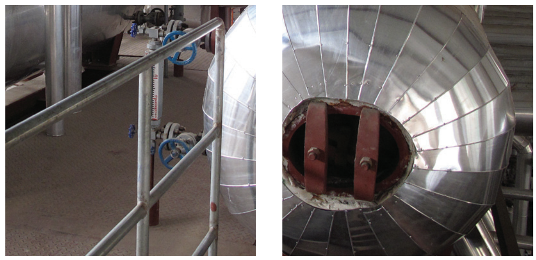
camco

12.8m
CERs issued in 2011



67.4mt
Post-2012 portfolio

Creating a clean energy economy

Annual Report and Accounts
for the year ended 31 December 2011

4.5MW
First biogas plant

European economic matters have adversely impacted carbon prices which have had a direct effect on the Company's 2011 results and value. The Company has successfully diversified into clean energy development and grown our carbon project portfolio.

Camco* is a global developer of clean energy projects and solutions to reduce greenhouse gas emissions with operations in the US, the UK, China, Africa, Europe and Southeast Asia.

Overview

Business Review

Governance

Financial Statements

Highlights 2011

Loss

€29.2m

(2010: Profit of €10.1m) Including a fair value adjustment of €21.7m and capitalised cost write-down of €2.0m at year end, to reflect carbon price reduction for floating price or unsold contracts.

Cost Reduction

€5.2m

(2010: €7.9m) Carbon segment operating expenditure.

Held for Sale (plus earn out)

£3.25m

Restructure, turnaround and subsequent disposal of UK Advisory business.

Group Cash Balance

€14.4m

Strong cash balance at year end (2010: €12.4m).

Diversification Results

4.5MW

Generation capacity of Camco's first biogas plant in the US constructed in 2011.

Carbon Credit Issuance

12.8m

CERs issued from Camco projects in 2011 (2010: 8.1m).

"Camco has successfully expanded its business model to develop clean energy projects. Long term, clean energy projects will provide the Company with stable annuity streams from power production."

Scott McGregor
Camco Chief Executive Officer

Post-2012 CER Portfolio

67.4m

Camco's total post-2012 portfolio, (2010: 30.0m tonnes).

China Contracts Signed

20 projects

1,000MW total capacity of Camco's largest renewable carbon development agreement signed in 2011.

Africa Contracts Signed

US$1.8m

Two new project development contracts won in East Africa to bring in revenue over the next three years.

* Camco International Limited and all its subsidiaries (Camco).

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 energy. In our core markets, North America and Asia, regions with the highest emissions in the world, we are regional market leaders in our sectors. We also operate in Africa, where we see a significant growth potential. Camco's carbon projects have been delivering emission reductions and cash over the last four years. In North America, Asia and Africa, Camco is working on a pipeline of clean energy projects, in which we have begun the investment phase.

13.2%

of our total CER portfolio has been delivered to date.

Carbon Project Development – World Class Efficiency

Fast Facts

- *All our CER credits are eligible for delivery into the EU ETS and Australian ETS*
- *CDM market leader in industrial waste heat/gas-to-energy projects*

Key Performance Indicators for 2011

Carbon credit delivery: Delivered 12.8m carbon credits in 2011. Post-2012 portfolio growth: Pipeline of 67.4m credits eligible for delivery into the EU ETS post-2012.
Registration success: 93% of pre-2012 projects under development are registered.

Clean Energy Project Development – Utilising our Expertise

Fast Facts

- *US $20m+ biogas project constructed in the US in 2011*
- *Quick projects: Six to 18 months deployment*

Key Performance Indicators for 2011

Clean energy project development: Initial clean energy project commences construction in US with project value of >US $20m.
Project pipeline: The company develops further pipeline projects in North America and Asia.

Our carbon emission reduction team has developed one of the largest portfolios in the world.

Camco's role

Camco has vast experience as a project developer, providing the financial structuring and technical delivery of emission reduction projects across renewable waste recovery, energy efficiency, coal mine and biomass technologies. We design, cost, implement and manage emission reduction projects to comply with incentive schemes (locally or internationally). Our clients are the plant owners, who invest in the project, benefiting from Camco's operational experience to maximise financial return.

For this work Camco receives a percentage of carbon deliveries on a success basis.

"By working closely with Camco we have been able to access the finance and expertise needed to put our ideas into practice and achieve significant energy savings across our portfolio of cement production facilities."

Fang Qunsheng, Executive Director, Development Department, Conch Group, RNS 8240T 13 December, 2011

2011	2012	2013+	Business Strategic Focus
Deliver	Deliver and operate business model at low carbon prices	Deliver and monetise	**Focus in 2012:** Focus on delivering an on-going annuity from carbon projects, capitalise on Camco market position and expand where regional opportunities exist.

Our projects are focused on generating clean energy while reducing emissions.

Camco's role

As we move towards creating a cleaner economy, we work with partners to develop projects that deliver clean energy, largely from waste emissions or other waste streams. Camco develops, constructs, owns and operates these projects, which generate energy, carbon credit and by-product revenue streams. We focus on North America, Asia and Africa where we capitalise on our project development expertise to target methane-to-energy and industrial energy efficiency projects.

For this work we receive a development fee and an ownership interest in the project.

"It is fantastic to see our strategy of entering the clean energy projects business over the last two years now taking shape into a larger portfolio of projects which provide the company with stable long-term returns."

Scott McGregor, CEO, Camco International Ltd
RNS 2586V, 10 January, 2012

2011	2012	2013+	Business Strategic Focus
Invest	Growth	Growth	**Focus in 2012:** Expand pipeline development and investment to build clean energy projects exploiting regulatory incentives in North America and Asia.

Carbon Project Development

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.

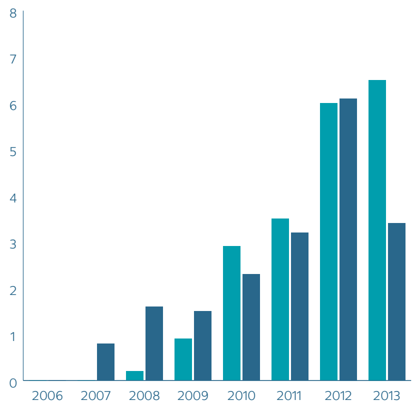
* Carbon Share – CERs and ERUs Camco receives to its account for services performed (excludes VERs).
† Cash Share – CERs for which Camco receives commission revenue for services when delivered.

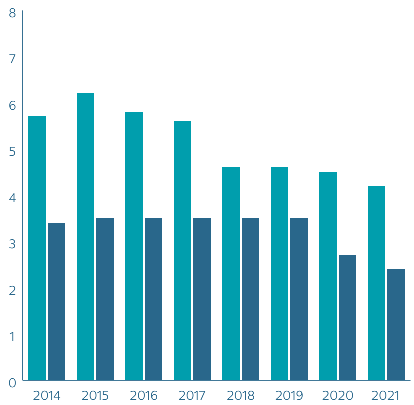
These projects are eligible under the EU ETS scheme and are in line with current EU guidelines subject to registration before the end of 2012. These numbers are risk adjusted taking into account known and anticipated regulatory, registration, verification, delay, operating and commercial risks across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

Issuance Delivery

Tonnes carbon issued (m)

Carbon Share*
Cash Share†





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 have developed a portfolio of over 210 projects, which has delivered 29.8m credits to date.

124%

Growth in Camco's post-2012 carbon credit portfolio.

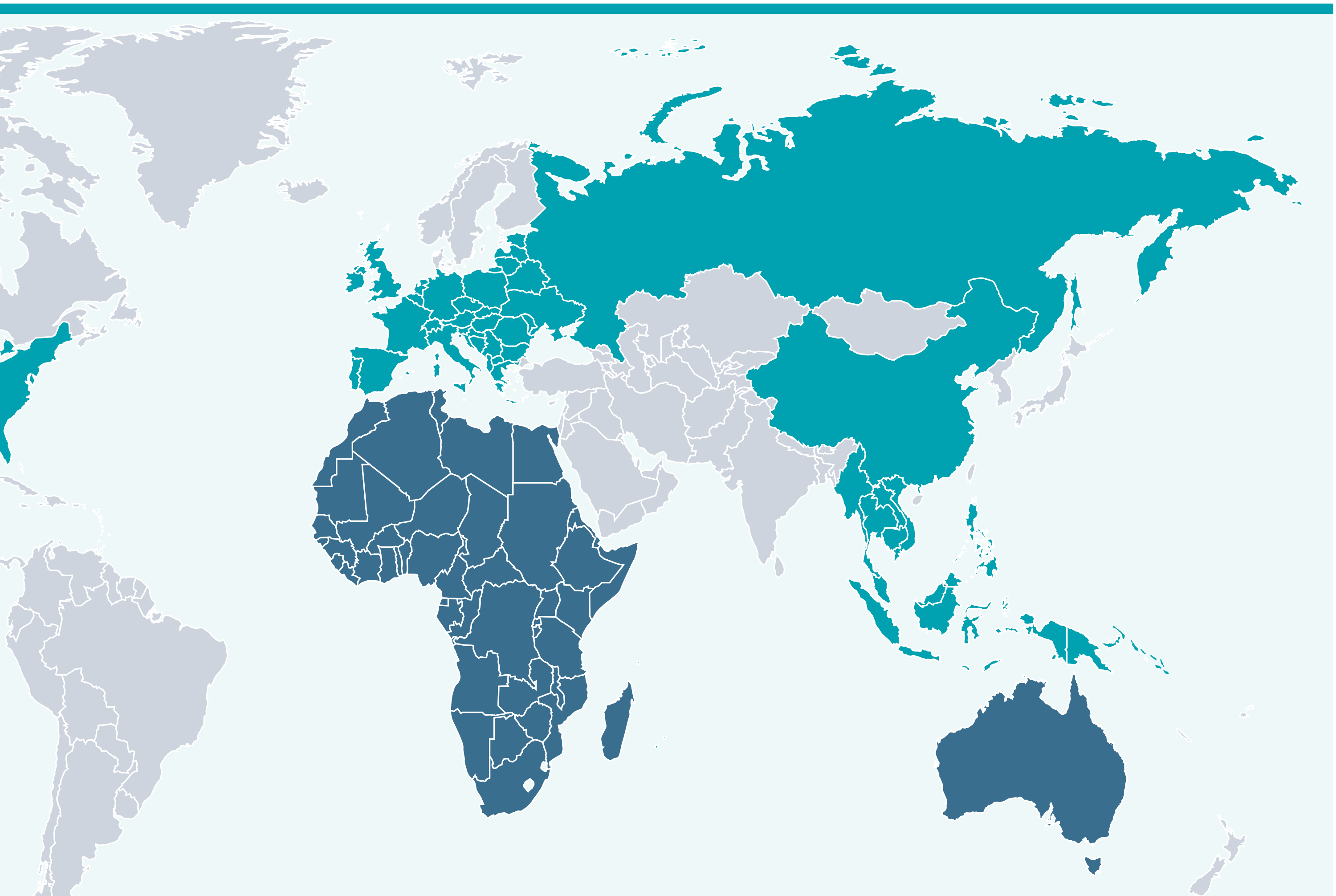
- **Design:** Our in-country teams work with our partners to identify opportunities and design projects to reduce emissions. We then assess whether a project is eligible under regulatory incentive schemes. Our experts will advise our partner on appropriate technical and financial structuring solutions.
- **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.

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. Credits from projects developed in China are eligible for delivery into the EU ETS until 2020 and Australian ETS. We also see significant growth potential in the developing domestic offset projects market. The Chinese government has implemented plans for a domestic cap and trade system due to be launched in 2013 and which we expect will provide additional market opportunity for project developers in China.

Southeast Asia

Camco is a leading carbon project developer in Southeast Asia within its joint venture with Khazanah Nasional Berhad. Camco developed projects are expected to deliver 9.8m credits and are eligible for delivery into the EU ETS, Australian ETS and under



bilateral agreements with Japan. Our key focus in the region is on biogas and small hydro power projects.

North America

In North America, Camco has developed a significant portfolio of projects registered under the Climate Action Reserve (CAR). Camco is the leading developer of credits in the agricultural livestock and manure management sector in the US with around 40% market share in the sector. Camco anticipates that its existing livestock management projects will be eligible in California's cap-and-trade program which will commence in 2013. California's program will begin with an allowance floor price of US $10 and will escalate annually providing greater market stability in the early phases.

Europe

Camco also develops CDM and JI projects in Eastern Europe, former Soviet Union republics and Russia. The projects developed in Russia are eligible under the Joint Implementation (JI) scheme, projects under this scheme can generate credits until the end of 2012. In 2011, Camco delivered credits from its Russia projects.

Growth Markets

In Africa we see a rising interest in carbon project development; we continue our activities in the region and are exploring new opportunities including Programmes of Activities (PoAs). A PoA registers an unlimited series of typically smaller projects for offset credit eligibility as opposed to just a single project. PoAs also benefit from EU eligibility rules whereby projects in otherwise ineligible host countries can continue to be included post-2012. In Q3 2011, the Kenya office in conjunction with Carbon Africa won a contract for a US $0.8m project to provide technical assistance in the development of Clean Development Mechanism (CDM) projects in Uganda. We continue to work with international institutions and community organisations to develop projects that reduce emissions from deforestation and degradation (REDD), which are set to be a central element in global emission reduction policies.

In Australia, the upcoming compliance scheme is expected to lead to a significant growth in both the domestic projects market and the interest in credits from the wider Asia-Pacific region. We watch this market with interest and may look to participate in the right opportunity.

Focus: Carbon Project Development

Harnessing Wind Power in China

China's wind power generating capacity, could reach 1,000 gigawatts by 2050, reducing the country's carbon dioxide emissions by 1.5 gigatonnes CO_2e per year.

China has a huge technically exploitable wind resource, with the most recent estimates putting the potential at 1,000GW. Although wind power is developing rapidly in China, its economic viability is still relatively unproven and the CDM has become an important tool for achieving financing for wind projects of the scale necessary to displace coal fired generation from the energy mix.

