settlement of non-controlling interest		–	–	–	(183)	–	–	(183)	183	–
Total changes in ownership interests in subsidiaries		–	–	–	(183)	–	–	(183)	183	–
Total transactions with owners		55	658	(895)	(142)	–	779	455	183	638
Balance at 31 December		1,730	72,277	1,856	(25,711)	(106)	(391)	49,655	–	49,655

Consolidated Statement of Cash Flow

for the year ended 31 December 2010

	Notes	2010 €'000	2009 €'000
Continuing operations			
Cash flows from operating activities			
Revenue, payments on account and deferred income received		**32,193**	26,162
Cash paid to suppliers		**(35,728)**	(10,750)
Cash paid to employees		**(12,298)**	(11,861)
Interest received		**83**	126
Interest paid		**(16)**	(74)
Income tax paid		**(146)**	(657)
Net cash (outflow)/inflow from operating activities		**(15,912)**	2,946
Cash flows from investing activities			
Proceeds from sales of investments		**1,303**	2
Payment for acquisition of joint venture		**(3,791)**	–
Settlement of deferred consideration	25	**–**	(163)
Acquisition of property, plant and equipment	13	**(309)**	(127)
Net cash outflow from investing activities		**(2,797)**	(288)
Cash flows from financing activities			
Proceeds from the issue of share capital		**2,188**	55
Proceeds from new loan		**–**	17
Repayment of borrowings		**(18)**	(312)
Payment of finance lease liabilities		**(87)**	(200)
Net cash inflow/(outflow) from financing activities		**2, 083**	(440)
Net (decrease)/increase in net cash and cash equivalents		**(16,626)**	2,218
Net cash and cash equivalents at 1 January		**28,324**	26,155
Effect of foreign exchange rate fluctuations on cash held		**209**	(49)
Net cash and cash equivalents at 31 December	20	**11,907**	28,324

Notes

(forming part of the financial statements)

1 Accounting Policies

Camco International Limited (the 'Company) is a public company incorporated in Jersey under the Companies (Jersey) Law 1991. The address of its registered office is Channel House, Green Street, St Helier, Jersey JE2 4UH. The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company, its subsidiaries and associates and jointly controlled entities (together the 'Group). The Company is admitted to the Alternative Investment Market (AIM) of the London Stock Exchange.

A Statement of Compliance

These consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRS).

These consolidated financial statements have been prepared in accordance with and in compliance with the Companies (Jersey) Law 1991 an amendment to which means separate parent company financial statements are now not required.

These consolidated financial statements were approved by the Board on 21 February 2011.

B Basis of Preparation

The financial statements are presented in Euros, the functional currency of the Company, rounded to the nearest thousand Euros.

The preparation of financial statements in conformity with adopted IFRS 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 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 not 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The most significant techniques for estimation are described in the accounting policies below and Note 31.

The accounting policies set out below have been applied consistently in the year and presented in these consolidated financial statements. The accounting policies have been consistently applied across all Group entities for the purposes of producing these consolidated financial statements.

The financial statements have been prepared on the historical cost basis and on a going concern basis. The Group's business activities, together with the financial position of the Group, its performance, cash flows and liquidity position are set out in the Directors' Report on pages 32-37. In addition Notes 22 and 23 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1 Accounting Policies (continued)

Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business Combinations

The Group adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for all business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively, although there have been no business combinations in the year.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. The Group also applied IAS 27 (2008) for the disposal and acquisition of non-controlling interests that do not result in loss of control.

Acquisitions and disposals of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the fair value of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The Group applied IAS 27 (2008) in accounting for transactions which result in the loss of control of subsidiaries (see Note 4). Under the accounting policy transactions that result in loss of control are accounted for by derecognising the previously consolidated assets and liabilities of the subsidiary and the carrying amount of any non-controlling interests in the former subsidiary and recognising the retained investment at its fair value at the date when control is lost and any consideration received. The resulting difference, including any related gains or losses previously recognised in other comprehensive income that qualify to be recycled to profit or loss, is recognised in profit or loss as a gain or loss on the disposal.

C Accounting for Carbon Development Contracts (CDCs)
The Group enters into CDCs with clients from which carbon credits are received. Carbon credits under the Kyoto Protocol, also known as Certified Emission Reductions (CERs) or Emission Reduction Units (ERUs) are generated through the highly regulated Carbon Development Mechanism (CDM) and Joint Implementation (JI) processes respectively. These follow a number of steps including the approval of the project methodology and monitoring procedures, project design, project approval by the Designated National Authority (DNA), project validation by a Designated Operational Entity or equivalent (DOE), project acceptance by the host country, registration, verification and certification by a DOE. Verification of carbon credit production takes place at least once a year during the production year. The Group works with the client at all stages of the process using proprietary knowledge and experience to negotiate this complex process. Carbon credits are also generated outside the Kyoto Protocol under voluntary or regional emission reduction schemes.

Revenue recognition on CDC consultancy services
The Group derives revenue from the provision of consultancy services to carbon project clients under CDCs. The Group receives payment for the services by either cash commission or non-cash carbon credit. Revenue from CDCs is only recognised once the Group's services to secure the production of carbon credits are significantly complete and receipt of the consideration, be it cash or carbon credits, can be forecast reliably. Revenue is recognised once a CDC is registered by a DOE (where payment is due to Camco irrespective of a CDC's registration this criteria will not apply) and Camco has provided significantly all of its services.

The timing of revenue collection is uncertain as carbon credits may be generated over subsequent years as they are issued. The amount and timing of commission or carbon credits to be received may be dependent upon the number of carbon credits received by the customers, which is determined by assessing the specific technical, contract and economic risks identified on the project.

Revenue is recognised at the fair value of the consideration receivable from the contracts, at which point accrued income is recognised. The fair value is the estimated net value of the carbon credits to be received, which is dependent upon the expected number to be delivered and the intrinsic value. If the expected number or value of the carbon credits subsequently changes an adjustment is made to the accrued income balance with an associated credit or debit taken to revenue. The unwinding of any financing element of accrued income is recognised as finance income or expense.

The CDCs are scheduled to deliver of carbon credits under Clean Development Mechanism and other regional schemes until at least 2020. The Group and Company has taken advantage of the own use exemption in relation to carbon credits and as such does not account for the contract under IAS 39 and 32.

1 Accounting Policies (continued)

Treatment of CDC costs
CDC costs are presented under current assets as work in progress. CDCs acquired by the Group are recorded initially at cost (or fair value if through business combination).

Subsequently, the directly attributable costs are added to the carrying amount of CDCs. These costs are only carried forward to the extent that they are expected to be recouped through the successful completion of the contracts. The costs comprise consultancy fees, license costs, technical work and directly attributable administrative costs. All other costs are expensed as incurred. CDC costs carried as work in progress are stated at the lower of cost and net realisable value.

Once the revenue recognition criteria on these contracts are met the CDC costs incurred on them are expensed in full. Accrued income is derecognised when the CERs or cash commission receivable under the CDC consultancy contracts are sold.

D Revenue Recognition on Other Consultancy Services
Advisory revenue from consultancy services provided is recognised in the income statement in proportion to the stage of completion of the consultancy contract. The stage of completion is assessed by reference to the overall contract value.

Investment revenue consists of management service fees which are recognised pro-rata over the period of the service contract.

E Goodwill on Acquisition
Subsidiary
Acquisition since 1 January 2009 the Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

Acquisitions prior to 1 January 2009
For acquisitions prior to 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

F Intangible Assets
Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets
Other intangible assets are considered to have a finite life and are stated at cost less accumulated amortisation. Amortisation is charged to the income statement on a straight line basis over the expected life of the asset.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Carbon in specie
The Group has a number of carbon credit registry accounts used to receive carbon credits from its projects. These carbon credits are either transferred to buyers under existing sales contracts or, in the case of in specie consideration to the Group, sold for cash. Carbon credits held at the balance sheet date are recognised as an intangible asset and valued at the relevant market price or contract price.

G Property, Plant and Equipment
Computer and office equipment
Computer and office equipment is held at historical cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight line basis over the estimated useful life of three years.

Leasehold improvements
Leasehold improvements are held at historical cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight line basis over the remaining life of the lease.

1 Accounting Policies (continued)

H Investments in Subsidiaries
Investments in subsidiaries are carried at cost less provision for impairment.

I Impairment
The carrying amounts of the Group's property, plant and equipment, goodwill on acquisition and other intangibles are reviewed at least annually 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 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 immediately in the income statement. The recoverable amount is the greater of the fair value less cost to sell and the value in use. Value in use 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.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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 the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation and amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill on acquisition is not reversed.

J Discontinued Operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

K Foreign Exchange
Foreign currency transactions
Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the 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 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 foreign exchange rate at the date of transaction.

L Available-for-sale Financial Assets
The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

M Cash and Cash Equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above and other short-term highly liquid investments that are readily convertible into cash and are subject to insignificant risk of changes in value, net of bank overdrafts.

N 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 a business combinations, or items recognised directly in equity, or in comprehensive income.

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

O Employee Benefits
Long-Term Incentive Plan
The Group enters into arrangements that are equity-settled share-based payments with certain employees (including Directors) under a Long-Term Incentive Plan. These are measured at fair value at the date of grant, which is then recognised in the income statement on a straight line basis over the vesting year, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of an appropriate model (Black-Scholes). In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company. The charge is adjusted at each balance sheet date to reflect the actual number of shares expected to vest based on non-market performance conditions such as Group profit targets and employment service conditions. The movement in cumulative charges since the previous balance sheet is recognised in the income statement, with a corresponding entry in equity.

