Camco International - Preliminary Results

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Camco International Ltd
06 March 2008

Camco International Limited

Preliminary results announcement

Camco International Limited ("Camco"), a leading climate change business in the growing carbon and sustainable development markets, is pleased to announce its preliminary results for the period ended 31 December 2007.

HIGHLIGHTS as at 31 December 2007

* Integrated climate change business model offering a full range of carbon-related services
* 149.3m tonnes contracted (up 45% from 102.9m tonnes at 31 December 06)
* Acquisition of ESD creating additional value from consulting and advisory services
* 46% growth in consultancy revenues, with profit of Euro0.41 million
* Strong consulting support in developing carbon portfolio and North America presence
* McCommas Bluff landfill acquired in North America as anchor asset for planned Climate Leaders asset management vehicle
* Winner of three prestigious industry awards, demonstrating market leadership

FINANCIALS as at 31 December 2007

* Revenue of Euro10.44 million and loss for the period of Euro12.09 million
* Strong year-end cash position with Euro20.55 million cash and cash equivalents
* No "guaranteed delivery" forward sale liabilities

CARBON PORTFOLIO as at 31 December 2007

* Revenue model based on high quality, mature projects
* Average project size in excess of 1.0m tonnes
* Management committed to delivering 127m tonnes in 1st Kyoto Commitment Period
* 101.9m tonnes contracted on a carbon share basis
* Of which, 37.3m net tonnes in specie with average purchase price of Euro7.25
* 39.1m tonnes contracted on a cash / revenue share basis
* 30.2m tonnes registered (or equivalent), and 11.6m tonnes submitted for registration
* 2.7m tonnes delivered

HIGHLIGHTS to 29 February 2008

* Net portfolio increase of 0.8m tonnes (new projects of 5.6m tonnes, less prudent adjustments of 4.8m tonnes)
* 40.0m tonnes now held in specie
* 7.6m tonne Beijing Taiyanggong project registered subject to corrections
* Registered projects now total 37.7m tonnes
* Additional projects submitted, taking the total submitted for registration to 22.4m tonnes
* 60.1m tonnes registered or submitted for registration
* Strong growth in projects that are operational to 67.6m tonnes
* Strong growth in validated projects to 80.0m tonnes

Commenting on the results, David Potter, Camco Chairman said:

"We expect the strong performance of the Group in 2007 to be continued in 2008. In particular, with carbon credit deliveries accelerating, I look forward to seeing the carbon business move into profit this year."

Jeff Kenna, Camco Chief Executive, said:

"In 2008 the Group expects to see the quality of its project portfolio translated into significant deliveries of carbon credits. The exceptional effort of our teams on the ground around the world continues to give me confidence that our projects are robust and well managed."

Progress through stage* (cumulative):	29 Feb 08	31 Dec 07	31 Dec 06
Contracted	150.1m	149.3m	102.9m
PDD complete	113.3m	107.0m	78.0m
Host LoA	87.8m	88.8m	43.0m
Validated	80.0m	56.6m	34.1m
Submitted for registration	60.1m	41.8m	2.8m
Registered	37.7m**	30.2m	2.8m
1st verification***	12.3m	12.3m	2.3m
Issued / verified	2.7m	2.7m	0.6m
Financed	125.8m	126.8m	43.1m
Under construction	109.8m	98.6m	42.9m
Operational	67.6m	45.3m	5.5m
Sell-side ERPA	70.1m	69.7m	35.8m

*   Clean development mechanism (CDM) stage or equivalent for JI and VER projects
** Includes 7.6m Beijing Taiyanggong project
*** Projects that have been through at least 1 verification process or equivalent

Carbon portfolio contract structures:	29 Feb 08	31 Dec 07	31 Dec 06
Contracted	150.1m	149.3m	102.9m
Carbon share	102.8m	101.9m	-
(of which, held by Camco in specie)	40.0m	37.3m	-
Cash share	39.7m	39.1m	-
VERs	7.7m	8.3m	-

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Group Investor Relations website www.camcoglobal.com

Please note that the Group website address has been revised. Investor relations information can now be found at www.camcoglobal.com/secure/investor.php

Notes to editors:

The Camco Group is a leading climate change business in the growing carbon and sustainable energy markets. We offer a full range of carbon-related services to public and private organisations worldwide. The Group has a 20-year track record and manages one of the world's largest carbon credit portfolios.

The Group consists of three business segments:

The Camco carbon assets business is a leading project developer with one of the world's largest carbon credit portfolios. We partner with companies to identify, develop and manage projects that reduce greenhouse gas emissions, and then arrange the sale and delivery of carbon credits to international compliance buyers and into the voluntary market.