In 2011 Camco signed its largest renewable carbon development agreement for 20 of Huaneng Renewables' wind power installations across China. Huaneng Renewables is the renewable subsidiary of Huaneng Group and the third largest wind developer in China in terms of total installed wind capacity.

The projects consist of 20 installations with a combined size of over 1,000MW of capacity. The projects are located in five provinces in China: Inner Mongolia Autonomous Region, Guizhou Province, Shandong Province, Yunnan Province and Liaoning Province and are designed to generate around 7m emission reduction credits up to 2015.

The Wujiangyuan Zu'anshan Wind Farm Project in Guizhou Province is typical for these projects. The project will consist of the installation of 33 wind turbines with a unit capacity of 1,500kW each and a total installed capacity of 49.5MW. Given local wind resources, the project is expected to deliver an average 103,800MWh annually to the local grid. The grid to date is dominated by fossil-fuel based electricity. By replacing the electricity from the grid, the project reduces emissions by 87,690 tCO_2e per year and by 613,830 tCO_2e over the period 2011-2018. Camco is working with Huaneng Renewables to deliver the project through the qualification process.

Green Meadow Dairy Farms

Camco is working with one of the largest dairy farms in Michigan to capture and utilise biogas produced from manure biomass to generate energy. Anaerobic manure digestion is a way to mitigate odour, control insect population, reduce manure handling costs and lessen soil and water pollution from run-off, while delivering base load energy generation to the farm or grid.

The process creates by-products, such as fertiliser, bedding, mulch and potting soil. At Green Meadow Farms, digested manure is processed and sold as compost.

Biogas is a mixture of gases including methane which results when naturally occurring bacteria utilise manure as an energy source in the absence of oxygen.

Camco registered the Green Meadow Farms project with the leading credit registry in the US, the Climate Action Reserve (CAR).

The farm utilises methane in a generator, to provide electricity which is fed to the grid; and in a boiler to provide heat for the digester. Because methane is one of the most potent greenhouse gases, 21 times more powerful than carbon dioxide in trapping heat, farms like Green Meadow have the potential to generate carbon credits as a result of capturing and utilizing biogas.

Camco registered the Green Meadow Farms project with the leading credit registry in the US, the Climate Action Reserve (CAR).

The Imbirikani Group Ranch nestles in the western foothills of the Chyulu range overlooking Kilimanjaro and is home to spectacular local wildlife.

REDD+ in Kenya

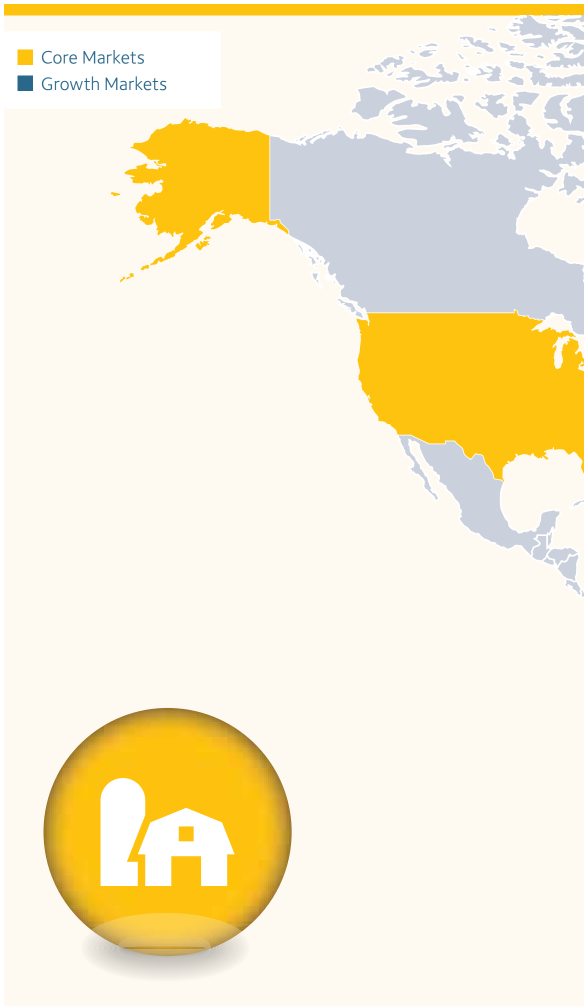
The African Wildlife Foundation (AWF) has partnered with Camco to initiate a series of projects aimed at Reducing Emissions from Deforestation and Degradation (REDD+) on behalf of African communities throughout eastern Africa.

'Karibu Carbon' (Welcome Carbon in Swahili), the pilot project at Imbirikani Group Ranch is funded by the Royal Dutch Embassy and aims to develop a REDD+ certified project conserving and trading carbon from a 1,300km^2 area of lava forest. The carbon credits will be independently certified and audited to the Verified Carbon Standard (VCS) and Climate, Communities and Biodiversity Standard (CCB). It is Camco's role to deliver the project through this qualification process.

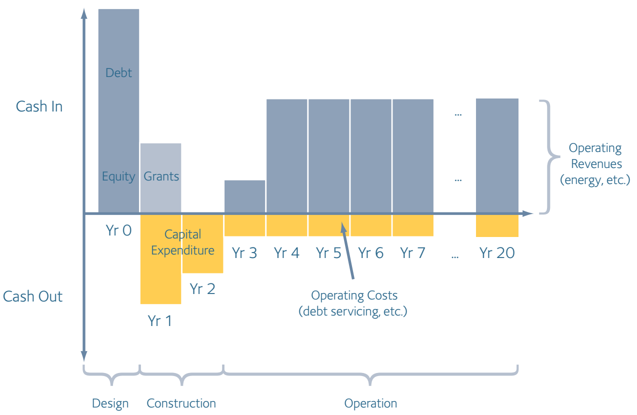
Camco identified significant land use, categories and management activities. We classified significant carbon pools and mapped them, calculating CO_2 emissions or removals. The Imbirikani REDD+ project will deliver positive climate change impact by preventing the unplanned conversion of natural forest land to non-forest land, as well as delivering numerous livelihood and ecosystem benefits to local communities. Successful implementation of this important project will protect many scenic and vital ecosystems and yield valuable lessons on community involvement in REDD and equitable benefit sharing arrangements.

Clean Energy Project Development

We develop and deliver clean energy projects in the US, China, Africa and Southeast Asia, working with partners to create successful projects using proven methane-to-energy and industrial energy efficiency technologies.



Project Structure



A typical financial structure for a clean energy project.

Camco continues to build its energy project development business across North America, Asia and Africa. We specialise 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, Camco capitalises on proprietary knowledge and project development expertise to target two distinct sectors: methane-to-energy and industrial energy efficiency.

Camco's Low Risk Approach:

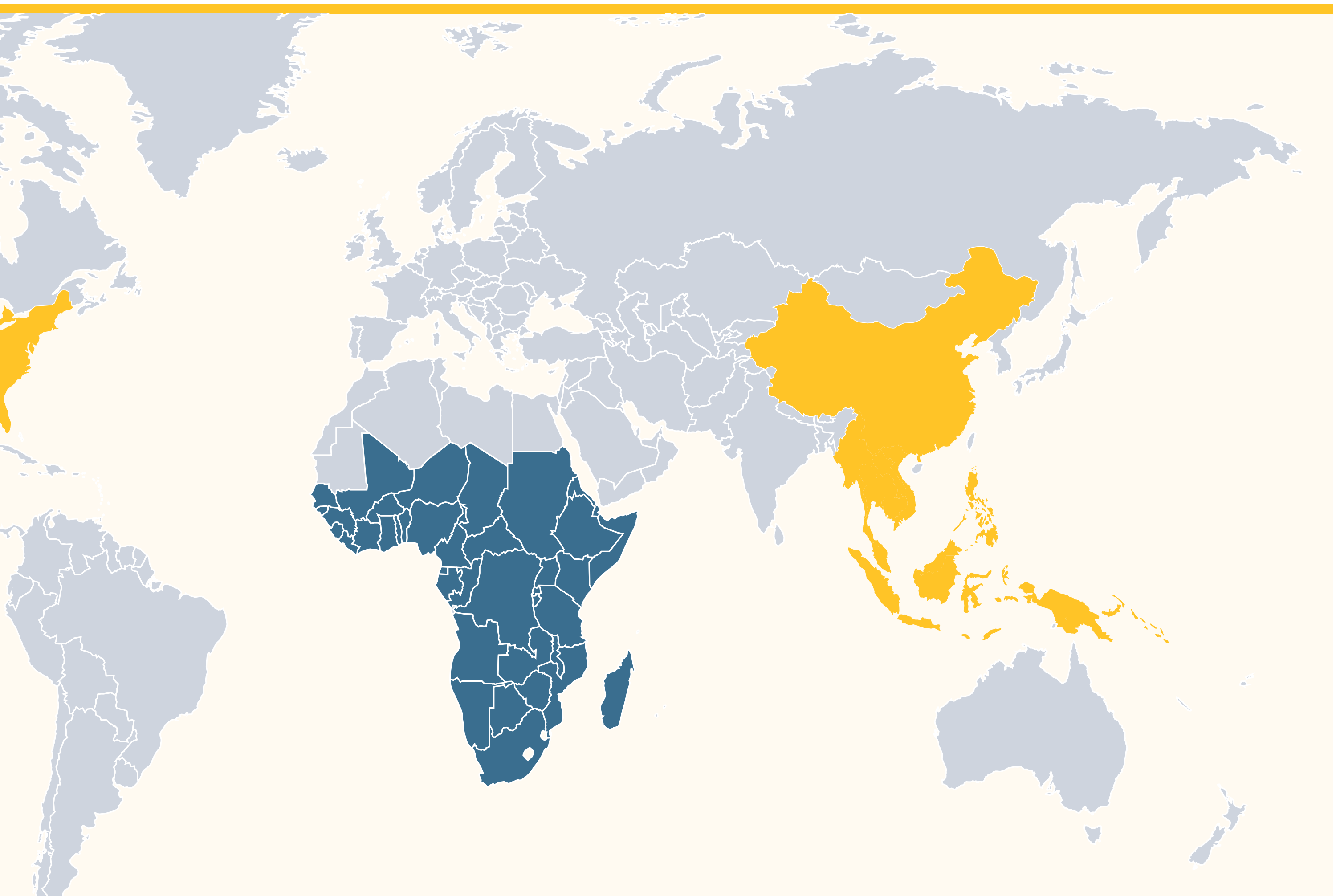
- Using proven equipment (no new technology)
- Quick to deploy projects (six to 18 months)
- Replicable projects (many projects of the same type)
- Counterparties with strong credit ratings
- Secure long-term supply contracts
- Long-term off-take (PPA) agreements

Growth Markets

"Camco has successfully completed finance on one of the largest biogas dairy farm projects in the US in 2011 and announced in late 2011 that the project is close to completion. The plant has since begun power generation."

$20m+

value of Camco's biogas project in Idaho, US.



North America

Camco has successfully commenced construction on one of the largest biogas dairy farm project in the US in 2011 and announced in late 2011 that the project is close to completion. The plant has since begun power generation. Since year end, the project has become fully operational and is generating revenues from electricity sales.

Further capital expenditures were made by 31 December 2011 in order to secure federal grant funding (which provides a grant of up to 30% of construction costs) for a portfolio of similar biogas power projects of approximately US $50 million capital costs. Construction of these projects is expected to be completed in 2013. Combined, these projects are expected to utilise manure from over 50,000 cows and will generate revenue from long-term power purchase agreements as well as multiple additional revenue streams including the sale of fibre and carbon credits.

Asia

In Southeast Asia, Camco has developed a pipeline of clean energy projects focussing on biogas, and industrial energy efficiency projects. Supporting policies in the region are evolving rapidly and include the introduction of feed-in-tariffs, tax incentives and concessionary loans to qualifying projects. Our regional clean energy development platform is expected to develop US $100-200m of clean energy projects over the next two years. Similar to the US, we are targeting projects with multiple revenue streams and high potential for growth, both organically (i.e. same site expansion) and by replication.

Africa

In Tanzania, Camco's pilot rural photovoltaic (PV) project working with local businessmen, technicians and micro-finance associations to sell and install PV systems in the southern highlands region has helped bring electricity to more than 50,000 homes and businesses over the past five years. The project has now become a blueprint for successful rural off-grid electrification and is being rolled out in other areas. In Q3 2011, Camco won a contract from the EU, which will generate revenue valued at US $1m over the next three years, to roll the project out in the Lake region.

Focus: Clean Energy Project Development

Camco in North America – Dairy Farm Biogas Project in Idaho
Pilot Clean Energy Project Closed, Constructed and Operational

In May 2011, Camco announced the financial close on what will be one of the largest dairy biogas projects in North America. The project in Idaho is designed to capture biogas from cow manure and provide the fuel for 4.5MW of electrical generation capacity. This capacity translates into 39.4 million kWh of generation. As anticipated we completed construction on the project in early 2012. The project is wholly owned by Camco.

Camco's pilot dairy project near Jerome, Idaho, is one of the largest animal-based anaerobic digester projects in the United States, with a power generation capacity of 4.5MW, which will produce over 28 million kWh per year. That's enough green power to supply 2,400 average US homes a year.

The project's digesters capture methane from cow manure which is combusted to produce renewable electricity. The system provides improved manure handling reducing odour and pest management issues. The project cost is less than US $25m and utilises federal grant programme funding established by the American Recovery and Reinvestment Act of 2009 totalling approximately 30% of the construction cost. Revenues are generated from a 20-year power purchase agreement, fibre sale contracts, renewable energy certificates and carbon credits, which are eligible compliance instruments under California's cap-and-trade scheme.

Our project model takes the financial burden off host farms, allowing them to enjoy the benefits of manure digestion and renewable power generation with none of the capital or operational risks.

28m kWh

annual electricity produced by Camco's Idaho dairy farm project.

Construction progressed well on the Idaho project in 2011 and the project has since commenced energy generation.

Solar PV for Tanzania

The once small Tanzanian solar market is growing exponentially.