Where the Company grants share-based payment awards over its own shares to employees of its subsidiaries it recognises the corresponding movement directly in equity and recharges in the full the share-based payment charge to the relevant subsidiary.

Defined contribution pension scheme
In the UK, the Group operates two defined contribution retirement benefit plans for qualifying employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

P Own Shares Held by the Employee Benefit Trust (EBT)
Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore reflected in the parent company and Group financial statements. In particular, the EBT's purchases of shares in the Company are debited directly to equity.

Q Operating Segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets corporate expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

1 Accounting Policies (continued)

R Earnings per Share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

S Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

T Leased Assets
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

U Finance Income and Expense
Finance income comprises interest income on surplus funds, unwinding of the discount on provisions and accrued costs. Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowings, finance leases and unwinding of the discount on provisions and accrued costs. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses arising from a group of similar transactions are reported on a net basis.

V Derivative Financial Instruments
The Group recognises derivatives financial instruments initially at fair value with attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value. When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

W Non-derivative Financial Liabilities
The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables and payments on account. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

X New Accounting Standards and Interpretations Not Yet Adopted
A number of new standards, amendments to standards and interpretations endorsed by the EU are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 ’Financial Instruments Disclosure-Amendments to Disclosures’ (effective periods beginning on or after 1 January 2011): This standard is expected to result in additional disclosure in the consolidated financial statements;
- Revised IAS 24 ‘Related Party Disclosure’ (mandatory for years commencing on or after 1 January 2011): This standard is expected to result in additional disclosure in the consolidated financial statements; and
- IAS 1 ‘Presentation of Statement of Changes in Equity’ (effective periods beginning on or after 1 January 2011): The application will result in additional disclosure in the consolidated financial statements.

2 Segmental Reporting

Operating Segments
The Group comprises of the following main reporting segments:

1. Carbon: **The Carbon Project Development** teams provide CDC consultancy services on carbon asset development, commercialisation and portfolio management.

2. Advisory: **The Energy and Carbon Advisory** teams provide strategic, commercial and technical expertise accrued over two decades to deliver low carbon energy and sustainable development solutions.

3. Investments: **The Clean Energy Project Development and Investment** teams collaborate with industry, project developers, equipment providers and investor groups to create emissions-to-energy projects and maximise sustainable energy production across a range of industries including: agricultural methane, industrial energy efficiency, coal mine methane, municipal solid waste, biomass and landfill gas.

Intersegment transactions are carried out at arm's length.

Operating segments	Carbon 2010 €'000	Carbon 2009 €'000	Advisory 2010 €'000	Advisory 2009 €'000	Investment 2010 €'000	Investment 2009 €'000	Eliminations 2010 €'000	Eliminations 2009 €'000	Consolidated 2010 €'000	Consolidated 2009 €'000
Revenue	**20,380**	21,470	**9,191**	6,093	**465**	211	**–**	–	**30,036**	27,774
Intersegment revenue	**–**	–	**1,967**	818	**–**	–	**(1,967)**	(818)	**–**	–
Total segment revenue	**20,380**	21,470	**11,158**	6,911	**465**	211	**(1,967)**	(818)	**30,036**	27,774
Segment gross margin	**14,444**	15,821	**5,762**	4,670	**348**	186	**–**	–	**20,554**	20,677
Other income – carbon	**5,770**	–	**–**	–	**–**	–	**–**	–	**5,770**	–
Segment result	**12,286**	8,385	**789**	(1,658)	**(638)**	(773)	**–**	–	**12,437**	5,954
Unallocated expenses									**(3,847)**	(3,258)
Share-based payments									**(102)**	(296)
Restructuring charges									**(82)**	(432)
Impairment of goodwill on acquisition									**–**	(11,973)
Results from operating activities									**8,406**	(10,005)
Finance income									**2,624**	1,228
Finance expense									**(1,223)**	(1,948)
Share of loss of equity accounted investees									**(187)**	–
Taxation									**894**	(130)
Loss from discontinued operation (net of income tax)									**(449)**	(60)
Profit/(loss) for the year									**10,065**	(10,915)
Segment assets	**75,995**	72,579	**5,294**	5,710	**4,733**	3,189	**–**	–	**86,022**	81,478
Other investments	**–**	–	**–**	–	**236**	225	**–**	–	**236**	225
Unallocated assets									**780**	1,070
Total assets									**87,038**	82,773
Segment liabilities	**(21,201)**	(28,788)	**(3,485)**	(2,448)	**–**	(1,153)	**–**	–	**(24,686)**	(32,389)
Unallocated liabilities									**(1,158)**	(729)
Total liabilities									**25,844**	(33,118)
Capital expenditure	**156**	268	**137**	162	**235**	3	**–**	–	**528**	433
Depreciation	**273**	413	**240**	299	**27**	2	**–**	–	**540**	714
Amortisation of intangible assets	**–**	–	**337**	337	**–**	–	**–**	–	**337**	337
Impairment losses on goodwill, intangible assets and property, plant and equipment	**–**	–	**120**	11,690	**–**	283	**–**	–	**120**	11,973

3 Revenue

By operating segments:	2010 €'000	2009* €'000
Carbon	**20,380**	21,470
Advisory	**9,191**	6,093
Investments	**465**	211
Total revenue	**30,036**	27,774

By domicile of Group entity:	2010 €'000	2009* €'000
Europe	**26,581**	26,798
Asia	**387**	–
North America	**773**	338
Africa	**2,295**	638
Total revenue	**30,036**	27,774

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of its customers. The Group derives carbon revenue from the provision of consultancy services to carbon clients under CDCs. With respect to this carbon revenue, the geographic analysis has been prepared based on the geographic location of the project that will generate the carbon credits. This location is not the geographic location of the carbon credit buyer and not necessarily where the services were performed. This distinction means that only €387,000 (2009: Nil*) of the revenue €17,127,000 (2009: €21,174,000*) is derived from the Republic of China was invoiced by Group entities domiciled in that region (all of which relates to the advisory business).

By geographic region:	2010 €'000	2009* €'000
United Kingdom	**7,232**	5,512
Russian Federation	**2,535**	–
The People's Republic of China	**17,127**	21,174
United States of America	**465**	338
Africa	**2,497**	638
Other	**180**	112
Total revenue	**30,036**	27,774

In presenting information on the basis of geographic region, revenue is based on the geographic location of the Group's customer.

*Restated as per Note 10.

4 Other Income

Other Income – Carbon

On 27 September 2010, Camco International Limited (CIL) signed an agreement with Khazanah Nasional Berhad (Khazanah) to establish a developer of emission reduction and clean energy projects in South East Asia. Camco South East Asia Limited, a wholly-owned subsidiary of the Company, issued 39.9% of the share capital to Khazanah in exchange for €10.8m of cash. Camco contributed its existing South East Asian carbon portfolio, exclusivity to the region, brand and other intellectual property for €12.5m (carrying value of €0.6m) and cash of €3.8m in return for 60.1% holding.

On the same day, Camco South East Asia Limited issued a convertible bond to Khazanah for €7.5m, convertible to shares at the end of 3 years or sooner under certain conditions. Camco Mauritius Limited (CML) was issued a warrant over Camco South East Asia Limited shares amounting to €2.8m, exercisable at any period over the next three years. If both instruments are fully exercised then the shareholdings would become 51% for CML and 49% for Khazanah (see Note 15).

The warrant gives rise to a derivative financial asset whose initial fair value is deemed to be nil. The fair value of this asset will be re-assessed each balance sheet and any movement taken to profit and loss. The fair value will be calculated as the difference between the fair value of the warrant shares and the fixed warrant price.

	2010 €'000	2009 €'000
Initial recognition of Group's ownership interest in joint venture	**10,140**	–
Assets of the Camco South East Asia Limited business derecognised	**(4,370)**	–
Net gain on loss of control of the Camco South East Asia business	**5,770**	–

Other Income – Gain on Disposal of Investment

On 9 July 2009, the Group disposed of its entire interest in ESD Bulgaria Limited for consideration of €2,000. The disposed entity had net liabilities resulting in a net gain on disposal of €45,000.

	2010 €'000	2009 €'000
Disposal proceeds	**–**	2
Net liabilities/(assets) disposed	**–**	43
Net gain on disposal of investment	**–**	45

On 31 December 2009, Renewable Energy Dynamics Holding Limited issued a call option as detailed in Note 16 which resulted in the loss of control of the business. The business ceased to be consolidated and is now equity accounted for as an associate.

4 Other Income (continued)

Other Income – Gain on Disposal of Investment (continued)
Upon de-recognition of assets and non-controlling interest held by the Group in relation to this business and recognition of the Group's share of net assets at fair value a net gain of €265,000 arose which has been presented in the income statement.

	2010 €'000	2009 €'000
Recognition of Group's ownership interest in associate at the end of the period	–	1,146
Assets of the Re-Fuel business derecognised	–	(1,246)
Non-controlling interest de-recognised	–	365
Net gain on loss of control of the Re-Fuel business	–	265

Under the adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) the non-controlling interest derecognised is transferred to the income statement and the gain on loss on control is recognised in the income statement.

Other Income – Negative Goodwill Arising on Acquisition
During the previous year negative goodwill arose on the business combination MCF Finance and Consulting Co. Ltd as a result of review to deferred consideration.