The consulting practice consists of Bradshaw, ECCM, ESD and ESD Sinosphere. It combines specialist technical, strategic and financial expertise and experience accrued over two decades to deliver a sustainable low carbon society. We are positioned to work with our clients to turn climate change liabilities into economic, social and environmental assets.

Camco Ventures works with project and technology developers, early stage businesses and investor Groups to commercialise climate change mitigation technologies, projects and services. Part of this business is the Climate Leaders' asset management vehicle.

CHAIRMAN'S STATEMENT

Last year I said that I felt we were well placed strategically and that climate change opinion was "coming our way". This has been validated fully in 2007. The 4th Assessment Report from The Intergovernmental Panel on Climate Change and the Stern Report were the two most significant independent studies that lent empirical support to our strategy. The award of a Nobel Prize to the former Group simply underlined how sustainability and climate change are the critical issues of the 21st century.

2007 also marked a major evolution of our strategy with the acquisition of ESD. This transformed the company from a "pure" carbon asset developer into a globally integrated carbon and sustainable development Group. We now have offices in 11 different countries and have made a major commitment to North America where we now operate from two offices.

Acquisitions are generally risky, but in ESD we found a common aim and culture - indeed the roots of Camco are grounded within ESD. As a result Jeff Kenna, the founder of ESD, succeeded Tristan Fischer as CEO.

ESD brought 106 experienced consultants and seven new offices into our armoury; their revenue development in 2007 has fully justified the Board's confidence in the prospects for all our consulting activities.

The headline of our 2007 results - an increase in our contracted carbon portfolio of 45% from 102.9m tonnes to 149.3m tonnes - is testament to our strong growth story.

Our strategy remains to expand on a global basis using our advisory and consulting services to open doors and find opportunities for our carbon asset development business. We will work as both agents and principals, as we did on the acquisition of McCommas Bluff landfill in Dallas, Texas, the anchor asset for the Climate Leader's Asset management vehicle.

We are delighted with the progress made in North America, and the further enhancement of our business in China, South East Asia, Russia, Eastern Europe and Africa. We remain alert to acquisition or organic growth opportunities worldwide.

The purchase of Bradshaw is an excellent example of our strategy at work and the opportunities for marketing their services through our global network are developing strongly.

In our maiden report we committed ourselves to maintaining a conservative attitude to the valuation of our carbon portfolio. This policy, as well as tight cash management, reporting and management systems, has proved valuable in 2007. We believe we now have one of the world's strongest and best developed carbon portfolios.

As indicated at the time of our flotation, we anticipated moving into profitability in 2008 and the Board and management remain committed to that goal.

David Potter

Camco

March 2008

GROUP BUSINESS REVIEW

The Camco Group is a leading climate change business in the growing carbon and sustainable energy markets. We offer a full range of carbon-related services to public and private organisations worldwide. The Group has a 20-year track record and manages one of the world's largest carbon credit portfolios.

In 2007 we acquired several consulting and ventures businesses with expertise in the environmental markets. The Group's strategy is to leverage the experience and capability of the consulting practice to increase the number and range of emission reduction projects the Group can identify, co-develop and manage.

As part of the Ventures business, Camco is in the process of establishing an asset management vehicle, through which corporate or institutional investors can invest in projects originated by Camco's network of offices around the world. The vehicle will have its own origination capability, and be supported by Camco's technical carbon teams.

The consulting and ventures businesses contribute to the integrated Group, delivering high value project development opportunities into the core emission reductions business. The value that these businesses bring to the Group is significant.

Financial review

This year's annual report and accounts are broadly in line with management's expectations. Revenue for the period was Euro10.44 million and came from the sale of carbon credits and consultancy services. Camco has a conservative revenue recognition policy, where we recognise revenues after services have been provided, or after credits have been verified.

Revenues from the sale of carbon credits has been strong despite the Kyoto compliance credit market not starting until January 2008. The Group has received Euro2.88 million from the sales of either Certified Emission Reductions (CERs) or Verified Emission Reductions (VERs).

We are very pleased with the performance of ESD. In 2007 revenues for the consulting practice were Euro6.92 million. In 2006, like-for-like revenues were Euro4.75 million, an increase of 46%. As the Camco Group acquired ESD on 30 April 2007 the percentage growth is based on pro-rated 2006 revenues.