In Tanzania, Camco won a contract from the European Union (EU) to scale up its existing solar photovoltaic (PV) Clusters project, installing small-scale solar home systems (SHS) in a further 15,000 homes in the Lake Victoria region over the next three years. The 'PV Clusters' project aims to reduce market barriers to the development of solar PV systems in rural Tanzania by enabling large groups of farmers, mine workers, teachers or palm oil producers to finance, purchase and install SHS in bulk, thereby achieving significant economies of scale.

SHS are expected to play an important role in meeting the growing energy demand in rural Tanzania. Nearly 84% of Tanzanians don't have access to electricity and the opportunities and improved quality of life that electricity can provide. That figure rises to approximately 98% in rural areas, according to the country's Ministry of Energy and Minerals, with an estimated 5.1m rural households without grid connection.

Yet, Tanzania ranks amongst the world's top ten countries for solar insolation making SHS ideally suited to deliver electricity to rural communities in off-grid areas. The Tanzanian government is currently promoting private sector, renewable energy approaches to rural electrification. One of these approaches involves solar energy, specifically the development of the market for solar photovoltaic (PV) technology.

The once small Tanzanian solar market is growing exponentially, from 100kWp in 2005 to over 1.5MW in 2009. Much of the transformation of the Tanzanian solar market is the result of donor-funded project activities sponsoring training, awareness raising, marketing and other forms of stimuli.

An earlier project implemented by Camco, the Sida/MEM Solar PV Project, funded by the Swedish International Development Agency (Sida) through the Ministry of Energy and Minerals (MEM) was one of the first; Camco expects further opportunities in this market.

Business Risk Mitigation

Carbon Project Development

Risk	Mitigation Strategy
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. Carbon credit prices are influenced by regulatory issues as well as macro-economic trends.	We have a two-fold mitigation strategy. Camco's regional project development teams work closely with clients to ensure we deliver value to our project partners in all market price scenarios. Our in-house commercialisation team allows us to time our trading activities to the best possible market scenarios.

Clean Energy Project Development

Risk	Mitigation Strategy
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.

Chairman's Report

For Camco there were two sides to 2011. In financial terms it was a disappointing year, especially given our excellent results in 2010.

"The Board remains confident in the Company's ability to meet its expectations in the year ahead and believes there is much to be excited about in Camco for the coming years."

For Camco there were two sides to 2011. In financial terms it was a disappointing year, especially given our excellent results in 2010. By far the most significant impact to our bottom line was the decline in carbon prices.

In operational terms, however, Camco has laid the foundations for growth even in difficult markets, expanding our services to build clean energy projects, progressing our carbon projects through the qualification process, delivering credits through the issuance process and serving our customers with leading energy and carbon advice. Despite the current inefficiencies in the EU ETS, regulatory incentives to reduce emissions and develop clean energy remain high in our markets.

The EU had a difficult year as the euro zone debt crisis continued and short to medium term expectations of economic output inevitably led to the above mentioned decline in EUA and CER prices. The EU carbon market, which was designed to set a fixed cap on emissions regardless of economic activity, is now seen as dysfunctional. Reform is clearly needed to ensure it is fit for purpose as the most cost-effective method of reducing emissions in the EU, with the ability to cope with changes in economic output and other important factors.

We have taken feedback from shareholders regarding the value of the Company's carbon portfolio following the price decline. To address this, the Board of Directors has undertaken a full review of the Company's carbon contracts, which has been independently reviewed by a global investment bank with significant activity in the carbon market. In order to provide transparency we have disclosed further details on our carbon portfolio subject to commercial considerations and regulatory requirements.

Long term, commitments to emission reductions remain in place and political support has grown through 2011 to enact changes to the ETS in order to address the shortcomings. The prospect of a move from a 20% to a 30% reduction in the 2020 emissions target also remains on the political agenda and the 2050 roadmap adopted in December 2011 gives the market the clear signal it needs that this is a region with a vibrant marketplace for continued emission reduction activity for years to come.

Although California's cap and trade programme was delayed by a year and will now start in 2013, it is encouraging to see that regulators are taking additional time to establish a robust, credible programme from the start. Camco expects to be one of the few providers of offsets into the programme through its commitment to register projects under the Climate Action Reserves Livestock Protocol. Camco's strong position in the livestock sector, where we have the largest volume of registered projects and issued offsets, means we will deliver consistent volumes of offsets into the California programme between now and 2020. We expect implementation of the offset infrastructure to be complete by the end of 2012.

Further good news came out of Asia-Pacific this year. Australia made great strides through 2011 with the official passing of legislation to introduce an ETS and to cut emissions by 5% of 2000 levels by 2020. The broad ranging and dynamic legislation adds a very significant source of medium term demand for Camco's carbon portfolio and expands the global clean energy and carbon marketplace that will support Camco's future growth.

China's 12th five-year plan (2011-15) approved in March included targets to reduce the nation's greenhouse gas emissions in terms of carbon dioxide output per unit of GDP by 17% by 2015. An energy consumption cut of 16% per unit of GDP was also approved signalling a strong commitment to emissions and energy efficiency in this fast growing market. As part of this effort several cities and provinces have begun to plan cap and trade schemes for carbon trading.

Given our reduced cost base and reinvigorated focus on our core business, we expect Camco to deliver profitably on its existing carbon credit portfolios and new opportunities across regions and markets. We have high hopes for our clean energy project development business rolling out the exciting project pipeline in North America, Asia and Africa. In the carbon business, although we anticipate continuing pressure on margins in the short term, we do expect our substantial post 2012 portfolio to find growing interest in both the EU ETS as well as the new compliance markets developing in North America, Australia and China in the mid to longer term.

Recently we have had some Board changes. I am happy to welcome Zainul Rahim as a non-executive Director to the Board while Yariv Cohen has resigned from the Board. I would like to thank all our staff and our non-executive Directors for the contribution that they made to the Company during the year. Derya Yilmaz, our group financial controller, has taken on financial responsibilities due to recent finance personnel changes. Despite meeting 2011 operational targets, due to the external pricing environment and subsequent impact on profits, Scott McGregor our CEO has waived his bonus and LTIP entitlement for 2011 which the Board has acknowledged and accepted.

The Board remains confident in the Company's ability to meet its expectations in the year ahead and believes there is much to be excited about in Camco for the coming years.

Jeff Kenna
Acting Chairman
21 May 2012

Chief Executive Officer's Statement

In the last two annual reports, I have reported on the development of our business and on the progress we made towards expanding Camco's business model.

"Operationally we have achieved important milestones in 2011."

In the last two annual reports, I have reported on the development of our business and on the progress we made towards expanding Camco's business model. I am proud of what we have achieved this year with the evolution into a global clean energy business in addition to our established carbon project development business.

We now hold the leading market position in all the regions where we operate, a result of the efforts of our staff in advancing our ability to deliver value to clients in a changing regulatory world.

The second half of 2011 was one of the most difficult regulatory markets we have experienced for many years, a substantial external shock to the carbon market from the economic downturn in Europe and a consequential over supply of allowances led to a sharp fall in prices. Although the Company performed well in meeting its operating targets the falling value of carbon commodities has had a direct impact on the Group's 2011 results and profitability.

Throughout the history of the Company we have had to respond quickly to market change, each time we have adapted intelligently and as a result strengthened our position. For the short term, the price shock has put pressure on our business to adjust to a new environment – we have done so successfully, working side by side with our clients to create win-win outcomes.

In the medium to long term we continue to believe that as action is taken by regulators and governments, market inefficiencies will be corrected. With the patchwork of cap and trade markets and renewable incentive regulations emerging around the world we view this as one of the most promising periods we have seen.

The only guarantee in this sector is that it will continue to change and we will be judged on our ability to continue to change with it. However, there is no doubt that global demand for our activities of reducing emissions and developing clean energy will only become stronger.

Operational Review

Operationally we have achieved important milestones in 2011.

Decisive developments in clean energy business

One of our exciting developments this year was the financial close and construction of the first dairy farm biogas plant in Idaho, USA, wholly owned and operated by Camco. This project is a prime example of how we have broadened our business model, using the skills and resources built from years of experience in one market and applying them to another. This 4.5MW project is designed to produce biogas from the manure of over 15,000 cows, which fuels the generation of renewable electricity. The plant is three times the size of the average plant in North America. We have secured a long-term annuity stream for this project with power purchasing agreements providing the majority of revenue and additional contributions coming from carbon credits, fibre by-products and renewable energy certificates. Apart from this project, which has commenced generating power since year end, we are working on a pipeline of projects worth over US $150 million.

In China and Southeast Asia, we are looking to develop and bring into operation a number of projects which capture and utilize methane and other by-products generated by the major agricultural activities in the region, such as palm oil and starch production. In the process these projects reduce emissions and improve the sustainability of these key cash crops. Both regions also have immense potential for industrial and property sector energy efficiency projects and we have growing opportunities in those sectors.

In Africa, we won a number of important contracts. We see substantial interest in Africa to support energy efficiency measures and off-grid renewable energy development. In 2011, Camco was awarded two new project development contracts in East Africa worth US $1.8m in revenue over the next three years, one being a US $1.1m contract from the EU to scale up its existing Solar Photovoltaic Clusters project, installing small-scale solar home systems in Tanzania. This will continue to be a focal area for us in 2012.

Operating the carbon business under pressure to deliver long-term value

With economic growth rates in Europe still lower than in previous years, manufacturing and thus emissions output slowed, reducing demand for carbon credits within the EU ETS, which to-date remains our key sales market. CER prices fell by 62% in the second half of 2011. As a result of a fair value balance sheet revaluation, which is undertaken at each year end, we are reporting a substantial loss for the year. Our carbon projects deliver value to Camco and our partners over many years (typically seven to ten) and as such short-term volatility in carbon commodity prices may affect only a specific period of a projects total delivery. However, we will revalue all future volumes from the completed projects in our portfolio recognised on the balance sheet at the prices prevailing at that reporting date.

Our teams have worked hard to build long-term value by increasing our post-2012 portfolio to 67.4m tonnes at the year end, which will deliver value through to 2020 even at low carbon prices. The portfolio has continued to increase in 2012. Registration of our projects prior to 31 December 2012 is also important to ensure EU ETS eligibility, and we had 93% of our pre-2012 portfolio registered at year end 2011. We issued 58% more credits in 2011 than in 2010.

In the US, our team has continued to develop our agricultural carbon portfolio for use in the California market, which will be the second largest after the EU ETS when it begins in 2013. Camco continues to lead the agricultural livestock manure management sector here. Our North America carbon portfolio has continued to expand throughout 2011 with 2.5m tonnes now under management and has the largest number of 'Livestock Gas Capture/Combustion' projects registered under the Climate Action Reserve (CAR) standard.

UK Business

Our UK Advisory business was sold in early 2012, post balance sheet date, so that the Company may focus on its core markets.

Outlook

Despite the challenges we encountered this year, Camco successfully expanded its business model to develop clean energy projects in 2011. Long term this will provide the Company with stable annuity streams from power production complimenting a carbon business which can once again produce good margins. We are now the leader in strategic markets where emission reduction and clean energy development will be a focus for the coming decades.

Scott McGregor
Chief Executive Officer
21 May 2012

Financial Review

The substantial fall in carbon prices during the second half of 2011 has significantly decreased the fair value of contracts held in accrued income and the CDC assets work in progress on the balance sheet at year end. This fall resulted in a fair value adjustment of €21.7m (2010: €1.8m) and capitalised cost write-down of €2.0m (2010: €0.7m) at year end to reflect the carbon price reduction for floating or unsold contracts.

The substantial fall in carbon prices during the second half of 2011 has significantly decreased the fair value of contracts held in accrued income and the CDC assets work in progress on the balance sheet at year end. This fall resulted in a fair value adjustment of €21.7m (2010: €1.8m) and capitalised cost write-down of €2.0m (2010: €0.7m) at year end to reflect the carbon price reduction for floating or unsold contracts.

Aside from the fair value and capitalised costs write down, the carbon segment booked revenue for contracts where sale prices had been locked in and for projects completed during the year. This, together with the administrative costs, has resulted in a total loss for the year of €29.6m from continuing operations. Administrative costs have been kept tight during the year with a reduction to €13.4m in 2011 (2010: €14.1m), which includes a €1.6m impairment loss on development costs.

Carbon segment operating expenditure has been reduced to €5.2m (2010: €7.9m).

The projects segment achieved financial close of one of the largest biogas projects in North America, this asset was under construction as at the reporting date, subsequently commencing operation in early 2012. Post year end, the Company sold its UK Advisory business to focus on its core segments. The deal was worth £4.5m, comprising an initial consideration of £3.25m with an earn-out of up to £1.25m. The Company also sold its interest in a UK wind farm for €1.3m resulting in a gain of €0.6m.

Carbon Segment

The Group recognises revenue based on the fair value of the carbon credits to be received from contracts, once the development work on these projects is completed by the Group and the project is deemed 'CDC operational', meaning as a minimum they are fully commissioned and registered with the relevant regulatory body. CDC operational projects are only a proportion of Camco's carbon portfolio; projects still in the development phase where the Company has secured the rights to receive future revenue streams are not recognised in revenue. For further details refer to the Group accounting policies which have been applied consistently as outlined in Note 1 of the accounts.

Accrued income is recognised for CDC operational projects. The balance contains:

- Accrued income for contracts with fixed sale prices
- Accrued income for contracts with floating sales prices or that are unsold

Accrued income on floating and unsold contracts is re-valued at each balance sheet date according to carbon market prices (a one-month simple moving average based on ECX prices has been applied). CER carbon prices used in the valuation of accrued income as at 31 December 2011 and 31 December 2010 are shown in the table below (post-2012 CER futures contracts were not exchange traded at 31 December 2010 and the December 2012 price was applied to any deliveries forecast in this period):

Futures Contract	31-Dec-11	31-Dec-10
Dec-11	€4.71	€11.67
Dec-12	€5.33	€11.44
Dec-13	€5.61	n/a
Dec-14	€5.87	n/a
Dec-15	€5.87	n/a
Dec-16	€6.08	n/a
Dec-17	€6.39	n/a
Dec-18	€6.62	n/a
Dec-19	€6.89	n/a
Dec-20	€7.21	n/a

Source: Intercontinental Exchange ECX CER Futures www.theice.com

For the balance sheet date of 31 December 2011, due to the carbon price reduction in 2011 the accrued income balance was reduced by €21.7m (2010: €1.8m) for floating and unsold contracts.