	2010 €'000	2009 €'000
MCF Finance and Consulting Co. Ltd	–	303
Negative goodwill arising on acquisition	–	303

5 Expenses and Auditors' Remuneration

Included in comprehensive income are the following:

	2010 €'000	2009 €'000
Depreciation of property, plant and equipment – owned assets	**460**	563
Depreciation of property, plant and equipment – leased assets	**80**	151
Amortisation of intangible assets	**337**	337
Share-based payments	**102**	296
Other administrative costs	**16,857**	17,543
Administration expenses	**17,836**	18,890
Other expenses – restructuring charges	**82**	432
Total	**17,918**	19,322

Services provided by the Group's auditor:

During the year the Group obtained the following services from the Company's auditors, KPMG Audit Plc and its associates:

	2010 €'000	2009 €'000
Audit of these financial statements	**166**	137
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**86**	91
Total services	**252**	228

Fees payable to the Company's auditor for the audit of the Company's annual accounts includes a charge of €36,000 (2009: €35,000) for the review of the Group's interim financial report.

Non-audit Services
These services are those that could be provided by a number of firms. Work is only allocated to the auditors if it is regarded by the Audit Committee that it does not impact the independence of the audit team.

6 Staff Numbers and Costs

The average number of persons employed by the group (including Directors) during the year, analysed by category, was as follows:

Number of employees	2010	2009
Carbon	**75**	89
Advisory	**89**	116
Investments	**10**	9
Group	**29**	27
Total	**203**	241

The aggregate payroll costs of these persons were as follows:

	2010 €'000	2009 €'000
Wages and salaries	**9,151**	10,099
Share-based payments (see Note 7)	**102**	296
Social security costs	**906**	1,022
Contributions to defined contribution plans	**288**	295
Total	**10,447**	11,712

Wages and salaries shown above include salaries paid in the year and bonuses relating to the year. These costs are charged within administration expenses.

7 Share-based Payments

During the year, the Group operated a share-based incentive plan for its employees called the Long-Term Incentive Plan (LTIP). The charge for this scheme is as follows:

	2010 €'000	2009 €'000
Long-Term Incentive Plan	**102**	296
Total	**102**	296

Long-Term Incentive Plan

The Board has approved the LTIP under which Directors and employees are entitled to equity-settled payment following vesting years after 31 December 2010, 2011 and 2012 and upon certain market and non-market performance conditions being met for the reporting years ending 31 December 2010, 2011 and 2012.

Purpose

The purpose of the LTIP is to incentivise Directors and employees to ensure profit and share price performance targets are met over the vesting years. The LTIP will align management's objectives with those of the shareholders.

Market-based performance condition

The LTIP will vest at different levels depending on the Company's share price performance as compared with comparator group over the vesting year. The comparator group consists of a basket of SmallCap companies at the grant date (adjusted for mergers, demergers and delistings during the performance year). The Company's percentage rank is its rank in a comparator group divided by the number of companies in the Group at the end of the performance year expressed as a percentage.

Non-market performance conditions

The LTIP will vest at differing levels depending on the achievement of profit targets over the vesting years. The employee or Director must remain employed by the Group throughout the entire vesting year in order to remain entitled to LTIP shares.

The LTIP shares are valued by multiplying the market price of the Company's ordinary shares at date of grant with a number of weighting factors that reflect the expected outcome given the criteria set out in the performance conditions. The market-based performance condition uses the Company's and comparator group's historic share price data to predict the most likely future percentage rank. The market-based performance condition is not updated at each valuation date. The non-market-based performance conditions (profit and service) use management's forecasts to estimate the likely outcome under the LTIP rules. The non-market-based weighting factors are updated at each valuation date to include all relevant actual information.

	2010 Number of options	2009 Number of options
Outstanding at the beginning of the year	**12,605,013**	9,954,689
Granted during the year	**340,000**	8,987,981
Forfeited during the year	**(2,545,823)**	(2,795,269)
Vested during the year	**(3,329,755)**	(3,542,388)
Outstanding at the end of the year	**7,069,435**	12,605,013
Exercisable at the end of the year	**273,530**	1,570,000

	2010	2009
Weighted average share price at grant (€ cents)	**24.9**	26.8
Weighted average fair value of option (€ cents)	**4.1**	6.9
Exercise price (€ cents)	**1.0**	1.0
Weighted average life at grant (years)	**2.1**	1.9

The shares outstanding at the end of the year have a remaining contractual life ranging from zero to two years.

8 Retirement Obligations

Defined Contribution Plans

In the UK, the Group operates two defined contribution retirement benefit plan for qualifying employees. The assets of this plan are held separately from those of the Group. The only obligation of the Group is to make the contributions.

The total expense recognised in income statement is €288,000 (2009: €295,000), which represents the contributions paid to the plan. There were no outstanding payments due to the plan at the balance sheet date.

9 Net Finance Income/Expense

	2010 €'000	2009 €'000
Finance income		
Interest on bank deposits	**83**	122
Unwinding of discount on accrued revenue	**1,085**	695
Other interest – receivable	**142**	54
Foreign exchange movements – unrealised	**1,281**	–
Foreign exchange movements – realised	**33**	357
Total	**2,624**	1,228
Finance expense		
Unwinding of discount on deferred consideration (see Note 26)	**–**	(11)
Unwinding of discount on accrued costs	**(90)**	(82)
Interest on overdraft and borrowings	**(18)**	(25)
Interest on finance lease creditor	**(17)**	(28)
Other interest – payable arising on payment on account	**(1,098)**	(1,197)
Foreign exchange movements – unrealised	**–**	(101)
Foreign exchange movements – realised	**–**	(504)
	(1,223)	(1,948)
Net finance income/(expenses)	**1,401**	(720)

10 Discontinued Operation

In May 2010, the Group made the decision to close the operations of Camco Advisory Services (Beijing) Limited (formerly known as Sinosphere Beijing (WOFE) Ltd). This separate business unit was not classified as a discontinued operation as at 31 December 2009 and the comparative Consolidated Statement of Comprehensive Income has been represented to show the discontinued operation separately from continuing operations. The only material effect is the write down of goodwill associated with the business (€120,000). The fixed assets of the business are being transferred to the China Carbon business (located in the same office) at net book value.

	2010 €'000	2009 €'000
Results of discontinued operation		
Revenue	**172**	741
Expenses	**(501)**	(801)
Impairment of goodwill (see Note 14)	**(120)**	–
Results before and after tax	**(449)**	(60)
Basic earnings per share in € cents	**(0.25)**	(0.03)
Diluted earnings per share in € cents	**(0.25)**	(0.04)
Cash flows used in discontinued operation		
Net cash used in operating activities	**(3)**	(242)
Net cash from investing activities	**(4)**	(1)
Effect on cash flows	**(7)**	(243)

Effect of the Closure on the Position of the Group
Goodwill associated with the business (€120,000) has been written down. The fixed assets of the business are being transferred to the China Carbon business (located in the same office) at net book value. The working capital of the company is being wound down and any surplus cash will be returned to Group.

11 Taxation

Recognised in the Income Statement

	2010 €'000	2009 €'000
Current tax expense:		
Jersey corporation tax	**–**	–
Foreign tax	**(126)**	(36)
Adjustments recognised in the current year in relation to the current tax of prior years	**960**	(47)
	834	(83)
Deferred tax expense:		
Movement in deferred tax asset and liabilities	**60**	(47)
Total income tax in the income statement	**894**	(130)

The tax charge for the period is different to the 0% rate (2009: 0%) of corporation tax in Jersey and the differences are explained below:

Reconciliation of Effective Tax Rate

	2010 €'000	2009 €'000
Profit/(loss) before tax	**9,620**	(10,785)
Profit before tax multiplied by 0% rate of corporation tax in Jersey (2009:0%)	**–**	–
Effects of:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(334)**	(40)
Non-deductible expenses	**187**	(165)
Change in temporary timing differences	**60**	201
Deferred tax movement not recognised	**(1)**	(79)
Adjustments recognised in the current year in relation to prior years	**960**	(47)
Prior year unrecognised losses utilised	**22**	–
Total income taxes in the income statement	**894**	(130)

Tax Recognised Directly in Equity

	2010 €'000	2009 €'000
Deferred tax recognised directly in equity	**1**	41
Total tax recognised directly in equity	**1**	41

The Company is liable to Jersey income tax at 0%. The Company will apply for and expects to be granted this status for future years.

The Company's subsidiaries carry on business in other tax regimes where the corporation tax rate is not zero. At 31 December 2010, the Group had UK tax losses carried forward for utilisation in future periods amounting to €557,000 (2009: €795,000). Within subsidiaries where future profits are expected to arise deferred tax assets have been recognised. However, in other subsidiaries, due to the uncertainty as to the timing and extent of future profits no deferred tax assets have been recognised in respect of these tax losses carried forward.