In July, additional funds were raised to pursue growth in North America and develop new business areas. These funds were partially invested in new markets and increased operating costs by Euro1.84 million. There was also a cash and share termination payment of Euro0.89 million, and foreign exchange losses of Euro2.39 million.

Treasury policy is to hold cash as low risk cash deposits in either US$, Euro, GBP£ or other local currencies to match the demand for operating expenditures of our global businesses. At year end, there was a loss of Euro1.93 million on the GBP£ balance, and a Euro0.54 million loss on the US$ balance. The majority of the losses (Euro2.26 million) are unrealised, with Euro0.13 million realised.

As a result of these adjustments administrative expenses were Euro14.87 million and the resulting loss for the period was Euro12.09 million.

Operating loss before July 07 expansion	Euro6.97 million
New business expansion:	
North America expenditure	Euro0.94 million
New business ventures	Euro0.90 million
Other items:	
Cash and share termination payment	Euro0.89 million
Foreign exchange loss (unrealised)	Euro2.39 million (Euro2.26 million)
Reported loss after adjustments	Euro12.09 million

The balance sheet shows a net asset position of Euro58.24 million at 31 December 2007. This includes carbon development contracts (Euro13.30 million with capitalised costs of Euro2.81 million in the year), goodwill and other intangibles (Euro15.88 million) and cash and cash equivalents (Euro20.55 million).

Other notable assets include an asset held for sale of Euro8.37 million representing the investment made in the McCommas Bluff Landfill project. This project is intended to be the anchor asset for the Climate Leaders Asset Management vehicle. The Group intends to transfer the McCommas asset into this vehicle whereupon it will be managed by a dedicated asset management team.

Operational review

Management's primary focus in 2007 was to develop the carbon credit pipeline, lay the groundwork for sales of carbon credits in 2008 and to integrate the acquired businesses.

To support the rapid growth of the Group, there has been continued investment in the operational infrastructure of the business including additional resource in IT, HR and marketing as well as investment in staff development and training. Growth has seen staff increase from 43 at 2006 financial year end to 207 as at 31 December 2007.

The Group's network expanded with new offices opening during the year in North America, Malaysia and a second office in China. The carbon credits, consulting and ventures businesses have successfully merged with joint offices in Beijing, Denver, Kuala Lumpur, London and South Africa. We are pleased to announce the promotion of Henrik Dalsgard to MD China, and would like to thank Alan Ho for his hard work in 2007.

Looking ahead

The outlook for the Camco Group is positive; the carbon and sustainable development markets are growing strongly and Camco is uniquely positioned to take advantage of these opportunities. We have strength through our exposure to both developed and emerging markets, with operations in China and South East Asia, Russia, Africa, Europe and North America.

In 2008 we expect to progress our 150m tonne carbon portfolio through the Kyoto regulatory process. Management are confident that we will deliver 127m carbon credits into the market up to the end of the 1st Kyoto Commitment period.

We also expect to enter into contracts to place Camco's carbon credits with compliance and financial buyers. This will lock in margins on approximately one third of our carbon in specie. Our commercial team has demonstrated that it can secure excellent value for our clients' carbon.

The North American team will contribute voluntary market credits to a Verified Emission Reduction (VER) portfolio. Our expanding team in the US is establishing a stronghold in this emerging market, with a service offering covering all aspects of the carbon value chain from carbon assessment through to carbon asset management.

The Group will continue to invest in building a sustainable business that will consolidate the operational improvements made in 2007. This is forming the base for a global business that will be a key contributor in the fight against climate change in the coming years.

CARBON ASSETS

Camco is a leading carbon asset developer with one of the world's largest carbon credit portfolios. We work closely with companies and investors to identify and develop projects that reduce greenhouse gas emissions to generate carbon credits. We then arrange the sale and delivery of carbon credits to international compliance buyers and into the voluntary market.

Our business model is to develop emission reduction projects "at risk". This means that Camco does not generate revenue until the carbon credits are delivered. As a project co-developer, we build a trusting partnership with our client that aligns our economic interests. There is stronger cooperation when both parties are pulling in the same direction.

We have teams of carbon market experts based locally. Being "on the ground" gives us the ability to understand our markets, react quickly and to develop long term relationships with our clients - essential when developing complex emission reduction projects.

The contracted portfolio of carbon credits has grown from 102.9m tonnes to 149.3m tonnes, an increase of 45%, with additional increases in 2008. This takes into account the adjustment management has made to the gross portfolio to reflect known project delays or reduced operating capacity on project sites.