The accrued income balance remaining on the balance sheet for carbon development contracts (CDCs) is €15.9m, outside of this are accrued contract costs of €5.6m, resulting in net accrued income of €10.3m. Accruals for the cost of delivering credits amounting to €4.5m and payments on account of €6.4m are also recognised. Between them these balances represent the discounted future revenues and costs for all CDC operational projects.

In the second half of the year, the Group limited its commercialisation activities due to the depressed market prices, while continuing to seek opportunities complimentary to its longer-term outlook. Camco's commercial strategy is to time structured sales when market conditions are favourable, reducing exposure to short-term volatility in the carbon price. The success of this strategy can only be judged over the whole lifecycle of a project, and not solely in the context of revaluation of volumes at the balance sheet date. In the first half of 2011, Camco was successful in executing a series of transactions when the carbon price was stronger.

The Group continued to originate projects throughout 2011 and as a result increased the post-2012 CER portfolio volume by 123.9%. Significantly, the structure of these contracts means they deliver value even at low carbon prices. Registration prior to the end of 2012 will ensure eligibility for Phase III of the EU ETS, providing cash flows through to 2020. CDM registration rates continued to increase with 61.7m tonnes now registered across the pre and post 2012 portfolio and issuances accelerating to 12.8m CERs in 2011 (2010: 8.1m).

Projects Segment

At year end, the Group had a biogas project under construction in the US. The project is ahead of schedule and budget. The project is owned by a wholly owned subsidiary which holds majority non-recourse debt during construction to be repaid by the operation of the project upon completion. The Company expects to receive an ITC grant in 2012 for its biogas which will be used to repay secured debt on the project. At year end, the project had €15.4m assets under construction, €2.3m cash for costs to complete and a €15.6m construction loan. Reflecting the shift towards clean energy project development in our work in Africa, we are now reporting results for the Africa region within the Projects segment.

Cash and Cash Equivalents

At 31 December 2011, the Group had cash and cash equivalents of €14.4m (2010: €12.4m) with short-term borrowings of €3.8m.

The key movements in cash during 2011 were: carbon receivables on deliveries in 2011 (inflow €25.6m), carbon payables on deliveries in 2011 (outflow €11.6m), working capital prepayments for carbon (outflow €4.5m), discontinued operations net contribution (outflow €0.3m), operating expenditure for continuing operations (outflow €10.3m), proceeds from the sale of Renewable Partnership Ltd (€1.3m), loan proceeds (inflow €19.2m) and capex items (outflow €14.3m). The cash reduction from recurring operating activities was €2.5m in the year.

€15.4m of the cash inflow from debt is for US biogas project capital expenditure (project assets under construction). This debt will be repaid from the project revenue over the life of the project.

The Directors consider the Group to be well placed to manage this cash position profitably, delivering its growing carbon portfolio to 2020 and continuing to create future value by developing clean energy projects.

Despite the fair value write down of the accrued income, the Group continues to maintain strong cash reserves. Since year end, the Group's cash balance has improved as a result of the on-going performance of the business in 2012, completion of certain carbon transactions, and the sale of the UK Advisory business.

Derya Yilmaz
Group Financial Controller
21 May 2012

Positive Impact

The work we do is all about impact, it's all about removing pollutants, emissions, waste, odour, heat. We reduce or remove effluents that impact on our environment, our climate, our working (and living) conditions, everywhere we work.

In China, which has the highest emissions globally, we work with some of the most energy intensive industries to reduce their impact on the environment, removing waste heat, turning emissions into energy where possible and improving working conditions in the process. This work is essential but the financial impetus comes from the carbon markets. It is good to see that China is keen to continue this kind of effort and is in turn targeting the most energy intensive industries for carbon emission reductions under the current five-year plan.

In the US, the impact of our work is material to our clients as well as their larger communities. We give dairy farmers the opportunity to generate clean energy from one of their largest headaches: cow manure. To expand our impact we are looking to develop the project type for other manure producers.

In Africa, our impact is different in nature but no less important to us. We bring clean energy into areas that are not currently connected to a grid and with little chance that the grid will arrive in the next few years. There we actually see what we do as a little revolution, the 'leapfrogging' revolution. The impact of energy is nowhere felt as sharply as where it did not previously exist. Children can extend their learning hours, schools can offer more exciting teaching, charging of cell phones, another of Africa's revolutions, small-scale businesses taking off and living conditions improving as diesel and kerosene are being taken out of the equation.

In Africa we see the potential to provide this without resorting to fossil fuel fired energy generation. To be part of this makes us proud.

Speech and language therapist Kate Meredith receives the Camco laptops on behalf of the Frank Cooksey Rehabilitation Unit at Lewisham Hospital.

Laptop donation for Frank Cooksey Rehabilitation Unit

In September 2011, Camco donated several laptops to local charities. In London we gave five laptops to the Frank Cooksey Rehabilitation Unit (http://www.kch.nhs.uk/service/a-z/frank-cooksey) which is a neuro-rehabilitation unit based at Lewisham Hospital.

The patients are all recovering from serious brain injuries caused by stroke, disease or major trauma like road traffic accidents. At the unit, the patients receive intensive therapy from physiotherapists, occupational therapists and speech and language therapists to help prepare them to re-join the community.

The patients also have time between therapy sessions to work on computer exercises to improve and enhance their speech. The computers will be used to allow the patients to work on speech therapy exercises at their beds, without having to take turns to use one fixed PC in their day room.

Five of the computers have also been donated to a charity called Headway. (http://www.headway.org.uk) Headway builds on the work that is carried out at the Frank Cooksey and continues to support brain injury patients when they return to the community. The computers will be loaned by Headway to individuals with particular needs to allow them to further their therapy goals independently at home.

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 2011 our global carbon footprint was 1,162 tonnes CO_2 equivalent, and 6.1t 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 2011. 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 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 South Africa, staff offered their time pro-bono for carbon footprinting assessments at a local school and continued to work with the Twilight Children support and refuge centre for street children in Johannesburg. This year we helped transform and stock the library of the centre, working with other local business for higher impact.

In China our staff collected winter clothes for children in China's south-western region. More than 100 pieces of warm clothing were collected and sent to a children's charity in Liangshan, where close to 30% of the rural population are living below the poverty line.

In Kenya, Camco staff participates 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 2011, Camco supported the East Africa Food Crisis appeal through activities at several of our offices. From swimming the length (!) of the channel in an 18m outdoor (biomass heated) pool on Halloween, through a quiz in London and a hotly-contested baking competition in our North America office, Camco staff raised €3,760, which the relevant business units matched. The Company also donated laptops to two UK based charities (see previous page).

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 is the CEO of Camco. Scott joined the company in 2006, has overseen the expansion of Camco's carbon credits business, the establishment of Camco's clean energy project business and has managed the development of Camco to market leader in the regions it works. Scott has 20 years' experience in industry with strong exposure to strategic development within early-stage and high growth companies. Scott has worldwide experience in the environmental, mining, finance and technology industries and has advised leading corporations in North America, Asia and Europe. Former positions include finance and development roles for Rio Tinto, Merrill Lynch and Skype Technologies. Scott holds an MBA from the London Business School, a BEcon from Monash University and qualified as a Chartered Accountant through PriceWaterhouseCoopers. Scott is a Board member of IETA (International Emissions Trading Association).

Zainul Rahim[1]

Non-Executive Director

Zainul Rahim, a graduate in Engineering (Mechanical) from the University of Western Australia, has some 30 years' experience with Shell in the upstream oil and gas sector. He is currently the Chairman of Hibiscus Petroleum Bhd and a board member of Universiti Kebangsaan Malaysia Holdings Sdn Bhd, Bank Pembangunan Malaysia Bhd and Petronas Carigali Sdn Bhd. Zainul was a Supervisory Committee member of Sime Darby's Energy & Utilities Division until mid-2010, and during his tenure in Shell, he sat on the board of 12 companies, and was the Chairman, Director and member of various NGOs, including the Society of Petroleum Engineers AsiaPac, Business Council for Sustainable Development Malaysia, Petroleum Industry of Malaysia Mutual Aid Group, and Malaysian International Chamber of Commerce and Industry.

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.

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

1 Zainul joined the Board in January 2012. Yariv Cohen left the board in January 2012.

Management Team

Senior Management:

Scott McGregor
Chief Executive Officer

Scott McGregor is the CEO of Camco. Scott joined the company in 2006, has overseen the expansion of Camco's carbon credits business, the establishment of Camco's clean energy project business and has managed the development of Camco to market leader in the regions it works. Scott has 20 years' experience in industry with strong exposure to strategic development within early-stage and high growth companies. Scott has worldwide experience in the environmental, mining, finance and technology industries and has advised leading corporations in North America, Asia and Europe. Former positions include finance and development roles for Rio Tinto, Merrill Lynch and Skype Technologies. Scott holds an MBA from the London Business School, a BEcon from Monash University and qualified as a Chartered Accountant through PriceWaterhouseCoopers. Scott is a Board member of IETA (International Emissions Trading Association).

Henrik Dalsgard MSc, PhD
International Operations Director

Henrik Dalsgard is International Operation Director at Camco. He received his MSc in Mechanical Engineering from the Technical University of Denmark, and was awarded his PhD in Mechanical Engineering in the same university in 1991. After graduation, he initially worked as project manager in Statoil, Denmark, and then in 1995, he moved to COWI A/S, where he continued to work as senior project manager. From 2005, he became General Manager at COWI Consulting (Beijing) Co. Ltd. In 2007, Henrik joined Camco, initially as Director of Operation. He handled development of CDM processes and technical issues, supporting business development and the managing director with evaluation of project opportunities and strategies in carbon business. He was Managing Director of Camco China for many years.

Regional Management:

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.

Yuzhong Zhang, BE, ME, PhD
Managing Director, Camco China

Yuzhong Zhang joined Camco in early 2007 as operation director, running the operation of the registered projects and leading technical department to offer best support to qualification and BD department. Before joining Camco, he acted as technical manager and later chief engineer in Beijing Yilai Aerospace Electronics Co. Ltd after graduation. In 1999, he joined Peak Pacific Investment Co. as the technical manager and later technical director. Since 2004, he worked as engineering manager in Cummins Inc. Yuzhong managed the technical department into one unified and productive team. He holds a BE, ME and PhD in Automotive Engineering in Tsinghua University.

Kent Carter
Managing Director, Camco South East Asia (JV)

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)

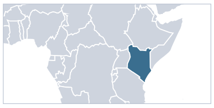
As Managing Director of the Camco EMEA Carbon team, Arthur is developing and expanding Camco's Carbon business into Africa. He has several years of experience in carbon project development and implementation and has been with Camco for more than five years. Previously he was the Managing Director of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

Jonathan Curren
Managing Director, Camco 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 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.



Stephen Mutimba
Managing Director, Camco 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.

Directors' Report

The Directors present their Directors' report and financial statements for the year ended 31 December 2011 (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'). 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
The substantial fall in carbon prices during the second half of 2011 has significantly decreased the fair value of contracts held in accrued income and the CDC assets work in progress on the balance sheet at year end. This fall resulted in a fair value adjustment of €21.7m (2010: €1.8m) and capitalised cost write-down of €2.0m (2010: €0.7m) at year end to reflect the carbon price reduction for floating or unsold contracts. Aside from the fair value and capitalised costs write down, the carbon segment booked revenue for contracts where sale prices had been locked in and for projects completed during the year. This, together with the administrative costs, has resulted in a total loss for the year of €29.6m from continuing operations. Administrative costs have been kept tight during the year with a reduction to €13.4m in 2011 (2010: €14.1m), which includes a €1.6m impairment loss on development costs. Carbon segment operating expenditure has been reduced to €5.2m (2010: €7.9m).

The projects segment achieved financial close of one of the largest biogas projects in North America, this asset was under construction as at the reporting date, subsequently commencing operation in early 2012. Post year end, the Company sold its UK Advisory business to focus on its core segments. The deal was worth £4.5m, comprising an initial consideration of £3.25m with an earn-out of up to £1.25m. The Company also sold its interest in a UK wind farm for €1.3m resulting in a gain of €0.6m.

Carbon Segment
The Group recognises revenue based on the fair value of the carbon credits to be received from contracts, once the development work on these projects is completed by the Group and the project is deemed 'CDC operational', meaning as a minimum they are fully commissioned and registered with the relevant regulatory body. CDC operational projects are only a proportion of Camco's carbon portfolio; projects still in the development phase where the Company has secured the rights to receive future revenue streams are not recognised in revenue. For further details refer to the Group accounting policies which have been applied consistently as outlined in Note 1 of the accounts.

Accrued income is recognised for CDC operational projects. The balance contains:
- Accrued income for contracts with fixed sale prices
- Accrued income for contracts with floating sales prices or that are unsold

Accrued income on floating and unsold contracts is re-valued at each balance sheet date according to carbon market prices (a one-month simple moving average based on ECX prices has been applied). CER carbon prices used in the valuation of accrued income as at 31 December 2011 and 31 December 2010 are shown in the table below (post 2012 CER futures contracts were not exchange traded at 31 December 2010 and the December 2012 price was applied to any deliveries forecast in this period):

	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
31-Dec-11	€4.71	€5.33	€5.61	€5.87	€5.87	€6.08	€6.39	€6.62	€6.89	€7.21
31-Dec-10	€11.67	€11.44	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Intercontinental Exchange ECX CER Futures www.theice.com

For the balance sheet date of 31 December 2011, due to the carbon price reduction in 2011 the accrued income balance was reduced by €21.7m (2010: €1.8m) for floating and unsold contracts. The accrued income balance remaining on the balance sheet for carbon development contracts (CDCs) is €15.9m, outside of this are accrued contract costs of €5.6m, resulting in net accrued income of €10.3m. Accruals for the cost of delivering credits amounting to €4.5m and payments on account of €6.4m are also recognised. Between them these balances represent the discounted future revenues and costs for all CDC operational projects.