Deferred Tax

Deferred tax assets, liabilities and movements in the period are shown as follows:

	2010 €'000	2009 €'000
Deferred tax asset at 1 January	**216**	292
Arising on acquisition of ESD in respect of losses carried forward		
Foreign exchange movement	**9**	24
Current year charge	**1**	(141)
Adjustments recognised in the current year in relation to prior years	**(35)**	–
Deferred tax recognised for share-based payment directly in equity	**1**	41
Deferred tax asset 31 December	**192**	216

11 Taxation (continued)

	2010 €'000	2009 €'000
Deferred tax liability at 1 January	**(221)**	(315)
Utilised in the period	**95**	94
Deferred tax liability 31 December	**(126)**	(221)

12 Profit/Loss per Share

Profit/loss per share attributable to equity holders of the Company is calculated as follows:

	2010 € cents per share	2009 € cents per share
Basic profit/(loss) per share		
From continuing operations	**5.93**	(6.40)
From continuing and discontinued operation	**5.67**	(6.43)
Diluted profit/(loss) per share		
From continuing operations	**5.92**	(6.34)
From continuing and discontinued operation	**5.67**	(6.38)

	€'000	€'000
Profit/(loss) used in calculation of basic and diluted profit/(loss) per share		
From continuing operations	**10,514**	(10,855)
From continuing and discontinued operation	**10,065**	(10,915)
Weighted average number of shares used in calculation		
Basic	**177,375,319**	169,634,966
Diluted	**177,648,693**	171,204,246

Weighted average number of shares used in calculation – basic

	2010 Number	2009 Number
Number in issue at 1 January	**173,007,585**	167,509,965
Effect of own shares held	**(4,627,388)**	(4,000,619)
Effect of share options exercised	**3,718,830**	1,817,870
Effect of shares issued in the year	**5,276,292**	4,307,750
Weighted average number of basic shares at 31 December	**177,375,319**	169,634,966

Weighted Average Number of Shares Used in Calculation – Diluted

	2010 Number	2009 Number
Number in issue at 1 January	**173,007,585**	167,509,965
Effect of own shares held	**(4,627,388)**	(4,000,619)
Effect of share options exercised	**3,718,830**	1,817,870
Effect of shares issued in the year	**5,276,292**	4,307,750
Dilutive effect of share options granted	**273,374**	1,569,280
Weighted average number of diluted shares at 31 December	**177,648,693**	171,204,246

13 Property, Plant and Equipment

Computer and Office Equipment

	2010 €'000	2009 €'000
Cost at 1 January	**1,690**	1,560
Additions	**528**	122
Disposals	**(27)**	(106)
Effect of movements in foreign exchange	**120**	114
Cost at 31 December	**2,311**	1,690
Accumulated depreciation at 1 January	**(1,250)**	(693)
Charge for the year	**(460)**	(563)
Disposals	**11**	53
Effect of movements in foreign exchange	**(90)**	(47)
Accumulated depreciation at 31 December	**(1,789)**	(1,250)
Net book value at 1 January	**440**	867
Net book value at 31 December	**522**	440

Leasehold Improvements

	2010 €'000	2009 €'000
Cost at 1 January	**592**	566
Additions	**–**	5
Disposals	**(40)**	(4)
Effect of movements in foreign exchange	**37**	25
Cost at 31 December	**589**	592
Accumulated depreciation at 1 January	**(304)**	(151)
Charge for the year	**(80)**	(151)
Disposals	**40**	2
Effect of movements in foreign exchange	**(27)**	(4)
Accumulated depreciation at 31 December	**(371)**	(304)
Net book value at 1 January	**288**	415
Net book value at 31 December	**218**	288

13 Property, Plant and Equipment (continued)

Total Property, Plant and Equipment

	2010 €'000	2009 €'000
Cost at 1 January	**2,282**	2,126
Additions	**528**	127
Disposals	**(67)**	(110)
Effect of movements in foreign exchange	**157**	139
Cost at 31 December	**2,900**	2,282
Accumulated depreciation at 1 January	**(1,554)**	(844)
Charge for the year	**(540)**	(714)
Disposals	**51**	55
Effect of movements in foreign exchange	**(117)**	(51)
Accumulated depreciation at 31 December	**(2,160)**	(1,554)
Net book value at 1 January	**728**	1,282
Net book value at 31 December	**740**	728

Finance Leases
The Group leases equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price. Arrangements which are not in the legal form of a lease are still accounted for as such based on their terms and conditions. The leased equipment secures lease obligations.
At 31 December 2010 the net carrying amount of leased computer and office equipment was €10,500 (2009: €93,000).

14 Intangible Assets

Goodwill on Acquisition and Other Intangible Assets

	2010 €'000 Goodwill on acquisition	2010 €'000 Other intangible assets	2010 €'000 Total	2009 €'000 Goodwill on acquisition	2009 €'000 Other intangible assets	2009 €'000 Total
Cost at 1 January	**14,122**	**1,852**	**15,974**	14,120	2,520	16,640
Acquisitions – internally developed	**–**	**–**	**–**	–	198	198
Revision to original purchase consideration	**(55)**	**–**	**(55)**	–	–	–
Disposal	**–**	**–**	**–**		(929)	(929)
Foreign exchange movement	**(15)**	**–**	**(15)**	2	63	65
Cost at 31 December	**14,052**	**1,852**	**15,904**	14,122	1,852	15,974
Amortisation at 1 January	**(11,973)**	**(1,063)**	**(13,036)**	–	(726)	(726)
Amortisation charge	**–**	**(337)**	**(337)**	–	(337)	(337)
Impairment loss	**(120)**	**–**	**(120)**	(11,973)	–	(11,973)
Accumulated amortisation & impairment at 31 December	**(12,093)**	**(1,400)**	**(13,493)**	(11,973)	(1,063)	(13,036)
Net book value at 1 January	**2,149**	**789**	**2,938**	14,120	1,794	15,914
Net book value at 31 December	**1,959**	**452**	**2,411**	2,149	789	2,938

In May 2010, the Group made the decision to close the operations of Camco Advisory Services (Beijing) Limited (formerly known as Sinosphere Beijing (WOFE) Ltd). The only material effect is the write down of goodwill associated with the business (€120,000), see Note 10.

In 2009, the Group's Advisory business was subject to difficult trading conditions in the UK that resulted in a first half performance significantly below management's expectations. This led to a goodwill impairment of €11.7m arising on the acquisition of ESD Partners Ltd in April 2007. Note 31 details the valuation methods used to determine the carrying value. Also in 2009, following divestment in the Re-Fuel business, the Director's considered there was no further support for the related goodwill on this business and a €283,000 impairment charge was made to remove this balance.

Carbon in Specie

At 31 December 2010 the Group held carbon credits with a market value of €2,030,000 in its registry accounts. The majority of these carbon credits have sale contracts and will be delivered in 2011.

15 Investments in Associates and Joint Ventures

The Group's share of loss in its equity accounted investees and joint ventures for the year was €187,000 (2009: nil). The Group has not recognised losses relating to ESD Biomass Ltd and Camco International Ltd (UK registered), totalling nil (2009: €22,000) since acquisition through business combination, since the Group has no obligation in respect of these losses. The Group has recognised its share of the net assets and cost of investment of AG Power LLC €558,000, Camco South East Asia Limited (CSEA) being €10,283,000, Renewable Energy Dynamics Holdings Limited (REDH) being €1,080,000 (2009: €1,146,000).

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group.

2010	Investment	Holding	Total assets €'000	Total liabilities €'000	Net assets €'000	Revenue €'000	Expenses €'000	Profit/(loss) €'000
CSEA	**Joint Venture**	**60.1%****	**30,392**	**(6,230)**	**24,162**	**–**	**(310)**	**(310)**
Group elimination***			**(7,052)**	**–**	**(7,052)**	**–**	**–**	**–**
CSEA Total	**Joint Venture**	**60.1%****	**23,340**	**(6,230)**	**17,110**	**–**	**(310)**	**(310)**
AG Power LLC	**Joint Venture**	**40%**	**1,089**	**(1,089)**	**–**	**–**	**–**	**–**
ESD Biomass Ltd	**Joint Venture**	**50%**	**–**	**(83)**	**(83)**	**–**	**–**	**–**
Camco Int. Ltd	**Joint Venture**	**50%**	**–**	**–**	**–**	**–**	**–**	**–**
REDH	**Associate**	**62.9%***	**1,958**	**(241)**	**1,717**	**13**	**(15)**	**2**

2009	Investment	Holding	Total assets €'000	Total liabilities €'000	Net assets €'000	Revenue €'000	Expenses €'000	Profit/(loss) €'000
ESD Biomass Ltd	Joint Venture	50%	1	(80)	(79)	–	(3)	(3)
Camco Int. Ltd	Joint Venture	50%	–	–	–	–	–	–
REDH	Associate	68.7%*	1,667	–	1,667	–	–	–

* On 16 December 2009 REDH issued a call option that was immediately exercisable which if exercised would result in the Group no longer having control and as such the Group has accounted for REDH as an associate from this date onwards. REDH issued shares during 2010 which has reduced our shareholding from 68.7% to 62.9%.

**CSEA is a joint venture partnership between the Group and Khazanah Nasional Berhad (Khazanah) where the contractual agreement sets joint control and unanimous consent of members for key strategic financial and operational activities of the company. On 27 September 2010, CSEA issued a convertible bond to Khazanah for €7.6m, convertible to shares after three years or earlier in certain circumstances. Camco Mauritius Limited (CML) was issued a warrant over Camco South East Asia Limited shares amounting to €2.8m, exercisable at any period over the next three years. If both instruments are fully exercised then the shareholdings would become 51% for CML and 49% for Khazanah.

*** Group elimination has resulted due to the transfer of carbon assets (at carrying value of €0.6m) for €12.5m to the CSEA; therefore the Group is eliminating its share of gain.

The Group has made no provisions in respect of ESD Biomass Ltd and Camco Int. Ltd as there is no constructive or legal obligation for the Group to settle any future liabilities on their behalf investments which have nil or net liabilities hence are not recognised in these financial statements.

16 Other Investments

	2010 €'000	2009 €'000
Fair value at 1 January	**225**	209
Foreign exchange movements	**11**	16
Fair value at 31 December	**236**	225
Share of loss at 1 January	**–**	–
Share of loss at 31 December	**–**	–
Net book value at 1 January	**225**	209
Net book value at 31 December	**236**	225

The available for sale investments held at 31 December 2010 are listed below. The investments are recorded at fair value.