Camco has been open and transparent in its reporting of these write-downs, and will continue to be so. The company's business plan is to contract 200m carbon credits and deliver 127m tonnes during the 1st Phase of the Kyoto commitment period.

The portfolio is of high quality, with large, mature, projects which we are managing through the regulatory, construction and commercial processes. The average project size is just over 1.0m tonnes, which means that it takes less resource to secure the necessary approvals than a higher number of smaller projects. The table below demonstrates continued progress:

Progress through stage* (cumulative):	29 Feb 08	31 Dec 07	31 Dec 06
Contracted	150.1m	149.3m	102.9m

PDD complete	113.3m	107.0m	78.0m
Host LoA	87.8m	88.8m	43.0m
Validated	80.0m	56.6m	34.1m
Submitted for registration	60.1m	41.8m	2.8m
Registered	37.7m**	30.2m	2.8m
1st verification***	12.3m	12.3m	2.3m
Issued / verified	2.7m	2.7m	0.6m
Financed	125.8m	126.8m	43.1m
Under construction	109.8m	98.6m	42.9m
Operational	67.6m	45.3m	5.5m
Sell-side ERPA	70.1m	69.7m	35.8m

* Clean development mechanism stage or equivalent for JI and VER projects
** Includes 7.6m Beijing Taiyanggong project
*** Projects that have been through at least 1 verification process or equivalent

The CDM Executive Board has indicated that they will register the Beijing Taiyanggong project as long as stated corrections are made to the project documentation. Camco considers the requested corrections to be straightforward and is therefore confident that the project will be formally registered in due course.

As at 29 February 2008, the contracted portfolio of 150.1m tonnes comprises compliance credits (CERs and ERUs) and voluntary market offsets (VERs). The contracted portfolio includes 7.7m VERs. The 142.4m compliance grade credits (i.e. excluding VERs) are contracted either on a "cash share" or "carbon share" basis.

Carbon share contracts total 102.8m tonnes of which Camco's in specie amount is 40.0m tonnes. Under these contracts Camco works in partnership with clients to qualify and commercialise the credits and receives a carbon share which is either free or purchased at a discounted price. The average purchase price (including free carbon) is Euro7.35/tonne.

Cash share contracts total 39.7m tonnes. Under these contracts, Camco does not physically receive any carbon credits but instead earns a commission or share of the revenue from carbon credit sales.

Carbon portfolio contract structures	29 Feb 08	31 Dec 07	31 Dec 06
Contracted	150.1m	149.3m	102.9m
Cash share	39.7m	39.1m	-
Carbon share	102.8m	101.9m	-
VERs	7.7m	8.3m	-

During the year, Camco has been awarded several industry prizes. Best Project Developer - the Point Carbon Awards, Carbon Transaction of the Year - Environmental Finance and an Environmental Markets prize in the Asian Energy Business Awards. These awards demonstrate Camco's leading position in the market.

2008 will be a watershed year for the carbon market. We will deliver significant volumes of carbon credits into the European and Japanese markets where compliance buyers have contracted to purchase carbon credits.

Over the coming years, we will continue to grow our carbon credit portfolio. This will be achieved in the existing markets where we have a strong presence such as China, Russia and Eastern Europe and also newer markets like North America, Turkey and South East Asia. New sectors for emission reduction projects will also be developed, such as land use, land use change & forestry ("LULUCF"), and the building sector.

CONSULTANCY

During the year, Camco acquired the ESD consulting business which has 20-years' expertise in the environmental markets. ESD has successfully integrated into the Group enabling us to offer a full range of carbon-related services across Europe, Africa, Asia and North America.

The consultancy practice's technical expertise will add value to our CDM and JI projects. In addition, high quality carbon credits from our projects can be purchased by consulting clients who are seeking to offset emissions they are unable to reduce as part of their carbon management strategy.

Drawing on Camco's experience in the consulting and carbon asset management business, the China team launched an innovative pilot project, to test the feasibility of generating carbon credits from the use of fuel efficient stoves in rural communities.

The opening of the new consulting office in South Africa, complimentary to the services of the assets division office, created an integrated offering across the Africa division. The division's solar power project in Tanzania performed above initial targets, achieving major successes in the growing market for solar power in East Africa.

Greater competition for business and for staff is expected in 2008. However ESD's 20-year track record provides us with an excellent reputation to secure new work, develop successful partnerships and recruit new staff. The market opportunity is strong, and over the next three years we aim to leverage the synergies created by the Camco and ESD merger.