In the second half of the year the Group limited its commercialisation activities due to the depressed market prices, while continuing to seek opportunities complimentary to its longer term outlook. Camco's commercial strategy is to time structured sales when market conditions are favourable, reducing exposure to short term volatility in the carbon price. The success of this strategy can only be judged over the whole lifecycle of a project, and not solely in the context of revaluation of volumes at the balance sheet date. In the first half of 2011, Camco was successful in executing a series of transactions when the carbon price was stronger.

The Group continued to originate projects throughout 2011 and as a result increased the post 2012 CER portfolio volume by 123.9%. Significantly, the structure of these contracts means they deliver value even at low carbon prices. Registration prior to the end of 2012 will ensure eligibility for Phase III of the EU ETS, providing cash flows through to 2020. CDM registration rates continued to increase with 61.7m tonnes now registered across the pre and post 2012 portfolio and issuances accelerating to 12.8m CERs in 2011 (2010: 8.1m).

Projects Segment
At year end the Group had a biogas project under construction in the US. The project is ahead of schedule and budget. The project is owned by a wholly owned subsidiary which holds majority non-recourse debt during construction to be repaid by the operation of the project upon completion. The Company expects to receive an ITC grant in 2012 for its biogas which will be used to repay secured debt on the project. At year end, the project had €15.4m assets under construction, €2.3m cash for costs to complete and a €15.6m construction loan. Reflecting the shift towards clean energy project development in our work in Africa, we are now reporting results for the Africa region within the Projects segment.

Cash and Cash Equivalents
At 31 December 2011, the Group had cash and cash equivalents of €14.4m (2010: €12.4m) with short-term borrowings of €3.8m.

The key movements in cash during 2011 were: carbon receivables on deliveries in 2011 (inflow €25.6m), carbon payables on deliveries in 2011 (outflow €11.6m), working capital prepayments for carbon (outflow €4.5m), discontinued operations net contribution (outflow €0.3m), operating expenditure for continuing operations (outflow €10.3m), proceeds from the sale of Renewable Partnership Ltd (€1.3m), loan proceeds (inflow €19.2m) and capex items (outflow €14.3m). The cash reduction from recurring operating activities was €2.5m in the year.

€15.4m of the cash inflow from debt is for US biogas project capital expenditure (project assets under construction). This debt will be repaid from the project revenue over the life of the project.

The Directors consider the Group to be well placed to manage this cash position profitably delivering its growing carbon portfolio to 2020 and continuing to create future value by developing clean energy projects. Despite the fair value write down of the accrued income, the Group continues to maintain strong cash reserves. Since year end the Group's cash balance has improved as a result of the on-going performance of the business in 2012, completion of certain carbon transactions, and the sale of the UK Advisory business.

Political and Charitable Contributions
The Group has made no political or charitable contributions during the year (2010: charitable donations of €2,300).

Directors' Interests
Details of Directors' interests in the Company's shares are shown in Note 30.

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 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.

Directors' Report
(continued)

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

Scott McGregor	Chief Executive Officer
Yariv Cohen	Executive Director (resigned 26/01/2012)
Jeffrey Kenna	Vice Chairman Non-Executive Acting Chairman
Michael Farrow	Non-Executive
Dr Herta von Stiegel	Non-Executive
Paolo Pietrogrande	Non-Executive
Zainul Rahim bin Mohd Zain	Non-Executive (appointed 03/01/2012)

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 Michael Farrow (Chairman), Paolo Pietrogrande 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 Paolo Pietrogrande (Chairman), Dr Herta von Stiegel and Michael Farrow, who are all 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 all 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

The Group utilises the following broad processes in order to further mitigate any risks it faces.

- 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.

Directors' Report (continued)

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 has 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 21 May 2011 the Company resolved to reappoint KPMG Audit Plc as the Group's auditors for the year-ended 31 December 2011.

By Order of the Board

Michael Farrow
Consortia Partnership Limited
Company Secretary

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

21 May 2012

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 Paolo Pietrogrande (Chairman), Dr Herta von Stiegel and Michael Farrow. 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 Director's services.

Directors' Remuneration During the Year

	2011 Salaries and fees €'000	2011 Performance bonus €'000	2011 Pension contribution €'000	2011 Total €'000
Executive Directors				
Scott McGregor	244	–	6	250
Yariv Cohen*	278	72	5	355
Non-Executive Directors				
Jeffrey Kenna	72	–	–	72
Michael Farrow	42	–	–	42
Dr Herta von Stiegel	39	–	–	39
Paolo Pietrogrande	42	–	–	42
Total	717	72	11	800

* Yariv Cohen has resigned as a Director on 26 January 2012.

	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 share options 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.

Report of the Remuneration Committee (continued)

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

	At 31 December 2010 Share awards outstanding Number	Granted Number	Forfeited Number	Vested Number	At 31 December 2011 Share awards outstanding Number	Price payable (per share) €
Scott McGregor	2,250,000	2,000,000	–	(750,000)	3,500,000	0.01
Jeffrey Kenna	149,493	–	(149,493)	–	–	0.01
Yariv Cohen	2,250,000	2,000,000	–	(750,000)	3,500,000	0.01
Total	4,649,493	4,000,000	(149,493)	(1,500,000)	7,000,000	

The Company's share price at the end of the year was €0.06 (2010: €0.18). The highest share price in the year was €0.23 (2010: €0.21) and the lowest €0.06 (2010: €0.14). LTIP awards are scheduled to vest annually after audited results for each of 2011 and 2012 financial year results are confirmed.

The share-based payment charge booked in these financial statements for Scott McGregor and Yariv Cohen is €20,857 (2010: €71,000).

As part of Camco's existing Long Term Incentive Plan, Scott McGregor and Yariv Cohen have each been awarded 2,000,000 share options during 2011 at nominal value which may vest between now and 30 September 2012 should certain future share price and operational performance targets set by the board be met, these conditions were not met as at end of 31 December 2011. Yariv Cohen has stepped down from the Board during 2012 and 3,000,000 of his options have lapsed as a result.

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 May 2012

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 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 Group 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 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements were to apply to the Group. The Directors have also decided to prepare voluntarily a Corporate Governance Statement as if the Group was required to comply with the Listing Rules and the Disclosure Rules and Transparency Rules of the Financial Services Authority in relation to those matters.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Jersey 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 2011 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 as per the paragraph above, 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 Group's members those matters we are required to state to them in an auditor's report and as per the paragraph above, 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 Statement of Directors' Responsibilities set out on page 32, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- 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;

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

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.

Mike Woodward (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

21 May 2012

Consolidated Statement of Financial Position

at 31 December 2011

	Notes	2011 €'000	2010 €'000
Non-current assets			
Property, plant and equipment	13	**15,988**	740
Goodwill on acquisition	14	**433**	1,959
Other intangible assets	14	**–**	452
Intangible assets – carbon in specie	14	**644**	2,030
Investments in associates and joint ventures	15	**13,152**	11,921
Other investments	16	**3**	236
Deferred tax assets	11	**132**	192
		30,352	17,530
Current assets			
Work in progress – carbon development contracts	17	**3,199**	6,053
Prepayments and accrued income	18	**16,844**	45,510
Trade and other receivables	19	**4,387**	5,563
Cash and cash equivalents	20	**14,369**	12,382
Assets held for sale	10	**4,620**	–
		43,419	69,508
Total assets		**73,771**	87,038
Current liabilities			
Loans and borrowings	24	**(4,138)**	(485)
Trade and other payables	21	**(19,381)**	(25,078)
Tax payable		**(322)**	(143)
Liabilities held for sale	10	**(1,891)**	–
		(25,732)	(25,706)
Non-current liabilities			
Loans and borrowings	24	**(15,360)**	(12)
Deferred tax liabilities	11	**–**	(126)
		(15,360)	(138)
Total liabilities		**(41,092)**	(25,844)
Net assets		**32,679**	61,194
Equity attributable to equity holders of the parent			
Share capital	26	**1,892**	1,856
Share premium		**75,542**	74,861
Share-based payment reserve		**559**	1,173
Retained earnings		**(44,916)**	(15,645)
Translation reserve		**(155)**	(890)
Own shares		**(243)**	(161)
Total equity		**32,679**	61,194

These financial statements were approved and authorised for issue by the Board of Directors on 21 May 2012 and were signed on its behalf by:

Michael Farrow
Director

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	2011 €'000	2010 €'000
Continuing operations			
Revenue:			
Earned in the year	3	**10,195**	23,952
Carbon price fair value adjustment	3	**(21,654)**	(1,837)
Revenue		**(11,459)**	22,115
Cost of sales		**(4,638)**	(5,776)
Gross (Loss)/profit		**(16,097)**	16,339
Other income – carbon	4	**–**	5,770
Other income – net gain on disposal of investment	4	**578**	–
Administrative expenses	5	**(13,356)**	(14,063)
Restructuring charges	5	**(236)**	(82)
Results from operating activities		**(29,111)**	7,964
Financial income	9	**2,217**	2,624
Financial expenses	9	**(1,749)**	(1,223)
Net financing income		**468**	1,401
Share of loss of equity-accounted investees		**(670)**	(187)
(Loss)/profit before tax		**(29,313)**	9,178
Income tax (expense)/credit	11	**(328)**	888
(Loss)/profit from continuing operations		**(29,641)**	10,066
Discontinued operation			
Profit/(loss) from discontinued operation (net of income tax)	10	**370**	(1)
(Loss)/profit for the year		**(29,271)**	10,065
Other comprehensive income			
Exchange differences on translation of foreign operations		**735**	(784)
Total comprehensive income for the year		**(28,536)**	9,281
(Loss)/profit for the year attributable to:			
Equity holders of the parent		**(29,271)**	10,065
Non-controlling interest		**–**	–
(Loss)/profit for the year		**(29,271)**	10,065
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**(28,536)**	9,281
Non-controlling interest		**–**	–
Total comprehensive income for the year		**(28,536)**	9,281
Basic (loss)/profit per share in € cents			
From continuing operations	12	**(15.85)**	5.67
From continuing and discontinued operations	12	**(15.65)**	5.67
Diluted (loss)/profit per share in € cents			
From continuing operations	12	**(15.85)**	5.67
From continuing and discontinued operations	12	**(15.65)**	5.67

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	Note	2011 Share capital €'000	2011 Share premium €'000	2011 Share-based payment reserve €'000	2011 Retained earnings €'000	2011 Translation reserve €'000	2011 Own shares €'000	2011 Total equity attributable to shareholders of the Company €'000	2011 Non-controlling interest €'000	2011 Total equity €'000
Balance as at 1 January 2011		**1,856**	**74,861**	**1,173**	**(15,645)**	**(890)**	**(161)**	**61,194**	**–**	**61,194**
Total comprehensive income for the year										
Loss for the year		–	–	–	(29,271)	–	–	(29,271)	–	(29,271)
Other comprehensive income										
Foreign currency transaction differences		–	–	–	–	735	–	735	–	735
Total comprehensive income for the year		–	–	–	(29,271)	735	–	(28,536)	–	(28,536)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	7	–	–	21	–	–	–	21	–	21
Issuance of shares		36	681	–	–	–	(717)	–	–	–
Own shares		–	–	(635)	–	–	635	–	–	–
Total contributions by and distributions to owners		36	681	(614)	–	–	(82)	21	–	21
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		36	681	(614)	–	–	(82)	21	–	21
Balance at 31 December 2011		1,892	75,542	559	(44,916)	(155)	(243)	32,679	–	32,679

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2010

	Note	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 attributable to shareholders of the Company €'000	2010 Non-controlling interest €'000	2010 Total equity €'000
Balance as at 1 January 2010		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)	1	–	230	2,258	–	2,258
Balance at 31 December 2010		1,856	74,861	1,173	(15,645)	(890)	(161)	61,194	–	61,194

Consolidated Statement of Cash Flow

for the year ended 31 December 2011

	Notes	2011 €'000	2010 €'000
Cash flows from operating activities			
Cash generated by operations	a	**(3,732)**	(15,766)
Income tax paid		**(50)**	(146)
Net cash outflow from operating activities		**(3,782)**	(15,912)
Cash flows from investing activities			
Proceeds from sales of investments		**1,314**	1,303
Payment for acquisition of joint venture		**–**	(3,791)
Acquisition of property, plant and equipment	13	**(14,327)**	(309)
Net cash outflow from investing activities		**(13,013)**	(2,797)
Cash flows from financing activities			
Proceeds from the issue of share capital		**36**	2,188
Proceeds from new loan		**19,227**	–
Repayment of borrowings		**–**	(18)
Interest paid		**(98)**	–
Payment of finance lease liabilities		**(23)**	(87)
Net cash inflow from financing activities		**19,142**	2,083
Net increase/(decrease) in net cash and cash equivalents		**2,347**	(16,626)
Net cash and cash equivalents at 1 January		**11,907**	28,324
Effect of foreign exchange rate fluctuations on cash held		**16**	209
Net cash and cash equivalents at 31 December	20	**14,270**	11,907

Consolidated Statement of Cash Flow (continued)

for the year ended 31 December 2011

	2011 €'000	2010 €'000
(a) Cash flows from operating activities		
(Loss)/profit for the period	**(29,271)**	10,065
Adjustments for:		
Depreciation	**313**	540
Amortisation of intangible assets	**337**	337
Carbon price fair value adjustment	**21,654**	1,857
Impairment loss on CDC assets	**1,968**	732
Impairment of discontinued operation	**–**	120
Share of loss of equity accounted investees	**670**	187
Gain on increase of control from associate to JV	**(1,704)**	–
Gain on sale of investment	**(578)**	–
Share-based payment transactions	**117**	102
Income tax expense/(credit)	**13**	(894)
Other income – Carbon	**–**	(5,770)
Finance cost	**918**	1,240
Finance income	**(513)**	(1,393)
Foreign exchange loss/(gain) on translation	**733**	(1,315)
Interest received	**50**	83
Interest paid	**(10)**	(16)
Impairment loss on development costs	**1,556**	–
Operating cash flows before movements in working capital	**(3,747)**	5,875
Changes in working capital		
Decrease/(increase) in CDC assets	**886**	536
Decrease/(increase) in intangible assets	**1,386**	(2,712)
Decrease in prepayments	**2,056**	158
Decrease/(increase) in accrued income	**9,215**	(10,378)
Increase in trade and other receivables	**(1,106)**	(1,346)
Decrease in trade and other payables	**(12,434)**	(6,919)
Increase/(decrease) in tax provision	**12**	(980)
Cash generated by operations	**(3,732)**	(15,766)

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 2011 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 May 2012.