	Holdings	2010 €'000	2009 €'000
Renewable Energy Partnerships Ltd	10%	**233**	222
Energy Mixx AG	0.02%	**3**	3
Fair value at 31 December		**236**	225

17 Work in Progress

	2010 €'000	2009 €'000
Carbon development contracts	**6,053**	7,321
	6,053	7,321

18 Prepayments and Accrued Income

	2010 €'000	2009 €'000
Prepayments	**3,261**	3,326
Accrued income – CDC accruals	**40,907**	32,450
Accrued income – other	**1,342**	1,320
Total	**45,510**	37,096

19 Trade and Other Receivables

	2010 €'000	2009 €'000
Interest receivable	**140**	54
Trade receivables	**2,106**	2,089
Other receivables	**3,317**	2,497
Total	**5,563**	4,640

20 Cash and Cash Equivalents

	2010 €'000	2009 €'000
Cash on deposit	**9,382**	25,463
Cash equivalents – 3 month deposit	**3,000**	3,000
Cash and cash equivalents	**12,382**	28,463
Bank overdrafts used for cash management purposes (see Note 24)	**(475)**	(139)
Net cash and cash equivalents in the cash flow statement	**11,907**	28,324

21 Trade and Other Payables

	2010 €'000	2009 €'000
Trade payables and non-CDC accruals	**3,944**	8,862
Other accruals – CDC accruals	**9,207**	4,473
Payment on account received	**10,200**	17,100
Deferred income	**1,727**	1,039
Total	**25,078**	31,474

22 Financial Risk Management

The Group Financial Risk Management framework addresses the following key risks:

Market Risk
The carbon market is subject to political and regulatory risk on a national, regional and global basis.

The consequence of the interaction of these frameworks and regulation is that the market price for carbon credits may be significantly affected by demand and supply considerations which leads to large fluctuations in market prices. The Group does not actively manage this risk however does seek to lock in contract certainty in floor price when beneficial opportunities arise. Currently a €1 per tonne increase in the market price for CERs would affect a €13m increase in income over the next three years.

Price Risk
The Group manages the CER price risk exposure through forward sales of CERs it is due to receive.

Credit Risk
The Group's exposure to credit risk arises from the Group's receivables from customers. The Group has implemented a credit scoring process using an external credit scoring organisation for all new customers (and existing customers of a certain size) that highlights credit risk and aids the prevention of bad debt. Credit risk is analysed further in Note 23.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to maintain sufficient funds on call to meet these requirements as they fall due with the rest of cash on term deposit in the relevant currencies as set out below. Liquidity risk is analysed further in Note 23.

Foreign Exchange Risk
The Group is exposed to foreign exchange risk on sales, purchases and cash when transactions denominated in a currency other than the functional currency of the Group which is the Euro. The currency exposure on cash held is set out below:

Cash and Cash Equivalents

	Euro €'000	Sterling €'000	US Dollar €'000	Russian Rouble €'000	Chinese Yuan €'000	South African Rand €'000	Other €'000	Total €'000
Balances at 31 December 2010	**10,584**	**(51)**	**593**	**33**	**532**	**52**	**164**	**11,907**
Balances at 31 December 2009	26,514	239	259	158	814	39	301	28,324

The Group also faces exposure on other assets and liabilities such as intercompany debt and investments. The majority of this exposure is to the USD and GBP exchange rate. At the balance sheet date, a 5% movement in these rates would result in a €324,000 and €266,000 unrealised income statement gain or loss.

Interest Rate Risk
The Group has €475,000 (2009: €139,000) of borrowing in the form of an overdraft over which interest is charged. The Directors consider interest rate risk to be immaterial. The majority of the Group's cash is deposited at a competitive money market rate based on LIBOR.

Fair Value of Financial Assets and Liabilities
The Directors are of the view that there is no difference between the carrying values and fair values of the Group's financial assets and liabilities except for deferred consideration which is held at a discount that has unwound by €nil (2009: €11,000).

Capital Management
The Group's capital is solely equity. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. From time to time the Group purchases its own shares on the market primarily to be used for issuing shares under the Group's share option programme. The Group does not have a defined share buy-back plan or dividend policy. The Group is not subject to any externally imposed capital adequacy maintenance requirements.

23 Financial Instruments

Credit Risk
The Directors consider that the carrying value of certain financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

	2010 €'000	2009 €'000
Trade and other receivables	**5,563**	4,640
Cash on deposit	**12,382**	28,463
Total	**17,945**	33,103

23 Financial Instruments (continued)

The maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

	2010 €'000	2009 €'000
European Countries	**3,176**	2,747
Russian Federation	**–**	–
The People's Republic of China	**360**	129
United States of America	**1,754**	1,535
Africa	**250**	228
South East Asia	**–**	–
Other	**23**	1
Total	**5,563**	4,640

Impairment Losses
The aging of trade and other receivables at the balance sheet date was:

	Gross 2010 €'000	Impairment 2010 €'000	Gross 2009 €'000	Impairment 2009 €'000
Current	**1,590**	**–**	3,760	–
Past due under 30 days	**436**	**–**	358	–
Past due between 31 and 120 days	**1,029**	**–**	203	(17)
Past due between 121 days and 1 year	**1,099**	**–**	130	–
Past due more than 1 year	**1,445**	**(36)**	255	(49)
Total	**5,599**	**(36)**	4,706	(66)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2010 €'000	2009 €'000
Balance at 1 January	**(66)**	(258)
Utilised and released in the period	**66**	258
Impairment loss recognised	**(36)**	(66)
Balance at 31 December	**(36)**	(66)

Based on historic default rates, the Group believes that no general impairment allowance is necessary in respect of trade receivables past a certain age.

Liquidity Risk

Carbon credit issuance is highly regulated under the Kyoto Protocol. Since the majority of credits will be delivered over the 2008-2012 phase the Group believes it is most appropriate to analyse liquidity risk over the years corresponding to this.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact netting agreements:

Non-derivative Financial Instruments

	Carrying 2010 €'000	Contractual 2010 €'000	1 year or less 2010 €'000	1-2 years 2010 €'000	2-3 years 2010 €'000	3-4 years 2010 €'000	More than 4 years 2010 €'000
Finance lease liabilities	**22**	**(22)**	**(10)**	**(12)**	**–**	**–**	**–**
Unsecured loans	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bank overdraft	**475**	**(475)**	**(475)**	**–**	**–**	**–**	**–**
Non-CDC trade and other payables	**3,944**	**(3,944)**	**(3,944)**	**–**	**–**	**–**	**–**

Non-derivative Financial Instruments

	Carrying 2009 €'000	Contractual 2009 €'000	1 year or less 2009 €'000	1-2 years 2009 €'000	2-3 years 2009 €'000	More than 3-4 years 2009 €'000	4 years 2009 €'000
Finance lease liabilities	85	(100)	(93)	(7)	–	–	–
Unsecured bank loans	17	(17)	(17)	–	–	–	–
Bank overdraft	139	(139)	(139)	–	–	–	–
Non-CDC trade and other payables	8,862	(8,862)	(8,862)	–	–	–	–

There are no derivative financial instruments. The Group has taken advantage of the own use exemption in relation to carbon credits.

24 Loans and Borrowings

	Currency	Nominal Rate	Maturity	**2010 €'000**	2009 €'000
Non-current liabilities					
Finance lease liabilities	GBP	Various	2011	**12**	5
Total				**12**	5

	Currency	Nominal Rate	Maturity	**2010 €'000**	2009 €'000
Current liabilities					
Secured bank overdraft	GBP	Base+2.5%	2011	**475**	139
Unsecured loan	GBP	0%	2010	**–**	17
Finance lease liabilities	GBP	Various	2011	**10**	80
Total				**485**	236

25 Deferred Consideration

	2010 €'000	2009 €'000
Balance at 1 January	**59**	750
Revision to original purchase consideration of MCF	**(55)**	(303)
Settled in the year *	**–**	(407)
Unwinding of discount	**–**	11
Foreign exchange movements	**(4)**	8
Balance at 31 December	**–**	59

* Settlement in 2009 was made in cash (€163,000) and shares (€244,000).

26 Issued Share Capital and Reserves

	Number 2010 '000	2010 €'000	Number 2009 '000	2009 €'000
Authorised				
Ordinary shares of €0.01	**1,250,000**	**12,500**	1,250,000	12,500
Issued and fully paid				
All ordinary shares of €0.01 (all classified in shareholders' funds)				
Issued on 1 January	**173,008**	**1,730**	167,510	1,675
Issued as in year	**9,281**	**93**	–	–
Issued for share-based payments	**3,330**	**33**	5,498	55
Issued at 31 December	**185,619**	**1,856**	173,008	1,730

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the year the Company issued 12,610,668 ordinary shares for a consideration of €2,709,404; €2,155,095 were settled in cash and shares transferred to employees to satisfy share-based payments (€555,000).

As at 31 December 2010, the EBT held 132,093 ordinary shares of the Company (2009: 203,313), acquired for a total consideration of €115,888. Transactions of the EBT are treated as being those of the Company and shares held by the EBT are therefore reflected in the financial statements as a reduction in reserves of €115,888. The EBT shares have a nominal value of €1,321 representing 0.07% (2009:0.12%) of the issued share capital of the Company.

The shares held by the EBT had a market value of €23,777 at 31 December 2010 (2009: €45,181).

Share-based Payment Reserve
The share-based payment reserve comprises the equity component of the Company's share-based payments charges.

Translation Reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Own Shares
The reserve for the Group and Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2010 the Group held 132,093 ordinary shares of the Company's shares (2009: 203,313).

27 Financial Commitments

The Group's financial commitments are outlined below:

	2010 €'000	2009 €'000
Operating lease commitments		
Office rental charges within 1 year	**766**	671
Office rental charges between 1 year and 5 years	**504**	792
Total	**1,270**	1,463

28 Related Parties

The Group has various related parties stemming from relationships with founding shareholders, a related business partner and key management personnel.