VENTURES

Camco Ventures collaborates with technology start-ups, energy project developers, investors, government agencies and manufacturers to commercialise greenhouse gas technologies and low carbon projects and services. We provide the management infrastructure, financial structuring, business planning and technical support required to take each start-up business from inception to commercialisation.

The Ventures business develops new services, project development or asset management activities that support the integrated service offering. Once successful, these initiatives will form part of the integrated Group, and will no longer be categorised as "Ventures".

For example, an energy software product to help companies manage and reduce their carbon emissions has been developed by Bradshaw, one of our consulting businesses. The product will leverage the Group's client base of major industrial companies in the UK and North America.

Last year, the Group acquired the McCommas Bluff landfill in Dallas, Texas, one of the largest in North America. Specifically we have acquired a 17-year lease to develop the site for improved collection and destruction of methane gas, one of the most harmful contributors to global warming. The McCommas project will be the anchor asset for the planned Climate Leaders asset management vehicle.

Initial commercial steps were taken to generate carbon credits under the Plan Vivo methodology, a high quality framework for land use and forestry projects. The Group is working with successful projects that have been established in Mexico, Uganda and Mozambique, with more projects under development in Africa and North America. This is an example of carbon asset business growing into new sectors and geographies.

Abbreviated financial statements for the period from 1 January 2007 to 31 December 2007

Consolidated income statement for the period from 1 January 2007 to 31 December 2007

Consolidated income statement
for the year ended 31 December 2007

Continuing operations	Notes	2007	Period from incorporation to 31 December 2006
		Euro'000	Euro'000
Revenue	3	10,444	830
Cost of sales		(4,365)	(673)
Gross profit	2	6,079	157
Administration expenses		(14,872)	(4,945)
Share-based payments		(2,028)	(577)
Total administration expenses	4	(16,900)	(5,522)
Profit/(loss) from operations		(10,821)	(5,365)
Finance income	5	1,171	1,450
Finance expense	5	(2,582)	(58)
Profit/(loss)before tax		(12,232)	(3,973)

	Notes		
Taxation		126	(2)
Profit/(loss) after tax		(12,106)	(3,975)
Profit from discontinued operation (net of tax)	9	16	-
Loss for the period		(12,090)	(3,975)
Attributable to:			
Equity holders of the Company		(12,131)	(3,975)
Minority shareholders		41	-
Loss for the period		(12,090)	(3,975)

Basic and diluted loss per share in Euro cents

Continuing operations		(8.19)	(3.42)
Loss for the period	6	(8.18)	(3.42)

Consolidated statement of recognised income and expense
for the year ended 31 December 2007

	Group 2007 Euro'000	Group 2006 Euro'000
Loss for the period	(12,090)	(3,975)
Exchange differences on translation of foreign operations	337	(22)
Total recognised income and expense for the period	(11,753)	(3,997)
Analysed to:		
Equity shareholders of the Company	(11,794)	(3,997)
Minority interest in subsidiary companies	41	-
	(11,753)	(3,997)

Balance sheets
as at 31 December 2007

	Notes	Group 2007 Euro'000	Group 2006 * Euro'000	Company 2007 Euro'000	Company 2006 Euro'000
Assets					
Non-current assets					
Property, plant and equipment		1,606	304	106	134
Goodwill on acquisition	7	14,413	1,156	-	-
Other intangible assets	7	1,463	-	-	-
Carbon development contracts	8	13,302	10,751	8,642	6,123
Investments in subsidiaries		-	-	18,020	4,997
Other investments		275	-	-	-
Deferred tax assets		414	-	-	-
Total non-current assets		31,473	12,211	26,768	11,254
Current assets					
Prepayments and accrued income		3,277	496	1,917	429
Trade and other receivables		5,678	1,112	15,078	2,060
Cash and cash equivalents		20,552	24,719	19,098	24,063

Assets classified as held for sale	9	8,512	-	-	-
Total current assets		38,019	26,327	36,093	26,552
Total assets		69,492	38,538	62,861	37,806
Liabilities					
Current liabilities					
Current tax liability		(917)	(1)	-	-
Trade and other payables		(5,759)	(2,116)	(1,172)	(1,738)
Loans and borrowing		(1,293)	-	-	-
Provisions		-	-	-	-
Deferred consideration		(1,861)	-	-	-
Liabilities classified as held for sale		(143)	-	-	-
Total current liabilities		(9,973)	(2,117)	(1,172)	(1,738)
Non-current liabilities					
Loans and borrowing		(297)	-	-	-
Provisions		(203)	-	-	-
Deferred consideration		(375)	(1,814)	-	-
Deferred tax liabilities		(409)	-	-	-
Total non-current liabilities		(1,284)	(1,814)	-	-
Total liabilities		(11,257)	(3,931)	(1,172)	(1,738)
Net assets		58,235	34,607	61,689	36,068
Equity					
Share capital		1,662	1,299	1,662	1,299
Share premium		70,997	36,909	70,997	36,909
Share-based payment reserve		2,567	577	2,567	577
Retained earnings		(16,106)	(3,975)	(12,266)	(2,536)
Translation reserve		315	(22)	-	-
Own shares		(1,271)	(181)	(1,271)	(181)
Total equity attributable to shareholders of the Company		58,164	34,607	61,689	36,068
Minority interest		71	-	-	-
Total equity		58,235	34,607	61,689	36,068