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 page 24. 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 sufficient 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.

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.

Notes
(continued)

1 Accounting Policies (continued)

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. 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.

Presentation of Cash Flow Statement

Presentation of Reporting cash flows from operating activities has been changed from direct method (whereby major classes of gross cash receipts and gross cash payments are disclosed) to the indirect method in order to reflect the underlying information held by the Group, (whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows). Comparatives have been also changed to indirect method.

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.

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.

Project revenue consists of development fees, management service fees and revenue derived directly from projects where Camco holds an ownership interest.

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.

Notes
(continued)

1 Accounting Policies (continued)
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.

Construction in Progress
Items are held at historical cost and are depreciated from the date the asset is completed and ready for use.

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 Non-current Assets Held for Sale and Discontinued Operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

Notes
(continued)

1 Accounting Policies (continued)
A discontinued operation is a component of the Company'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 income statement is restated as if the operation has 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.

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.

Notes
(continued)

1 Accounting Policies (continued)

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 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 2011, and have not been applied in preparing these consolidated financial statements:

- IFRS 9 Financial Instruments: (effective periods beginning on or after 1 January 2013): This standard is expected to result in additional disclosure in the consolidated financial statements.
- IFRS 10 Consolidated Financial Statements: This standard is expected to result in additional disclosure in the consolidated financial statements.
- IFRS 12 Disclosure of Interests in Other Entities: (effective periods beginning on or after 1 January 2013): The application will result in additional disclosure in the consolidated financial statements.
- IFRS 13 Fair Value Measurement: (effective periods beginning on or after 1 January 2013): The application will result in additional disclosure in the consolidated financial statements.
- IAS 19 Employee Benefits (amended 2011): (effective periods beginning on or after 1 January 2013): The application will result in additional disclosure in the consolidated financial statements.
- IAS 28 Investments in Associates and Joint Ventures (2011): (effective periods beginning on or after 1 January 2013): 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. Projects: The Clean Energy Project Development 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.

Inter segment transactions are carried out at arm's length.

Group also views its business geographically: EMEA (including Europe, Middle East, Africa and Russia), ASIA (China and South East Asia), and US (mainly North America)

Operating segments	Carbon 2011 €'000	Carbon 2010 €'000	Projects 2011 €'000	Projects 2010 €'000	Eliminations 2011 €'000	Eliminations 2010 €'000	Consolidated 2011 €'000	Consolidated 2010 €'000
Revenue	**8,544**	22,217	**1,651**	1,735	**–**	–	**10,195**	23,952
Re-measurement of past revenue estimates	**(21,654)**	(1,837)	**–**	–	**–**	–	**(21,654)**	(1,837)
Inter-segment revenue	–	–	**1,572**	1,967	**(1,572)**	(1,967)	**–**	–
Total segment revenue	**(13,110)**	20,380	**3,223**	3,702	**(1,572)**	(1,967)	**(11,459)**	22,115
Segment gross margin	**(17,985)**	14,444	**1,888**	1,895	**–**	–	**(16,097)**	16,339
Other income – carbon	**–**	5,770	**–**	–	**–**	–	**–**	5,770
Other income-gain on sale of investment	**–**	–	**578**	–	**–**	–	**578**	–
Segment administrative expenses	**(5,242)**	(7,928)	**(4,780)**	(2,523)	**–**	–	**(10,022)**	(10,451)
Segment result	**(23,227)**	12,286	**(2,314)**	(628)	**–**	–	**(25,541)**	11,658
Unallocated expenses							**(3,217)**	(3,510)
Share-based payments							**(117)**	(102)
Restructuring charges							**(236)**	(82)
Results from operating activities							**(29,111)**	7,964
Finance income							**2,217**	2,624
Finance expense							**(1,749)**	(1,223)
Share of loss of equity accounted investees							**(670)**	(187)
Taxation							**(328)**	888
Loss from discontinued operation (net of income tax)							**370**	(1)
(Loss)/profit for the year							**(29,271)**	10,065
Segment assets	**35,712**	75,995	**32,189**	4,733	**–**	–	**67,901**	80,728
Other investments	**–**	–	**3**	236	**–**	–	**3**	236
Unallocated assets							**1,247**	780
Assets held for sale							**4,620**	5,294
Total assets							**73,771**	87,038
Segment liabilities	**(20,911)**	(21,201)	**(17,090)**	–	**–**	–	**(38,001)**	(21,201)
Unallocated liabilities							**(1,200)**	(1,158)
Liabilities held for sale							**(1,891)**	(3,485)
Total liabilities							**(41,092)**	(25,844)
Capital expenditure	**120**	156	**15,435**	235	**–**	–	**15,555**	391
Depreciation	**158**	273	**127**	97	**–**	–	**285**	370
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**–**	337
Impairment losses on goodwill, intangible assets and property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	120

Notes
(continued)

2 Segmental Reporting (continued)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of its customers, segment assets are based on the geographical location of the asset.

Geographical Information

Revenue by geographical region of projects:	2011 €'000	2010 €'000
EMEA	**(1,615)**	1,725
ASIA	**(11,121)**	19,925
USA	**1,277**	465
Total revenue	**(11,459)**	22,115

Revenue by domicile of Group entity that owns the projects:	2011 €'000	2010 €'000
EMEA	**(12,983)**	20,955
ASIA	**191**	387
USA	**1,333**	773
Total revenue	**(11,459)**	22,115

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.

Non-current assets by geographical region:	2011 €'000	2010 €'000
EMEA	**4,049**	5,870
ASIA	**10,320**	10,730
USA	**15,983**	930
Non-current assets	**30,352**	17,530

3 Revenue

By reporting segments:	2011 €'000	2010 €'000
Carbon	**8,544**	22,217
Carbon price fair value adjustment	**(21,654)**	(1,837)
Projects	**1,651**	1,735
Total revenue	**(11,459)**	22,115

Due to the carbon price reduction in 2011 the accrued income balance was reduced by €21.7m (2010: €1.8m) for floating and unsold contracts; see Note 18– Prepayments and accrued income for further details.

4 Other Income

Other Income – Carbon

In the prior year 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 €10.8 million of cash. Camco contributed its existing South East Asian carbon portfolio, exclusivity to the region, brand and other intellectual property for €12.5 million (carrying value of €0.6m) and cash of €3.8 million in return for 60.1% holding.

On the same day, Camco South East Asia Limited issued a convertible bond to Khazanah for €7.5 million, convertible to shares at the end of three years or sooner under certain conditions. Camco Mauritius Limited ('CML') was issued a warrant over Camco South East Asia Limited shares amounting to €2.8 million, 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.

	2011 €'000	2010 €'000
Recognition of Group's ownership interest in joint venture at the end of the period	–	10,140
Assets of the Camco South East Asia business derecognised	–	(4,370)
Net gain on loss of control of the Camco South East Asia business	–	5,770

Other Income – Net Gain on Disposal of Investment

On 22 December 2011, the Group disposed of its investment in Renewable Energy Partnerships Limited to whom the Group had provided a loan, for the cash consideration of €1,286,000. Investing and divesting is considered to be part of the operational strategy of the projects segment of the business.

	2011 €'000	2010 €'000
Disposal proceeds	**1,286**	–
Net investment disposed of	**(708)**	–
Net gain on disposal of investment	**578**	–

5 Expenses and Auditors' Remuneration

Included in comprehensive income are the following:

	2011 €'000	2010 €'000
Depreciation of property, plant and equipment – owned assets**	**306**	540
Depreciation of property, plant and equipment – leased assets*	**7**	80
Share-based payments	**117**	101
Impairment loss on development costs	**1,556**	–
Other expenses – restructuring charges	**236**	82

* Depreciation for leased assets is for discontinued operations.

** Depreciation for owned assets includes a charge of €21,000 (2010: €90,000) for discontinued operations.

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:

	2011 €'000	2010 €'000
Audit of these financial statements	**143**	166
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**32**	86
Non-audit services	**11**	–
Total services	**186**	252

Fees payable to the Company's auditor for the audit of the Company's annual accounts includes a charge of €Nil (2010: €36,000) for the review of the Group's interim financial report as in 2011 there was no review.

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.

Notes (continued)

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:

	2011	Number of employees 2010
Carbon	**65**	75
Advisory (Discontinued Operation)	**57**	54
Projects	**41**	45
Group	**19**	29
	182	203

The aggregate payroll costs of continuing operations were as follows:

	2011 €'000	2010 €'000
Wages and salaries	**6,319***	6,863
Share-based payments (see Note 7)	**117**	101
Social security costs	**663**	667
Contributions to defined contribution plans	**183**	174
	7,282	7,805

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

* Included within wages and salaries is €162,000 of redundancy payments (2010: €82,000).

7 Share-based Payments

During the year, the Group operated a share-based incentive plan for its employees called the Long-Term Incentive Plan (the 'LTIP'). In addition to the LTIP, Re-fuel Technology Limited has also operated a management share-based incentive plan. The charge for these schemes is as follows:

	2011 €'000	2010 €'000
Long-Term Incentive Plan	**21**	102
Other incentive share options	**96**	–
	117	102

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 2011 and 2012 and upon certain market and non-market performance conditions being met for the reporting years ending 31 December 2009, 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 options 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.

	2011 Number of options	2010 Number of options
Outstanding at the beginning of the year	**7,069,435**	12,605,013
Granted during the year	**4,000,000**	340,000
Forfeited during the year	**(509,595)**	(2,545,823)
Vested during the year	**(3,559,840)**	(3,329,755)
Outstanding at the end of the year	**7,000,000**	7,069,435
Exercisable at the end of the year	**1,145,463**	273,530

	2011	2010
Weighted average share price at grant (€ cents)	**19.4**	24.9
Weighted average fair value of option (€ cents)	**2.2**	4.1
Exercise price (€ cents)	**1.0**	1.0
Weighted average life at grant (years)	**2.6**	2.1

The options 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 €281,000 (2010: €114,000), 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

	2011 €'000	2010 €'000
Finance income		
Interest on bank deposits	**47**	83
Unwinding of discount on accrued revenue	**466**	1,085
Other interest – receivable	**–**	142
Foreign exchange movements – unrealised	**–**	1,281
Foreign exchange movements – realised	**–**	33
Other income – fair value gain*	**1,704**	–
	2,217	2,624
Finance expense		
Unwinding of discount on accrued costs	**(164)**	(90)
Interest on overdraft and borrowings	**(159)**	(18)
Interest on finance lease creditor	**(17)**	(17)
Other interest – payable arising on payment on account	**(676)**	(1,098)
Foreign exchange movements – unrealised	**(185)**	–
Foreign exchange movements – realised	**(548)**	–
	(1,749)	(1,223)
Net finance income	**468**	1,401

* Other Income – Gain on obtaining joint control.

Notes
(continued)

9 Net Finance Income (continued)

On 9 February 2011, the group acquired further control in Renewable Energy Dynamics Holdings Ltd (REDH) due to call options lapsing as detailed in Note 15. This has resulted in a fair value uplift with REDH now becoming a Joint Venture having been accounted for as an associate previously.

	2011 €'000	2010 €'000
Fair value of investment	**2,785**	–
Net investment held	**(1,081)**	–
Fair value uplift on obtaining joint control	**1,704**	–

10 Non-current Assets Held for Sale and Discontinued Operations

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.

On 15 January 2012, the Company sold its entire UK advisory division, consisting of Camco Advisory Services Limited (UK) and its subsidiaries. In November 2011 the Company was committed to a plan to sell this division due to streamline its focus on core geographical and business areas. The related assets and liabilities were classified as held for sale at 31 December 2011. No re-measurement gain or loss has been recognised as the disposal group's carrying value is lower than its fair value less costs to sell.

Camco Advisory Services Limited (UK) was sold for a total consideration for the sale of £4.5m comprising an initial £3.25m paid on closing and up to £1.25m over the next two years through an earn-out structure.