Shareholders and Related Business Partners
The founding shareholders who continue to hold a significant interest in the Company and who provide services to the Group are ClearWorld Energy Limited (CWE) and the shareholders of KWI Consulting AG (KWI).

CWE provided support, management and environmental services to the Group under a number of separate agreements. KWI provides accountancy services to the Group. The amounts charged to administration expenses in respect of these services are shown in the table below.

The related business partner is Consortia Partnership Limited (Consortia) who has been appointed Company Secretary. Michael Farrow, a Non-Executive Director of the Company, is a Director of Consortia. Consortia also provide accounting services to the Company. The amounts charged to administration expenses in respect of these services are shown in the table below.

Joseph Wildburger is a shareholder of Camco GMBH and provides strategic advice to the Board of Camco International Limited.

Income Statement

	2010 €'000	2009 €'000
Administrative expenses:		
ClearWorld Energy Limited	**45**	25
Consortia Partnership Limited	**101**	123
KWI Consulting AG	**6**	30
Joseph Wildburger	**18**	–
Other income statement:		
ClearWorld Energy Limited – revenue	**–**	3
ClearWorld Energy Limited – interest expense	**–**	25

28 Related Parties (continued)

Balance Sheet

	2010 €'000	2009 €'000
Trade and other receivables:		
KWI Consulting AG	**47**	47
Trade and other payables:		
ClearWorld Energy Limited	**27**	9
Consortia Consulting	**9**	25
KWI Consulting AG	**5**	–

Key Management Personnel

The Group's key management personnel comprise the Board of Directors whose emoluments are shown in the Report of the Remuneration Committee. Directors' interests in the shares of the Company are disclosed in Note 30.

In addition to the emoluments outlined in the Report of the Remuneration Committee and shares held in the Company (Note 30), Jeffrey Kenna also has a beneficial interest (50% voting rights) in two companies that receive payments from the Group for use of office premises owned by the companies. The companies are Overmoor Ltd and Overmoor SSAS and they received €28,011 (2009: €27,000) each during the year.

Equity Accounted Investees and Joint Ventures

The net amounts receivable from equity accounted investees and joint venture is €1,247,328 (2009: €9,000).

29 Group Entities

Significant Subsidiaries

Investment	Country of Incorporation	Principal Activity	Ownership 2010	Ownership 2009
Direct subsidiary undertakings				
Camco Services (UK) Limited	England & Wales	Support Services	**100%**	100%
CI Camco (Cyprus) Limited	Cyprus	Holding company	**100%**	100%
Carbon Asset Management International GmbH	Austria	Business Services	**100%**	100%
Camco (Mauritius) Limited	Mauritius	Holding company	**100%**	100%
Camco Ventures (China) Limited	Hong Kong	Holding company & Consultancy	**100%**	100%
ESD Partners Limited	England & Wales	Holding company & Consultancy	**100%**	100%
Camco Carbon Credits Limited	Jersey	Holding company	**100%**	100%
Camco Carbon Russia Limited	Jersey	Carbon contractor	**100%**	100%
Camco Carbon Pool Limited	Jersey	Carbon contractor	**100%**	100%
Camco Credit Pool Limited	Jersey	Carbon contractor	**100%**	100%
Camco Sales Limited	England & Wales	Trading Desk	**100%**	100%
Camco Voluntary Credits Limited	Jersey	Carbon contractor	**100%**	100%
Camco Ventures (Hong Kong) Limited	Hong Kong	Carbon contractor	**100%**	100%
Camco Yangquan Carbon Limited	Jersey	Carbon contractor	**100%**	100%
Camco Luxembourg S.ar.l	Luxembourg	Holding Company	**100%**	–
Camco Taiyangshan Carbon Limited	Jersey	Carbon contractor	**100%**	–
Camco Huajin Carbon Limited	Jersey	Carbon contractor	**100%**	–
Camco Xiyang Carbon Limited	Jersey	Carbon contractor	**100%**	–
Camco Carbon Int. Limited	Jersey	Carbon contractor	**100%**	–
Camco Carbon Limited	Jersey	Carbon contractor	**100%**	–

29 Group Entities (continued)

Significant Subsidiaries (continued)

Investment	Country of Incorporation	Principal Activity	Ownership 2010	Ownership 2009
Indirect subsidiary undertakings				
Camco Russia Branch	Russia	Business Services	**100%**	100%
Camco International Carbon Assets Information Consulting (Beijing) Co. Limited	The People's Republic of China	Business Services	**100%**	100%
Camco Asset Management Company (Proprietary) Limited	Republic of South Africa	Business services	**100%**	100%
Camco Advisory Services Limited	England & Wales	Research & Consultancy	**100%**	100%
Camco Ventures Limited	England & Wales	Research & Consultancy	**100%**	100%
ESD Carbon Services Limited	England & Wales	Dormant Company	**100%**	100%
ESD Carbon Systems Limited	England & Wales	Research & Consultancy	**100%**	100%
Real Energy Projects Limited	England & Wales	Dissolved	**100%**	100%
EPES Limited	England & Wales	Building certification software	**85%**	85%
Re-Fuel Technology Limited	England & Wales	Fuel Cell Research & Development	**71%**	78%
Camco International Group, Inc.	United States of America	Business services	**100%**	100%
Camco Environmental Solutions Limited	England & Wales	Software consultancy	**100%**	100%
Climate Leaders Fund Management Limited	England & Wales	Dormant	**100%**	100%
Camco Advisory Services (Kenya) Limited	Kenya	Software consultancy	**100%**	100%
Camco Advisory Services (Tanzania) Limited	Tanzania	Software consultancy	**100%**	100%
Camco International Limited	England & Wales	Dormant	**100%**	100%
Edinburgh Centre for Carbon Management Limited	England & Wales	Research & Consultancy	**100%**	100%
Camco Advisory Services (Hong Kong) Limited	Hong Kong	Holding company & Consultancy	**100%**	100%
Camco Advisory Services (Beijing) Limited	China	Research & Consultancy	**100%**	100%
AG Power Jerome LLC	United States of America	AG Methane project development	**100%**	–
AG Power Visalia LLC	United States of America	AG Methane project development	**100%**	–
Camco Offsets LLC	United States of America	Carbon contractor	**100%**	–

Each of the above subsidiary undertaking is included in the consolidated accounts of the Group.

Overview | Business Review | Governance | Financial Statements

30 Directors' Share Interests

The beneficial interests of the Directors in the ordinary share capital of the Company are shown below. In addition to the above, the Executive Directors have conditional rights to acquire shares arising from awards granted under the Long-Term Incentive Plan. These awards are detailed in the Report of the Remuneration Committee on pages 39 to 40.

	Number of shares 2010	2009
Executive Directors		
Scott McGregor	**1,213,321**	1,033,929
Yariv Cohen	**1,200,000**	–
Non-Executive Directors		
Jeffrey Kenna	**4,079,763**	3,579,763
David Potter*	**–**	222,513
Michael Farrow	**81,158**	81,158
Dr Herta von Stiegel	**81,239**	81,239

*David Potter resigned on 17 May 2010.

31 Accounting Estimates and Judgements

Below is a discussion of the key assumptions concerning the future and key sources of estimation or uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

	2010 €'000	2009 €'000
Work in progress – carbon development contracts	**6,053**	7,321

Recoverability of work in progress CDCs

The Group policy is to perform regular realisable value reviews to ensure the carrying amount of CDCs is not above net realisable value. The net realisable value is determined by discounting the expected revenue from CDCs to identify the net present value of each specific contract. Contracts are defined as project or projects collectively under one legal contract (Carbon Asset Development Agreement (CADA) or Emission Reduction Purchase Agreement (ERPA)). Each contract is considered an individual cash generating unit (CGU).

The key assumptions made in this calculation relate to amount and timing of cash flows (project development risk) and revenue cash flows (price risk, see Note 22).

Initial allocation of CDC cost on acquisition of projects

The CDC purchase cost has been determined by first allocating the acquisition price to the fair value of the likely CDCs with the remaining value classified as a customer relationship intangible asset and then goodwill on acquisition. CDC purchases were generally for multiple contracts at varying degrees of completion ranging from those in the advanced stages of the CER process to those considered pipeline projects. The CDC purchase cost has been allocated to individual projects. For the purposes of this exercise the Directors have only allocated purchase cost to CDCs that were considered 100% certain to progress to signed CDC status. This assumption excludes pipeline projects from the initial allocation. The allocation was made pro rata based on the Directors' valuation of these projects at date of acquisition.

The initial impact of this policy is that more of the total purchase cost has been attributed to less CDCs. However, these CDCs are more certain to provide future profits. This policy directly affects the amount and timing of future write-downs in the event that a CDC fails to deliver the forecast carbon credit revenue.

31 Accounting Estimates and Judgements (continued)

Capitalisation of project costs under development

Carbon development projects of which the Group has contracted and under development, incur certain costs. These direct costs are capitalised as CDC costs work in progress. These CDC work in progress costs are expensed once the project delivers carbon credit revenue and project revenue respectively.

Fair value of consideration receivable under CDCs

Revenue is recognised from the provision of consultancy services to clients. Consideration receivable is a non-cash consideration success fee contract in the form of commission share or receipt of carbon credits. The key assumptions made in the fair value calculation relate to the amount and timing of cash flows from delivery of carbon credits (project development risk) and revenue cash flows (price risk).

The project development risk is managed by the Group's internal control systems to forecast and maximise delivery of carbon credits. The forecast production of carbon credits is adjusted for specific technical, counterparty and economic risks identified on the project.