* As restated (revision of fair value of consideration)
These financial statements were approved by the Board of directors on 5 March 2008 and were signed on its behalf by:

Scott McGregor
Chief Financial Officer
Director

Cash flow statements
for the year ended 31 December 2007

		Group 2007	Group 2006	Company 2007	Company 2006
	Notes	Euro'000	Euro'000	Euro'000	Euro'000
Cash flow from operating activities					
Revenue and deferred income received		8,573	313	2,919	-
Cash paid to suppliers and employees *		(20,766)	(6,231)	(8,135)	(4,682)
Interest received		1,254	565	1,228	551
Interest paid		(72)	-	-	-
Service fees paid to subsidiaries		-	-	(5,626)	-
Income tax paid		(72)	(1)	-	-

Net cash flow from operating activities		(11,083)	(5,354)	(9,614)	(4,131)
Cash flow from investing activities					
Payment for acquisition of subsidiaries		(5,295)	(366)	(4,710)	-
Repayment of loan notes issued for acquisition of subsidiary		-	(3,150)	-	(3,150)
Net (overdraft)/cash acquired with subsidiaries		(985)	248	-	-
Payment for purchase of carbon development contracts		-	(896)	-	(2,116)
Payment for purchase of property, plant and equipment		(1,187)	(330)	(12)	(149)
Payment for asset held for sale		(8,369)	-	-	-
Net cash flow from investing activities		(15,836)	(4,494)	(4,722)	(5,415)
Cash flow from financing activities					
Proceeds from the issue of loan notes		-	5,000	-	5,000
Repayment of loan notes		-	(5,000)	-	(5,000)
Loans made to subsidiaries		-	-	(12,560)	(1,384)
Proceeds from issuance of shares		24,280	37,074	24,280	37,074
Costs of raising capital		(357)	(3,069)	(357)	(2,643)
Payment of finance lease liabilities		(201)	-	-	-
Net cash flow from financing activities		23,722	34,005	11,363	33,047
Change in cash and cash equivalents and bank overdraft		(3,197)	24,157	(2,973)	23,501
Opening cash and cash equivalents and bank overdraft		24,719	-	24,063	-
Effect of exchange rate fluctuations		(1,909)	562	(1,992)	562
Closing cash and cash equivalents and bank overdraft		19,613	24,719	19,098	24,063

* Cash paid to suppliers by Group was Euro12,298,000 (2006: Euro4,214,000) and employees Euro8,468,000 (2006: Euro2,017,000)

Notes to the financial statements
1 Abbreviated accounting policies

Camco International Limited (the "Company") is a public company incorporated in Jersey under Companies (Jersey) Law. 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 2007 comprise the Company, its subsidiaries and associates and jointed controlled entities (together the "Group"). Separate financial statements of the Company are also presented. The accounting policies of the Company are the same as for the Group except where separately disclosed.

The Company is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange.

A Statement of compliance
These consolidated and separate company 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 and separate company financial statements have been prepared in accordance with and in compliance with Companies (Jersey) Law 1991.

The consolidated and separate financial statements were approved by the Board on 5 March 2008.

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 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The most significant techniques for estimation are described in the accounting policies.

The accounting policies set out below have been applied consistently to the period 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.

C Accounting for Carbon Development Contracts ("CDCs")

The Group enters into CDCs with clients from which carbon credits are produced. Carbon credits, 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. 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 will take place at least once a year during this period. The Group works with the client at all stages of the process using proprietary knowledge and experience to negotiate this complex process.

Treatment of CDC costs
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.

Most of the Group's CDCs have not yet reached the stage at which income can be recognised. Once the income recognition criteria on these contracts are met (as described above), the CDC costs will be expensed on the basis of carbon credits delivered as a proportion of total expected carbon credit production over the contract period. Most of the contracts are expected to be terminated in 2012.