	2011 €'000	2010 €'000
Results of discontinued operations		
Revenue	**6,965**	8,093
Expenses	**(6,910)**	(7,980)
Impairment of goodwill (see Note 14)	**–**	(120)
Profit/(loss) before tax	**55**	(7)
Tax on profit	**315**	6
Profit/(loss) for the year	**370**	(1)
Basic earnings per share in € cents	**(0.20)**	(0.00)
Diluted earnings per share in € cents	**(0.20)**	(0.00)
Cash flows used in discontinued operations		
Net cash used in operating activities	**(303)**	(278)
Net cash used in investing activities	**(30)**	(9)
Net cash from financing activities	**1**	202
Net cash used in discontinued operations	**(332)**	(85)

	2011 €'000
Assets classified as held for sale/disposal groups:	
Property, plant and equipment	**36**
Goodwill	**1,526**
Intangible asset	**114**
Trade and other receivables	**1,675**
Prepayments and accrued income	**881**
Cash and cash equivalents	**132**
Deferred tax asset	**256**
Total assets classified as held for sale	**4,620**
Liabilities classified within disposal groups:	
Trade and other payables	**(1,558)**
Corporation tax payable	**(57)**
Deferred tax liability	**(32)**
Loans and borrowings	**(244)**
Total liabilities classified as held for sale	**(1,891)**

11 Taxation

Recognised in the Income Statement

	2011 €'000	2010 €'000
Current tax expense:		
Jersey corporation tax	**–**	–
Foreign tax	**179**	126
Adjustments recognised in the current year in relation to the current tax of prior years	**29**	(960)
	208	(834)
Deferred tax expense:		
Movement in deferred tax asset and liabilities	**(195)**	(60)
Total income tax for continued and discontinued operations	**13**	(894)
Tax income for discontinued operations	**315**	6
Total income tax in the income statement	**328**	(888)

Notes
(continued)

11 Taxation (continued)
The tax charge for the period is different to the 0% rate (2010: 0%) of corporation tax in Jersey and the differences are explained below:

Reconciliation of Effective Tax Rate

	2011 €'000	2010 €'000
(Loss)/profit before tax	**(29,313)**	9,178
(Loss)/profit before tax multiplied by 0% rate of corporation tax in Jersey (2010: 0%)	**–**	–
Effects of:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	**749**	340
Non-deductible expenses	**(450)**	(187)
Change in temporary timing differences	**–**	(60)
Deferred tax movement not recognised	**–**	1
Adjustments recognised in the current year in relation to prior years	**29**	(960)
Prior year unrecognised losses utilised	**–**	(22)
Total income tax charge/(credit) in the income statement	**328**	(888)

Tax recognised directly in equity:

	2011 €'000	2010 €'000
Deferred tax recognised directly in equity	**–**	1
Total tax recognised directly in equity	**–**	1

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 2011, the Group had UK tax losses carried forward for utilisation in future periods for continuing operations amounting to €163,000 (2010: €163,000). 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:

	2011 €'000	2010 €'000
Deferred tax asset at 1 January	**192**	216
Foreign exchange movement	**11**	9
Current year charge	**185**	1
Adjustments recognised in the current year in relation to prior years	**–**	(35)
Deferred tax recognised for share-based payment directly in equity	**–**	1
Deferred tax asset classified within assets held for sale	**(256)**	–
Deferred tax asset 31 December	**132**	192

Deferred tax asset/(liabilities) compromises of:

	2011 €'000	2010 €'000
Share options	**92**	156
Accelerated Capital Allowances	**36**	30
Pensions	**4**	6
Intangible assets	**–**	(126)
Net Deferred tax asset 31 December 2011	**132**	66

	2011 €'000	2010 €'000
Deferred tax liability at 1 January	**(126)**	(221)
Utilised in the period	**94**	95
Deferred tax liability on discontinued operations	**32**	–
Deferred tax liability 31 December	**–**	(126)

12 (Loss)/Profit per Share

(Loss)/profit per share attributable to equity holders of the Company is calculated as follows:

	2011 € cents per share	2010 € cents per share
Basic (loss)/profit per share		
From continuing operations	**(15.85)**	5.67
From continuing and discontinued operations	**(15.65)**	5.67
Diluted (loss)/profit per share		
From continuing operations	**(15.85)**	5.67
From continuing and discontinued operations	**(15.65)**	5.67

	€'000	€'000
(Loss)/profit used in calculation of basic and diluted (loss)/profit per share		
From continuing operations	**(29,641)**	10,066
From continuing and discontinued operations	**(29,271)**	10,065
Weighted average number of shares used in calculation		
Basic	**186,990,087**	177,375,319
Diluted	**186,990,087**	177,648,693

Weighted Average Number of Shares Used in Calculation – Basic

	2011 Number	2010 Number
Number in issue at 1 January	**185,618,253**	173,007,585
Effect of own shares held	**(3,460,610)**	(4,627,388)
Effect of share options exercised	**1,890,754**	3,718,830
Effect of shares issued in the year	**2,941,690**	5,276,292
Weighted average number of basic shares at 31 December	**186,990,087**	177,375,319

Weighted Average Number of Shares Used in Calculation – Diluted

	2011 Number	2010 Number
Number in issue at 1 January	**185,618,253**	173,007,585
Effect of own shares held	**(3,460,610)**	(4,627,388)
Effect of share options exercised	**1,890,754**	3,718,830
Effect of shares issued in the year	**2,941,690**	5,276,292
Dilutive effect of share options granted	**–**	273,374
Weighted average number of diluted shares at 31 December	**186,990,087**	177,648,693

Notes
(continued)

13 Property, Plant and Equipment

Computer and Office Equipment

	2011 €'000	2010 €'000
Cost at 1 January	**2,311**	1,690
Additions	**187**	528
Disposals	**–**	(27)
Effect of movements in foreign exchange	**43**	120
Reclassification to assets held for sale	**(1,275)**	–
Cost at 31 December	**1,266**	2,311
Accumulated depreciation at 1 January	**(1,789)**	(1,250)
Charge for the year	**(243)**	(460)
Disposals	**–**	11
Effect of movements in foreign exchange	**(49)**	(90)
Reclassification to assets held for sale	**1,248**	–
Accumulated depreciation at 31 December	**(833)**	(1,789)
Net book value at 1 January	**522**	440
Net book value at 31 December	**433**	522

Leasehold Improvements

	2011 €'000	2010 €'000
Cost at 1 January	**589**	592
Disposals	**(5)**	(40)
Effect of movements in foreign exchange	**14**	37
Reclassification to assets held for sale	**(20)**	–
Cost at 31 December	**578**	589
Accumulated depreciation at 1 January	**(371)**	(304)
Charge for the year	**(70)**	(80)
Disposals	**5**	40
Effect of movements in foreign exchange	**(14)**	(27)
Reclassification to assets held for sale	**11**	–
Accumulated depreciation at 31 December	**(439)**	(371)
Net book value at 1 January	**218**	288
Net book value at 31 December	**139**	218

Construction in Progress

	2011 €'000	2010 €'000
Cost at 1 January	**–**	–
Additions	**15,416**	–
Cost at 31 December	**15,416**	–
Accumulated depreciation at 1 January	**–**	–
Charge for the year	**–**	–
Accumulated depreciation at 31 December	**–**	–
Net book value at 1 January	**–**	–
Net book value at 31 December	**15,416**	–

Total Property, Plant and Equipment

	2011 €'000	2010 €'000
Cost at 1 January	**2,900**	2,282
Additions	**15,603**	528
Disposals	**(5)**	(67)
Effect of movements in foreign exchange	**57**	157
Reclassification to assets held for sale	**(1,295)**	–
Cost at 31 December	**17,260**	2,900
Accumulated depreciation at 1 January	**(2,160)**	(1,554)
Charge for the year	**(313)**	(540)
Disposals	**5**	51
Effect of movements in foreign exchange	**(63)**	(117)
Reclassification to assets held for sale	**1,259**	–
Accumulated depreciation at 31 December	**(1,272)**	(2,160)
Net book value at 1 January	**740**	728
Net book value at 31 December	**15,988**	740

Finance Leases
The Group leases equipment under a number of finance lease agreements. At 31 December 2011 the net carrying amount of leased computer and office equipment was €2,750 (2010: €10,500).

Construction in Progress
The Group has invested in a dairy biogas project in North America which is designed to produce biogas from cow manure which fuels the generation of renewable electricity. The amount of borrowing costs capitalised during the period was €450,000.

14 Intangible Assets

Goodwill on Acquisition and Other Intangible Assets

	2011 €'000 Goodwill on acquisition	2011 €'000 Other intangible assets	2011 €'000 Total	2010 €'000 Goodwill on acquisition	2010 €'000 Other intangible assets	2010 €'000 Total
Cost at 1 January	**14,052**	**1,852**	**15,904**	14,122	1,852	15,974
Acquisitions – internally developed	**–**	**–**	**–**	–	–	–
Revision to original purchase consideration	**–**	**–**	**–**	(55)	–	(55)
Disposal	**–**	**–**	**–**	–	–	–
Foreign exchange movement	**–**	**–**	**–**	(15)	–	(15)
Reclassified to assets held for sale	**(1,959)**	**(1,852)**	**(3,811)**	–	–	–
Cost at 31 December	**12,093**	**–**	**12,093**	14,052	1,852	15,904
Amortisation at 1 January	**(12,093)**	**(1,400)**	**(13,493)**	(11,973)	(1,063)	(13,036)
Amortisation charge	**–**	**(337)**	**(337)**	–	(337)	(337)
Impairment loss	**–**	**–**	**–**	(120)	–	(120)
Reclassified to assets held for sale	**433**	**1,737**	**2,170**	–	–	–
Accumulated amortisation & impairment at 31 December	**(11,660)**	**–**	**(11,660)**	(12,093)	(1,400)	(13,493)
Net book value at 1 January	**1,959**	**452**	**2,411**	2,149	789	2,938
Net book value at 31 December	**433**	**–**	**433**	1,959	452	2,411

Carbon in Specie

At 31 December 2011 the Group held carbon credits with a market value of €644,000 (2010: €2,030,000) in its registry accounts. The majority of these carbon credits have sale contracts and will be delivered in 2012.

Notes
(continued)

15 Investments in Associates and Joint Ventures

The Group's share of loss in its equity accounted investees and joint ventures for the year were €670,000 (2010: €187,000). The Group has not recognised losses relating to ESD Biomass Ltd and Camco International Ltd (UK registered), totalling €Nil (2010: €Nil) 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 being €567,000 (2010: €558,000), Camco South East Asia Limited ('CSEA') being €9,853,000 (2010: €10,283,000), Renewable Energy Dynamics Holdings Limited ('REDH') being €2,689,000 (2010: €1,080,000), and Other Investments of €43,000 (2010: €43,000).

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

2011	**Investment**	**Holding**	**Total assets €'000**	**Total liabilities €'000**	**Net assets €'000**	**Revenue €'000**	**Expenses €'000**	**Profit/(loss) €'000**
CSEA	**Joint Venture**	**60.1%****	**23,537**	**(7,143)**	**16,394**	**198**	**(1,352)**	**(1,154)**
AG Power LLC	**Joint Venture**	**40%*****	**1,775**	**(1,735)**	**40**	**675**	**(635)**	**40**
ESD Biomass Ltd	**Joint Venture**	**50%**	**–**	**(83)**	**(83)**	**–**	**–**	**–**
REDH	**Joint Venture**	**53.8%***	**2,759**	**(513)**	**2,246**	**–**	**(112)**	**(112)**

2010	Investment	Holding	Total assets €'000	Total liabilities €'000	Net assets €'000	Revenue €'000	Expenses €'000	Profit/(loss) €'000
CSEA	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)	–	–	–
REDH	Associate	62.9%*	1,958	(241)	1,717	13	(15)	(2)

* 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 as such the Group has accounted for REDH as an associate from this date onwards up to the date of option lapsed, 9 February 2011. From 9 February 2011 onwards REDH has been accounted as joint venture in line with the shareholding agreement which sets joint control and unanimous consent of members for key strategic financial and operational activities of the company. REDH issued shares during 2011 which has diluted the group's shareholding from 62.9% to 53.8%.

** 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 €7.6 million, 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 €2.8 million, 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.

*** AG Power LLC has been accounted for as a joint venture in line with the shareholding agreement which sets joint control and unanimous consent of members for key strategic financial and operational activities of the company, despite the 40% holding that Camco owns in it.

The Group has made no provisions in respect of ESD Biomass 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

	2011 €'000	2010 €'000
Fair value at 1 January	**236**	225
Foreign exchange movements	**5**	11
Disposal	**(238)**	–
Fair value at 31 December	**3**	236
Share of loss at 1 January	**–**	–
Share of loss at 31 December	**–**	–
Net book value at 1 January	**236**	225
Net book value at 31 December	**3**	236

The available for sale investments held at 31 December 2011 are listed below. The investments are recorded at fair value.

	Holdings	2011 €'000	2010 €'000
Renewable Energy Partnerships Ltd	**10%**	**–**	233
Energy Mixx AG	**0.02%**	**3**	3
Fair value at 31 December		**3**	236

17 Work in Progress

	2011 €'000	2010 €'000
Carbon development contracts	**3,199**	6,053
	3,199	6,053

18 Prepayments and Accrued Income

	2011 €'000	2010 €'000
Prepayments	**722**	3,261
Accrued income – CDC accruals*	**15,939**	40,907
Accrued income – other	**183**	1,342
	16,844	45,510

* Accrued income represents the Group's best estimate of the value of carbon credits to be received.

The reduction in 'Accrued Income-CDC Accruals' above reflects €21.7m reduction in respect of adjustments made to reflect the carbon price for floating price or unsold contracts (calculated at the average price during December 2011) together with movements on this balance which relate to carbon credits being delivered and sold or earned in the period.

The Group recognises revenue based on the fair value of the carbon credits to be received from contracts, once the development work on these projects is completed by the Group and the project is deemed 'CDC operational', meaning as a minimum they are fully commissioned and registered with the relevant regulatory body. CDC operational projects are only a proportion of Camco's carbon portfolio; projects still in the development phase where the Company has secured the rights to receive future revenue streams are not recognised in revenue. For further details refer to the Group accounting policies which have been applied consistently as outlined in Note 1 of the accounts.

Accrued income is recognised for CDC operational projects. The balance contains:

- Accrued income for contracts with fixed sale prices; and
- Accrued income for contracts with floating sales prices or that are unsold.

Notes
(continued)

18 Prepayments and Accrued Income (continued)

Accrued income on floating and unsold contracts is re-valued at each balance sheet date according to carbon market prices. CER carbon prices used in the valuation of accrued income as at 31 December 2011 and 31 December 2010 are shown at table below:

	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
31-Dec-11	€4.71	€5.33	€5.61	€5.87	€5.87	€6.08	€6.39	€6.62	€6.89	€7.21
31-Dec-10	€11.67	€11.44	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Intercontinental Exchange ECX CER Futures www.theice.com

19 Trade and Other Receivables

	2011 €'000	2010 €'000
Interest receivable	–	140
Trade receivables	1,856	2,106
Other receivables	2,531	3,317
	4,387	5,563

20 Cash and Cash Equivalents

	2011 €'000	2010 €'000
Cash on deposit	11,165	9,382
Cash equivalents – 3 month deposit	–	3,000
Cash held for restricted use*	3,337	–
Cash and cash equivalents	14,502	12,382
Bank overdrafts used for cash management purposes (Note 24)**	(232)	(475)
Cash and cash equivalents in the cash flow statement**	14,270	11,907

* Included within cash and cash equivalents is a debt reserve balance of €946,000 and €2,231,000 provided by the lender for sole use in the construction of the biogas project in North America.