The carbon credit price used in the calculation is a contracted sales price or conservative estimate in line with the year end market price less a discount for assumed selling costs or exit value of the contract. The carbon credit price is based on that which is currently widely accepted by brokers and analysts when valuing the Group and our competitors.

Future service costs

On determination of the fair value of consideration receivable under CDCs an estimate is made of any future service costs related to the revenue and an accrual recognised. The future service costs comprise the minimal verification and monitoring costs associated with ensuring that the carbon credits produced by the projects are registered and Camco receives its reward. These costs do not represent any significant services to be provided under the CDCs as significantly all services are provided prior to revenue recognition.

Impairment Testing for Cash Generating Units Containing Goodwill

For the purpose of impairment testing, the aggregate carrying amounts of goodwill allocated to each of the acquisitions have been allocated to cash generating units as follows:

	CGUs			
2010	Carbon €'000	Advisory €'000	Investments €'000	Total 2010 €'000
Non-current assets				
ESD Partners Limited	–	1,203	–	1,203
Camco Environmental Solutions Limited	–	324	–	324
Re-Fuel Tech Ltd	–	–	–	–
ClearWorld Energy Ventures Limited	288	–	144	432
Camco Advisory Services (Beijing) Limited	–	–	–	–
	288	1,527	144	1,959

2009	Carbon €'000	CGUs Advisory €'000	Investments €'000	Total 2009 €'000
Non-current assets				
ESD Partners Limited	–	1,203	–	1,203
Camco Environmental Solutions Limited	–	394	–	394
Re-Fuel Tech Ltd	–	–	–	–
ClearWorld Energy Ventures Limited	288	–	144	432
Camco Advisory Services (Beijing) Limited	–	120	–	120
	288	1,717	144	2,149

The Directors have carried out their impairment review based on current and future business plans for each CGU. The business plans are considered to be an appropriate basis on which to consider whether goodwill is impaired.

Value in use has been determined by discounting future cash flows generated from the continuing use of the CGU and has been based on the following key assumptions:

- For ESD Partners Limited, Camco Environmental Solutions Limited and Camco Advisory Services (Beijing) Limited, a year on year profit growth of 10% (2009: 10%) has been assumed for three years after which a growth rate of 0% (2009: 0%). The growth assumption is considered appropriate due to the low starting point. A cost reduction plan was implemented in 2009 across the Group which has driven down costs leading to additional improvements to margins;
- For the Advisory CGU a discount rate of 6% (2009: 6%) has been used. For Carbon and Investment CGUs a discount rate of 12% (2009: 12%) has been used. These rates represent the investment hurdles over which the Board will authorise investment decisions for the business units;
- For Advisory businesses we have assumed flat market price and cost base growth assumptions relevant to uncertain economic outlook and industry competitiveness;
- For ClearWorld Energy Ventures Limited, value is expected to be realised through contribution to the Carbon and Investment CGUs, specifically the origination of carbon projects and placement of managed funds into carbon projects. To this end, the goodwill has been tested against the NPV of specific projects and investment plans expected to occur in 2011 and beyond; and
- Sensitivities for discount rate (2.5% variance) and CGU growth rates (5% variance for advisory) have been considered and would not cause the carrying amount to exceed its recoverable amount.

Shareholder Information

Shareholder Enquiries
Shareholders who have questions relating to Camco's business or wish to receive further copies of annual or interim reports should contact the Marketing Team on +44 (0)20 7121 6100 or email investorrelations@camcoglobal.com

If you have any queries about your shareholding please contact the Company's registrar, Computershare Investor Services, at the address below.

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
JE1 1ES
Tel: +44 (0) 1534 281200
Fax: +44 (0) 870 873 5851
email: ssd@capitaregistrars.com

Investor Centre
Through the website of the registrar, Computershare Investor Services, shareholders can manage their shareholding online by registering for the Investor Centre, a free, secure, online access to their shareholding.

Facilities include the following:

Holding enquiry
This allows shareholders to access their personal shareholding and view balances, values, history, payments, and reinvestments.

Payments enquiry
This allows shareholders to view dividends and other payment types.

The site also allows shareholders to change their registered address and details, sign up for electronic communication and buy and sell shares in the Company.

Further details are available at www-uk.computershare.com or by contacting the helpline on +44 (0) 870 707 4040.

Warning to shareholders
Over the last few years many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. Fraudulent emails have been distributed which appear to be sent from Computershare, requesting you to provide private/commercially sensitive information.

One of the most prevalent methods of scams is 'phishing'. Phishing: (pronounced fishing) emails are used by fraudsters to trick people into revealing personal information such as bank account details. They then use this information for illegal purposes, such as transferring funds or purchasing goods. Phishing emails will look as though they come from a bank or other financial institution, and may include links to a convincing replica home page. Never click on a link in an email that looks suspicious.

What to look for:
With more communication being conducted through email, it is important to always be aware and alert to any form of unsolicited request to provide your private information. Phishing often conveys a sense of urgency, prompting the recipient to respond immediately without thinking, such as suspended account access due to potential security breaches.

Computershare upholds strict security standards and processes, and does not use or endorse the use of emails for disclosure of personal or account information.

What to do:
If you receive any suspicious email message requesting account reactivation for online services such as Investor Centre, there are some steps you could take to protect yourself from online threats.

- Phishing scams will require you to update your details by clicking on a link within the email. Under no circumstance should you click on that link, reply to the email or provide any of the requested details.
- If you have responded to any email by providing your confidential information, please contact us immediately.
- Only in very exceptional circumstances will we ever ask you to fax us and we will never specify fax as the only communication option. We will never ask you to tell us your PIN or password.
- Computershare takes scams and email hoaxes seriously. You can help us fight it by forwarding the suspicious email as an attachment to spoof@computershare.com

Check that they are properly authorised by the FSA before getting involved. You can check at www.fsa.gov.uk
The FSA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors and any approach from such organisations should be reported to the FSA so that this list can be kept up to date and any other appropriate action can be considered. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk

Corporate Directory

Company Registration Number
92432

Directors
Jeffrey Kenna PhD BSc. (Vice Chairman,
Non-Executive Acting Chairman)
Scott McGregor MBA B Econ ACA (Chief Executive Officer)
Yariv Cohen MBA (hons) MRes (President)
Dr Herta von Stiegel (Iur.) LL.M BA (Non-Executive Director)
Michael Farrow MSc FCIS (Non-Executive Director)
Paolo Pietrogrande (Non-Executive Director)

Secretary
Consortia Partnership Limited

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Glossary

A

Abatement

Reduction in the quantity or intensity of greenhouse gas emissions.

Afforestation and Reforestation (A/R) Projects:

Afforestation and reforestation (A/R) projects involve the growing of forest on land that has not been forested for a period of at least 50 years (afforestation) or on non-forested land (reforestation) through planting, seeding and/or the promotion of natural seed sources.

Allowance

Legally defined unit (EUAs, AAUs, RGAs, NZUs and others) that entitles the holder to emit one tonne of CO_2e or another quantity of greenhouses gases. Also known as emission allowance or emission permit. See also European Union Allowance (EUA).

Annex I Countries

Include the industrialised OECD countries and countries with economies in transition listed in Annex I of the UNFCCC. Belarus and Turkey are listed in Annex I but not in Annex B; and Croatia, Liechtenstein, Monaco and Slovenia are listed in Annex B but not in Annex I. In practice, however, Annex I of the UNFCCC and Annex B of the Kyoto Protocol are often used interchangeably.

Assigned Amount (AA) and Assigned Amount Units (AAUs)

The assigned amount is the total volume of greenhouse gases that each Annex B country is allowed to emit during the first commitment period (see explanation below) of the Kyoto Protocol. An Assigned Amount Unit (AAU) is a tradable unit of 1 tonne CO_2e.

Auctioning

Sale of allowances, as opposed to allocating them for free.

B

Banking

The transfer of allowances or credits from one compliance period to the next. Parties to the Kyoto Protocol may bank as many AAUs they wish as long as they follow commitment period reserve rules. The EU ETS allows unlimited banking from the second compliance period (2008-12) onwards. Also known as carry-over or hoarding.

C

Carbon Credit Note

A fully underwritten obligation (in the form of a note or bond) to deliver a carbon credit (Certified Emission Reduction) to the purchaser at a specified future date.

California Climate Action Registry (CCAR)

A non-profit voluntary registry for greenhouse gas emissions in California and the official registry for AB32. The purpose of the Registry is to help companies and organisations with operations in the state to establish GHG emission baselines against which any future GHG emission reduction requirements may be applied.

Cap and Trade

A design for emissions trading systems under which total emissions are limited or 'capped'. Tradable emission allowances corresponding to the total allowed emission volume are allocated to participants for free or through auctioning. Contrasts with baseline-and-credit approaches where only deviations from a baseline are tradable. Examples are the EU ETS, international emissions trading under the Kyoto Protocol and the proposed emissions trading scheme in the Climate Security Act of Senators Lieberman and Warner.

Carbon Dioxide Equivalent (CO_2e)

Measurement unit used to indicate the global warming potential (GWP) of greenhouse gases. Carbon dioxide is the reference gas against which other greenhouse gases are measured.

CDM, see Clean Development Mechanism.

CDM Registry

System of accounts into which the CDM EB issues CERs from registered CDM project activities (CDM Registry).

Certified Emission Reductions (CERs)

CERs are permits generated through the CDM. They can be used to meet an Annex B Party's emission commitment or as the unit of trade in GHG emissions trading systems.

Clean Development Mechanism (CDM)

The CDM is a mechanism for project-based emission reduction activities in developing countries (non-Annex B countries). Carbon credits (CERs) are generated from projects that lead to certifiable emissions reductions that would otherwise not occur.