D Discontinued operations
A discontinued operation is a component of the Group's business that is held for sale which was acquired exclusively with a view to resale. Classification as a discontinued operation occurs when the operation meets the criteria to be classified as held for sale.

E Assets held for sale
Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the Group of assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the group of assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

F Revenue
The Group has two sources of revenue, revenue relating to CDCs and consulting revenues.

CDC revenue
Revenue from CDCs is recognised at the point that the carbon credit has been verified by a DOE and the risk of delivery into the final CDM registry or equivalent (the "registry") is minimal. The Company expects that the verification, and delivery into the registry would take place within six months following the carbon credit production taking place. Where the Company takes ownership rights in carbon credits from CDCs, revenue will be recognised when verification, delivery and sales contracts for delivery are complete.

Voluntary Emission Reductions ("VERs") and other carbon credit revenue may be generated from carbon credit projects not operating under CDM or JI processes. The regulation criteria are agreed between all parties and generally revenue is recognised from VERs when all acceptance and confirmation notices have been issued by the relevant parties and the significant risks and rewards of ownership have been transferred.

The CDCs are scheduled to deliver the majority of carbon credits over the 2008-2012 phase of the Kyoto Protocol.

In certain instances the Group will perform a management review on behalf of third parties to deliver CDCs on a non recourse basis. In these instances revenue is recognised on a time and materials basis.

Consulting revenue
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.

2 Segmental reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a

segment as well as those that can be allocated to a segment on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets, that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:
1. Consulting: The Group's consulting practice providing clients with low carbon

energy and sustainable development solutions.
2. Ventures: Enters into partnerships with project and technology developers to commercialise climate change mitigation technologies and provide carbon asset management services.
3. Carbon: Carbon asset devepment, commercialisation and portfolio management.

During 2006, the Group operated in one business segment, being that of CDCs (Carbon). Following on from the acquistion of the ESD Group on the 30 April 2007, there are now two additional business segments, namely Consulting and Ventures.

Geographical Segments
The CDC business is managed on a world-wide basis but operates in three principle geographic areas, ERMEA (comprising Europe, Russia, Middle East and Africa), Asia and Americas. In ERMEA the Group operates primarily in Russia, Eastern Europe and Africa.

In Asia the Group operates primarily in the Republic of China. In Americas the Group operates primarily in the United States of America. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the projects generating carbon credits and not the location of the Group entity recording the revenue. Segment assets are based on the location of the project for CDCs and location of office for the consulting business.

Business Segments

	Consulting		Ventures		Carbon		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
External revenues	6,924	-	645	-	2,875	830	-	-	10,444	830
Inter-segment revenue	496	-	-	-	-	-	(496)	-	-	-
Total segment revenue	7,420	-	645	-	2,875	830	(496)	-	10,444	830
Segment gross margin	5,148	-	337	-	1,090	157	(496)	-	6,079	157
Segment result	406	-	(776)	-	(6,026)	(3,044)	-	-	(6,396)	(3,044)
Unallocated expenses									(4,425)	(2,321)
Results from operating activities									(10,821)	(5,365)
Net finance (expense)/ income									(1,411)	1,392
Taxation									126	(2)
Profit from discontinued operation (net of tax)									16	-
Loss for the period									(12,090)	(3,975)
Segment assets	20,729	-	146	-	45,321	38,538	-	-	66,196	38,538

Other investments	-	-	275	-	-	-	-	-	275	-
Unallocated assets									3,021	-
Total assets									69,492	38,538
Segment liabilities	(4,377)	-	(997)	-	(3,190)	(3,931)	-	-	(8,564)	(3,931)
Unallocated liabilities									(2,693)	-
Total liabilities									(11,257)	(3,931)
Capital expenditure	335	-	25	-	1,028	1,226	-	-	1,388	1,266
Depreciation	210	-	-	-	169	27	-	-	379	27
Amortisation of intangible assets	222	-	-	-	-	-	-	-	222	-
Impairment losses of intangible assets and property, plant and equipment	-	-	-	-	153	72	-	-	153	72

Geographical Segments

Euro'000	ERMEA 2007 Euro'000	ERMEA 2006 * Euro'000	Asia 2007	Asia 2006 Euro'000	Americas 2007 Euro'000	Americas 2006 Euro'000	Consolidated 2007 Euro'000	Consolidated 2006* Euro'000
Revenue from external customers	8,847	10	1,597	820	-	-	10,444	830
Segment assets	48,783	28,066	12,060	10,472	8,649	-	69,492	38,538
Capital expenditure	1,332	266	56	960	-	-	1,388	1,226