** Includes cash from discontinued operations as disclosed in Note 10.

21 Trade and Other Payables

	2011 €'000	2010 €'000
Trade payables and non-CDC accruals	4,807	3,944
Other accruals – CDC accruals	7,668	9,207
Payment on account received	6,426	10,200
Deferred income	480	1,727
	19,381	25,078

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 €2.2m increase in income over the next 1.5 years based on completed projects recognised in accrued income.

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 Africa €'000	Other €'000	Total €'000
Balances at 31 December 2011	**8,333**	**1,885**	**3,669**	**–**	**275**	**58**	**50**	**14,270**
Balances at 31 December 2010	10,584	(51)	593	33	532	52	164	11,907

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 €542,000 and €686,000 unrealised income statement gain or loss.

Interest Rate Risk
The Group has €232,000 (2010: €475,000) 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.

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:

	2011 €'000	2010 €'000
Trade and other receivables	**4,387**	5,563
Cash on deposit	**14,502**	12,382
	18,889	17,945

Notes
(continued)

23 Financial Instruments (continued)

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

	2011 €'000	2010 €'000
EMEA	**1,952**	3,426
ASIA	**561**	383
USA	**1,874**	1,754
	4,387	5,563

Impairment Losses

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

	Gross 2011 €'000	**Impairment 2011 €'000**	Gross 2010 €'000	Impairment 2010 €'000
Current	**454**	**–**	1,590	–
Past due under 30 days	**187**	**–**	436	–
Past due between 31 and 120 days	**295**	**–**	1,029	–
Past due between 121 and 1 year	**2,380**	**–**	1,099	–
Past due more than 1 year	**1,071**	**–**	1,445	(36)
	4,387	**–**	5,599	(36)

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

	2011 €'000	2010 €'000
Balance at 1 January	**(36)**	(66)
Utilised and released in the period*	**–**	66
Impairment loss recognised	**–**	(36)
Reclassified to discontinued operations	**36**	–
Balance at 31 December	**–**	(36)

* 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 for both continuing and discontinued operations:

Non-derivative Financial Instruments

	Carrying 2011 €'000	Contractual 2011 €'000	1 year or less 2011 €'000	1-2 years 2011 €'000	2-3 years 2011 €'000	3-4 years 2011 €'000	More than 4 years 2011 €'000
Finance lease liabilities*	**12**	**(12)**	**(7)**	**(5)**	**–**	**–**	**–**
Secured loans	**15,640**	**(16,555)**	**(315)**	**(1,261)**	**(6,233)**	**(1,261)**	**(7,485)**
Bank overdraft*	**232**	**(232)**	**(232)**	**–**	**–**	**–**	**–**
Unsecured Loans	**3,858**	**(3,858)**	**(3,858)**	**–**	**–**	**–**	**–**
Non-CDC trade and other payables	**4,807**	**(4,807)**	**(4,807)**	**–**	**–**	**–**	**–**
CDC Accruals	**7,668**	**(7,668)**	**(7,668)**	**–**	**–**	**–**	**–**

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 bank loans	–	–	–	–	–	–	–
Bank overdraft	475	(475)	(475)	–	–	–	–
Non-CDC trade and other payables	3,944	(3,944)	(3,944)	–	–	–	–
CDC Accruals	9,207	(9,207)	(9,207)	–	–	–	–

* This relates to discontinued operations, for discontinued operations information please refer to Note 10.

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	2011 €'000	2010 €'000
Non-current liabilities					
Finance lease liabilities*	GBP	Various	2013	**5**	12
Secured loans**	USD	Various	2018	**15,360**	–
				15,365	12

				€'000	€'000
Current liabilities					
Secured bank overdraft*	GBP	Base+2.5%	2012	**232**	475
Unsecured loans	EUR	Various	2012	**3,858**	–
Secured loans**	USD	Various	2012	**280**	–
Finance Lease liabilities*	GBP	Various	2012	**7**	10
				4,377	485

* This relates to discontinued operations. For discontinued operations information please refer to Note 10.

** The loans are secured against grant proceeds that are to be applied for and received in AgPower Jerome LLC, and also the assets and operations of the biogas project in US.

Notes
(continued)

25 Deferred Consideration

	2011 €'000	2010 €'000
Balance at 1 January	–	59
Revision to original purchase consideration of MCF	–	(55)
Foreign exchange movements	–	(4)
Balance at 31 December	**–**	–

26 Issued Share Capital and Reserves

	Number 2011 '000	2011 €'000	Number 2010 '000	2010 €'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	**185,619**	**1,856**	173,008	1,730
Issued in the year	**–**	**–**	9,281	93
Issued for share-based payments	**3,560**	**36**	3,330	33
Issued at 31 December	**189,179**	**1,892**	185,619	1,856

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 3,559,840 ordinary shares with a value of €716,733, these shares were transferred to employees to satisfy share-based payments.

As at 31 December 2011, the EBT held nil ordinary shares of the Company (2010: 132,093). 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 in 2010. The EBT shares have a nominal value of nil, (2010: €1,321) representing 0% (2010: 0.07%) of the issued share capital of the Company.

The shares held by the EBT had a market value of €Nil at 31 December 2011 (2010: €23,777).

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 of the cost of the Company's shares held by the Group.

27 Financial Commitments

The Group's financial commitments are outlined below.

	2011 €'000	2010 €'000
Operating lease commitments		
Office rental charges within 1 year	**472**	766
Office rental charges between 1 year and 5 years	**202**	504
	674	1,270

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. Mike Ashburn is a director of CWE (shareholder) and a director of Camco South East Asia Ltd (joint venture).

Income Statement

	2011 €'000	2010 €'000
Administrative expenses:		
Mike Ashburn	**30**	–
ClearWorld Energy Limited	**–**	45
Consortia Partnership Limited	**117**	101
KWI Consulting AG	**1**	6
Joseph Wildburger	**3**	18

Balance Sheet

	2011 €'000	2010 €'000
Trade and other receivables:		
KWI Consulting AG	**–**	47
Trade and other payables:		
ClearWorld Energy Limited	**–**	27
Consortia Consulting	**–**	9
KWI Consulting AG	**5**	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 €28,646 (2010: €28,011) each during the year from the discontinued operations.

Notes
(continued)

28 Related Parties (continued)

Equity Accounted Investees and Joint Ventures

The net amounts receivable/(payable) from equity accounted investees and joint ventures is €1,727,291 (2010: €1,232,898). No amounts are receivable or payable to other joint venture participants.

29 Group Entities

Significant Subsidiaries

Each of the following subsidiary undertaking is included in the consolidated accounts of the Group

Investment	Country of incorporation	Principal activity	Ownership 2011	Ownership 2010
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) Ltd	British Virgin Island	Holding Company	100%	100%
Camco Holdings UK Limited	England & Wales	Holding Company	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 Limited	Jersey	Carbon Contractor	100%	100%
Camco Luxembourg S.ar.l	Luxembourg	Holding Company	100%	100%
Camco Taiyangshan Carbon Limited	Jersey	Dissolved	100%	100%
Camco Huajin Carbon Limited	Jersey	Carbon Contractor	100%	100%
Camco Xiyang Carbon Limited	Jersey	Carbon Contractor	100%	100%
Camco Offsets LLC	USA	Carbon Contractor	100%	100%
Camco Carbon Int. Ltd	Jersey	Carbon Contractor	100%	100%
Camco Carbon Ltd	Jersey	Carbon Contractor	100%	100%
Camco Carbon Africa Ltd	Jersey	Carbon Contractor	100%	–
Camco I Ltd	Jersey	Carbon Contractor	100%	–
Camco II Ltd	Jersey	Carbon Contractor	100%	–

Investment	Country of incorporation	Principal activity	Ownership 2011	2010
Indirect subsidiary undertakings				
Camco Russia Branch	Russia	Business Services	**100%**	100%
Camco International Carbon Assets Information Consulting (Beijing) Co. Ltd.	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%
EPES Limited	England & Wales	Building Certification Software	**85%**	85%
Re-Fuel Technology Limited	England & Wales	Fuel Cell Research & Development	**71%**	71%
Camco International Group, Inc.	United States of America	Business Services	**100%**	100%
Camco Environmental Services Limited	England & Wales	Software Consultancy	**100%**	100%
Climate Leaders Fund Management Ltd	England & Wales	Dissolved	**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 Ltd	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%**	100%
AG Power Visalia LLC	United States of America	AG Methane Project Development	**100%**	100%
AgPower Hico LLC	United States of America	Clean Energy Development	**100%**	–
AgPower Royal City	United States of America	Clean Energy Development	**100%**	–
AgPower Iroquois LLC	United States of America	Clean Energy Development	**100%**	–
AgPower Boardman LLC	United States of America	Clean Energy Development	**100%**	–
AgPower Tulare LLC	United States of America	Clean Energy Development	**100%**	–
AgPower Wendell LLC	United States of America	Clean Energy Development	**100%**	–
AgPower FP I LLC	United States of America	Clean Energy Development	**100%**	–
AgPower FP II LLC	United States of America	Clean Energy Development	**100%**	–
AgPower FP III LLC	United States of America	Clean Energy Development	**100%**	–
AgPower FP IV LLC	United States of America	Clean Energy Development	**100%**	–
AgPower FP V LLC	United States of America	Clean Energy Development	**100%**	–
AgPower FP VI LLC	United States of America	Clean Energy Development	**100%**	–
AgInvestors I LLC	United States of America	Clean Energy Development	**100%**	–

Notes
(continued)

30 Directors' Share Interests

	Number 2011	2010
Executive Directors		
Scott McGregor	**1,587,746**	1,213,321
Yariv Cohen	**974,425**	1,200,000
Non-Executive Directors		
Jeffrey Kenna	**2,216,602**	4,079,763
Michael Farrow	**81,158**	81,158
Dr Herta von Stiegel	**81,239**	81,239

The beneficial interests of the Directors in the ordinary share capital of the Company are shown above. In addition, 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 29 to 31.

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.

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).

Investments in Associates and Joint Ventures

Certain investments held have been classified as joint ventures despite the Group shareholding. The reasons for this are outlined in Note 15.

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.

Capitalisation of Project Costs Under Development

Carbon development projects of which the Group has contracted and are 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 Group has considered the enforceability of CDC's, considering operational facts and commercial considerations and includes in its accounts the Director's best estimate of the amounts required for contract restructuring. Given the current market price of carbon, and the nature of the Group's contracts, the Group in recognising the fair value of consideration receivable has considered the ability to convert the contract into cash and include consideration of regulatory risk and liquidity.

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.

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 net book value of goodwill allocated to each of the acquisitions has been allocated to cash generating units as follows:

	CGUs			
2011	**Carbon €'000**	**Advisory €'000**	**Projects €'000**	**Total 2011 €'000**
Camco Holdings (UK) Limited	**–**	**1,203**	**–**	**1,203**
Camco Environmental Solutions Limited	**–**	**323**	**–**	**323**
Reclassified to held for sale (Note 10)	**–**	**(1,526)**	**–**	**(1,526)**
ClearWorld Energy Ventures Limited	**288**	**–**	**145**	**433**
	288	**–**	**145**	**433**

	CGUs			
2010	Carbon €'000	Advisory €'000	Projects €'000	Total 2010 €'000
Camco Holdings (UK) Limited	–	1,203	–	1,203
Camco Environmental Solutions Limited	–	323	–	323
ClearWorld Energy Ventures Limited	288	–	145	433
	288	1,526	145	1,959

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 ClearWorld Energy Ventures Limited, value is expected to be realised through contribution to the Carbon and Projects 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 2012 and beyond.
- Sensitivities for discount rate (2.5% variance) and CGU growth rates (5% variance) have been considered and would not cause the carrying amount to exceed its recoverable amount.

Further to the above, the Advisory CGU is supported by its fair value less cost to sell as demonstrated by the sale of the UK advisory business in January 2012 (see Note 32).

32 Post Balance Sheet Event

On the 15 January 2012 the group sold its UK advisory business and total consideration for the sale of Camco Advisory Services Limited (UK) was £4.5m comprising of an initial £3.25m paid on closing and up to £1.25m over the next two years through an earn-out structure. The business sold had a book value to the company of £2.2m.

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.

Corporate Directory

Company Registration Number
92432

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

Secretary
Consortia Partnership Limited

Registered Office
Channel House
Green Street
St Helier
JE2 4UH

Auditors
KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

Bankers
HSBC
PO Box 14
St Helier
Jersey
JE4 8NU

Nominated Advisor and Brokers
Singer Capital Markets Limited
One Hanover Street,
London
W1S 1YZ

Registrars
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
JE1 1ES

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.

Carbon Development Contracts (CDC)

Contracts covering the provision of services to carbon project clients. (See also Financial Statements, Notes Section – Note 1C).

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.

Climate Action Registry

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.

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 seven-year period, which can be renewed twice to make a total of 21 years, or a one-off ten-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 1 January, 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.

Forward Contract

A planned trade specifying the exchange of goods for a specified price at a specified future date.

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.

P

Power Purchase Agreement (PPA)

Long-term agreements between an energy provider and a customer to purchase on-going power at rates with pre-determined annual increases.

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).

Renewable Energy Certificate (REC)

RECs or Renewable Energy Certificates represent one mega-watt hour of renewable energy generated.

Glossary
(continued)

S

Spot Trade

The purchase or sale of an emissions certificate for immediate delivery. Spot trades are settled 'on the spot', as opposed to at a set date in the future.

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 multi-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.

MIX
Paper from
responsible sources
FSC® C023105
www.fsc.org

Printed on Greencoat 55 Silk.
Greencoat 55 Silk is an FSC-recognised paper, produced from well-managed forests. This publication was printed with vegetable oil-based inks by an FSC-recognised printer that holds an ISO 14001 certification.

Designed and produced by **Emperor Design Consultants Ltd**
Tel **+44 (0)131 220 7990 www.emperordesign.co.uk**

Camco International Limited
Channel House
Green Street
St Helier
Jersey
JE2 4UH