The Climate Registry (TCR)

A collaboration between states and provinces in the United States, Canada and Mexico aimed at developing and managing a common GHG emissions reporting system. The registry supports various greenhouse gas emission reporting and reduction policies for its member states and reporting entities. TCR hopes to become the national standard under a US federal cap and trade scheme.

Conference of the Parties (COP)

The COP is the supreme body of the UNFCCC. It meets once a year to review the progress. COP-11 took place in Montreal, Canada in November/December 2005 and was also the first Meeting of the Parties to the Kyoto Protocol (MOP-1). COP-12 was held in Nairobi in November 2006 and COP-13 in December 2007 in Bali. COP-14 was held in Poznan, Poland in 2008, while COP-15 took place in Copenhagen, Denmark in 2009, COP-16 took place in December 2010. COP-17 is scheduled to take place in December 2011 in Durban, South Africa.

Crediting Period

The crediting period is the duration when a project generates carbon credits. The crediting period shall not extend beyond the operational lifetime of the project. For CDM projects crediting period continues either a 7-year period, which can be renewed twice to make a total of 21 years, or a one-off 10-year period; for JI projects crediting period overlaps with the first commitment period under the Kyoto Protocol (2008-2012).

D

Determination, see also Validation and Verification

The process of independent evaluation of a JI project by an Accredited Independent Entity whether the Project Design Document (PDD) fulfil all requirements for JI projects under Article 6 of the Kyoto Protocol and the JI guidelines.

E

Emission Reduction Unit (ERU)

Permits achieved through a Joint Implementation project.

Emission Reduction Purchase Agreement (ERPA)

Binding purchase agreement signed between buyer of CERs or ERUs – or other emission reduction credits – and seller.

Emissions Reductions (ERs)

Emissions reductions generated by a project that have not undergone a validation/verification process, but are contracted for purchase.

Emissions Trading, see also Kyoto Mechanisms

Emissions Trading, a recognised flexible mechanism under the Kyoto Protocol allows parties to the Kyoto Protocol to buy 'Kyoto units' from other countries to help meet their domestic emission reduction targets.

European Union Allowances (EUA)

EU Allowances, the tradable unit under the EU ETS. Each allowance equals 1 tonne of CO_2.

European Union Emissions Trading Scheme (EU ETS)

Trading Scheme within the European Union, which was launched on January 1, 2005. The scheme is based on Directive 2003/87/EC, which entered into force on 25 October 2003.

F

Flexible Mechanisms, see Kyoto Mechanisms

A set of three mechanisms defined under the Kyoto Protocol. The mechanisms enable Parties to achieve emission reductions or to remove carbon from the atmosphere cost-effectively in other countries. The mechanisms include: Clean Development Mechanism, Joint Implementation and Emissions Trading.

G

Global Warming Potential (GWP)

The global warming potential is the impact a greenhouse gas (GHG) has on global warming. By definition, CO_2 is used as reference case, hence it always has the GWP of 1. GWP changes with time, and the IPCC has suggested using 100-year GWP for comparison purposes. Below is a list of 100-year GWPs used in the Kyoto Protocol for the six Kyoto gases:

Carbon dioxide (CO_2)	GWP: 1
Methane (CH4)	GWP: 21
Nitrous oxide (N2O)	GWP: 310
Hydrofluorcarbons (HFCs) GWP:	GWP: 150 – 11 700
Perfluorcarbons (PFCs)	GWP: 6500 – 9 200
Sulphur hexafluoride (SF6)	GWP: 23 900

See also Carbon Dioxide Equivalent.

Greenhouse Gases (GHGs)

Greenhouse gases (GHGs) are trace gases that absorb infra-red radiation in the Earth's atmosphere. GHGs occur naturally in the atmosphere, there significant increase in the last 100 years is attributed to human activities. The Kyoto Protocol covers six GHGs: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6). CO_2 is the most important GHG released by human activities.

H

Host Country

A host country is the country where a JI or CDM project is physically located. A project has to be approved by the host country to receive CERs or ERUs.

I

International Emissions Trading (IET)

International emissions trading, one of the three flexible mechanisms under the Kyoto Protocol, allows for transfer of AAUs across international borders or emission allowances between companies covered by a cap-and-trade scheme. See EU ETS.

Intergovernmental Panel on Climate Change (IPCC)

IPCC was established in 1988 to assess scientific, technical and socio- economic information relevant for the understanding of climate change, its potential impacts and options for adaptation and mitigation. It is open to all Members of the UN and of WMO (www.ipcc.ch).

J

Joint Implementation (JI)

Joint Implementation is one of the three flexible mechanisms under the Kyoto Protocol, for transfer of emissions permits from one Annex B country to another. JI generates ERUs on the basis of emission reduction projects leading to quantifiable emissions reductions.

K

Kyoto Protocol

The Kyoto Protocol originated at COP-3 to the UNFCCC in Kyoto, Japan, December 1997. It specifies emission obligations for the Annex B countries and defines the three so-called Kyoto flexible mechanisms: JI, CDM and emissions trading. It entered into force on 16 February 2005.

Kyoto Mechanisms, see Flexible Mechanisms

M

Memorandum of Understanding (MoU)

An MoU is an agreement between two parties that aims to formally recognise a joint desire to ultimately conclude an agreement or to achieve goals jointly. It may or may not have legal backing of sanction, depending upon how it is constructed. MoUs between host and investor country are often used as a basis for CDM/JI projects.

Methodologies Panel (Meth Panel)

The Methodologies Panel was established to develop recommendations to the Executive Board on guidelines for methodologies for baselines and monitoring plans and prepare recommendations on submitted proposals for new baseline and monitoring methodologies.

Monitoring

Monitoring refers to the collection and archiving of all relevant data necessary for determining the baseline, measuring anthropogenic emissions by sources of greenhouse gases (GHG) within the project boundary of a project activity and leakage, as applicable.

N

National Allocation Plan (NAP)

Plan from a Member State for how to distribute EU allowances across installations taking part in the EU ETS in that given country.

Non-Annex I Countries

Countries that have ratified or acceded to the UNFCCC, but not included in Annex I and have no emission reduction targets. Non-Annex I countries can be hosts to CDM projects under the Kyoto Protocol.

O

Offset Credits or Offsets

Emission reduction credits from project-based activities that can be used to meet compliance or corporate objectives as a supplement or alternative to reducing one's own emissions. In a cap-and-trade scheme, offsets may be used instead of allowances, sometimes up to a limit (see credit limit). CERs and ERUs are types of offset credits.

Over the Counter (OTC) Market

Trades arranged by brokers, as opposed to trades on exchanges or bilateral (direct) trades.

R

Reduced Emissions from Deforestation and Degradation (REDD)

REDD is an effort to create a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. 'REDD+' goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

Regional Greenhouse Gas Initiative (RGGI)

A regional cap and trade system that currently includes Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont. In addition, the District of Columbia, Pennsylvania, the Eastern Canadian Provinces, and New Brunswick are observers in the process. The scheme initially covers CO_2 emissions from power plants in the region. The scheme has run since 1 January 2009.

Registration

Registration is the formal acceptance by the Executive Board of a validated project activity as a project activity. Registration is the prerequisite for the verification, certification and issuance of credits related to that project activity.

Regional Greenhouse Allowance (RGA)

Tradable unit under the Regional Greenhouse Gas Initiative, corresponds to 1 short ton (0.907 metric tonne).

S

Supplementarity

Supplementarity is a provision in the Kyoto Protocol stating that emissions trading should be a supplement to domestic action. This provision is the basis for the European Union's limitation on the imports of CERs and ERUs.

U

United Nations Framework Convention on Climate Change (UNFCCC)

The UNFCCC was established 1992 at the Rio Earth Summit. It is the overall framework guiding the international climate negotiations. Its main objective is 'stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic (man-made) interference with the climate system'.

UK Emissions Trading Scheme

Voluntary domestic emissions trading scheme running from March 2002 to the end of 2007.

V

Validation, see also Determination

The process of independent evaluation of a CDM project by an designated operational entity according to requirements to CDM projects.

Verification, see also Determination

The process of formal confirmation by a recognized independent third party that inventories and carbon reduction claimed by participants in carbon trading schemes conform with reality and established rules. Under the CDM, verification is performed by designated operational entities (DOEs).

Verified Emission Reductions (VERs)

VERs are generated by carbon reduction projects that are assessed and verified by third party organisations rather than through the UNFCCC.

Voluntary Carbon Market

The sum of all transaction of carbon credits in non-compliance markets. The generation of non-compliance credits — or voluntary offset credit supply — comprises the reduction of GHG emissions for the purpose of selling them to voluntary end users and not to compliance buyers. Voluntary markets for emissions reductions include generation and transaction of carbon credits in non-compliance markets. The voluntary market permits the use of credits such as verified emission reductions (VERs), non-verified emission reductions (ERs) and prospective emission reductions (PERs), as well as the non-compliance use of CERs, ERUs, EUAs and other credits and allowances generated for the compliance market.

W

Western Climate Initiative (WCI)

Regional initiative by states and provinces along the western rim of the United States, Canada and Mexico. The initiative, which is based on the combined goals of the participants' individual states, looks to develop a mulit-sector cap-and-trade system.

Members: Arizona, British Columbia, California, Manitoba, Montana, New Mexico, Oregon, Utah and Washington.

Observers: Alaska, Colorado, Idaho, Kansas, Nevada, Ontario, Quebec, Saskatchewan, Wyoming and the Mexican states of Sonora and Tamaulipas.

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