* As restated (revision of fair value of consideration)

3 Revenue

Revenue is derived as follows.	2007 Euro'000	2006 Euro'000
CDC revenue	2,875	830
Consulting revenue	7,569	-
	10,444	830

4 Total administration expenses

Total administration expenses are analysed below.	2007 Euro'000	2006 Euro'000
Depreciation of property, plant and equipment - owned assets	232	27
Depreciation of		

	2007	2006
property, plant and equipment - leased assets	147	-
Share-based payments	2,028	577
Exceptional item - discretionary M&A expense	-	439
Other administration expenses	14,493	4,479
Total administration expenses	16,900	5,522

5 Net finance income

	2007	2006
	Euro'000	Euro'000
Finance income		
Interest on bank deposits	1,171	860
Exchange movements - unrealised	-	490
Exchange movements - realised	-	100
	1,171	1,450
Finance expense		
Unwinding of discount (note 21)	(97)	(58)
Interest on overdraft and borrowings	(72)	-
Interest on finance lease creditor	(22)	-
Exchange movements - unrealised	(2,256)	
Exchange movements - realised	(135)	-
	(2,582)	(58)
Net finance income	(1,411)	1,392

6 Loss per share

Loss per share attributable to equity holders of the Company is calculated as follows.	2007	2006
	Cents per share	Cents per share
Basic and diluted loss per share	(8.18)	(3.42)
		Euro'000
Loss used in calculation of basic and diluted loss per share	(12,090)	(3,975)
Weighted average number of shares used in calculation	147,676,792	116,307,918

7 Goodwill on acquisition and other intangible assets

	Group Goodwill on acquisition	Group Other intangible assets	Group Total
	Euro'000	Euro'000	Euro'000
Cost at 1 January 2007	1,156	-	1,156
Acquisitions	13,801	1,685	15,486
Revision to original purchase consideration	(1,075)	-	(1,075)
Revision to provisional fair values at acquisition	531	-	531
Cost at 31 December 2007	14,413	1,685	16,098
Impairment & amortisation at 1 January 2007	-	-	-
Amortisation charge	-	(222)	(222)
Amortisation at 31 December 2007	-	(222)	(222)
Net book value at 31 December 2006	1,156	-	1,156
Net book value at 30 December 2007	14,413	1,463	15,876

Goodwill in the period arose on the acquisition of ESD Partners Limited and its subsidiaries
and Bradshaw Consulting Limited.

8 Carbon development contracts

	Group 2007	Group 2006*	Company 2007	Company 2006
	Euro'000	Euro'000	Euro'000	Euro'000
Cost at 1 January 2007 & 8 February 2006 as previously stated	12,389	-	6,123	-
Revision to provisional fair values at acquisition	(1,498)		-	
Cost at 1 January 2007 & 8 February 2006 as restated	10,891	-	6,123	-
Acquisitions	-	9,210	-	4,716
Carbon development contract costs capitalised	2,811	1,681	2,599	1,407
Cost at 31 December	13,702	10,891	8,722	6,123
Utilisation and write-down at 1 January 2007 & 8 February 2006	(140)	-	-	-
Amount charged to cost of sales in the period	(107)	(68)	(80)	-
Write-down of CDC costs previously capitalised	(153)	(72)	-	-
Utilisation and write-down at 31 December	(400)	(140)	(80)	-
Net book value at 1 January 2007 & 8 February 2006 as				

restated	10,751	-	6,123	-
Net book value at 31 December	13,302	10,751	8,642	6,123

* As restated (revision of fair value of consideration).

The write-down of CDC costs was recognised following a review of the carrying amounts of CDCs. Where the discounted future cash flows on the contract were deemed insufficient to support the recoverability of the asset a write-down to the lower value was made.

9 Asset and liabilities classified as held for sale

On 29 November 2007, the Group purchased the assets related to operating and developing the McCommas Bluff landfill methane collection and destruction plant for cash consideration of Euro7,822,000. The McCommas project is intended to be sold to a carbon asset fund within 6 to 9 months. The Group intends to transfer the McCommas asset into this fund whereupon it will be managed by a dedicated operations team based in North America.

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McCommas	2007	2006
	Euro'000	Euro'000
Property, plant and equipment	7,822	-
Prepayments and accrued income	690	-
Assets classified as held for sale	8,512	-
Trade and other payables	(143)	-
Liabilities classified as held for sale	(143)	-

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