Camco International - Preliminary Results

Camco International Ltd
6 April 2009

Camco International Limited

Preliminary results announcement

The Camco Group, a leading climate change and sustainable development business, is pleased to announce its Preliminary results for the period ended 31 December 2008.

FINANCIAL HIGHLIGHTS as at 31 December 2008

- Maiden profit with PBT of €2.2 million (2007: loss of €12.2 million);
- Revenues of €41.5 million for Carbon, Advisory (formerly Consulting) and Investment (formerly Ventures) business units (2007: €10.4 million); and
- Strong 31 December 2008 cash balance of €27.0 million positioning the Company for 2009.

HIGHLIGHTS as at 31 December 2008

- Growth over the year in the carbon portfolio with 155.3m tonnes (Adjusted PDD) and 100.1m tonnes (Risk Adjusted);
- 20.4m tonnes (Risk Adjusted) registered in 2008 with successful registrations continuing in the period to 31 March 2009;
- Successful carbon credit transactions on 12 and 28 August 2008. The 28 August transaction delivered an upfront, non recourse payment of €15.0 million;
- The Advisory business achieved milestone of completing over 1,000 carbon emission assessments for clients;
- Expansion into the US market resulting in several carbon footprinting and project development contracts. In December 2008 Camco signed an agreement to develop projects with a leading US dairy firm;
- Sale of Dallas Clean Energy landfill gas recovery facility in Texas for total cash consideration of US$19.1 million; and
- Acquisition of ClearWorld Energy Ventures and the remaining 49% minority interest of ESD Sinosphere, representing key pieces of the Company's platform in China.

HIGHLIGHTS to 31 March 2009

- Cash position of €23.1 million as at 31 March 2009;
- The Risk Adjusted portfolio increased to 100.9m tonnes at 31 March 2009 reflecting new additions to the portfolio;
- Registration under the CDM of 5.2m tonnes (Risk Adjusted) since 31 December 2008 with 65% of the CER portfolio now registered. One project, the Fuxin Coal Mine Methane (CMM) and Coal Bed Methane (CBM) project, is anticipated to deliver 2.6m tonnes (Adjusted PDD) in the first Kyoto compliance period, using a methodology developed by Camco;
- Deliveries in the period to 31 March 2009 of 0.13m tonnes bringing total issuances to 5.6m tonnes; and
- A number of significant consulting contract wins early in 2009 including a large contract in China for the British government.

Jeff Kenna, Camco Chief Executive, said:

"Achieving a maiden profit against the current economic backdrop has been a significant achievement for the Company. We have established a business that will deliver recurring cash flows in the years ahead with a large number of projects now through the UN registration process. While 2009 will be a challenging year, our healthy cash position and global platform mean that Camco is well placed to move beyond the current adverse impact on climate change businesses"

Notes to editors:

Enquiries:

The Camco Group Jeff Kenna, Chief Executive Officer Scott McGregor, Chief Financial Officer	+44 (0)20 7121 6100
KBC Peel Hunt Ltd (Nominated Adviser and Broker) Jonathan Marren David Anderson	+44 (0)20 7418 8900
Kreab Gavin Anderson Kate Hill Michaela Wood Alex Gowlland	+44 (0)20 7554 1400

About Camco

Camco an international leader in identifying and implementing solutions that help businesses address their climate change risks and opportunities. Camco has a 20-year track record in advisory services and one of the largest and most diversified portfolios of carbon credits, making it a premier climate change and sustainable development company.

Camco brings together the distinct but complementary service areas of Carbon, Advisory and Investments to help its clients manage all aspects of their carbon risk. Camco's businesses collaborate between service groups and countries, sharing technical and commercial expertise to find the best options for its clients.

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

The Carbon business unit has also created one of the largest carbon credit portfolios by working closely with companies to identify and develop projects that reduce greenhouse gas (GHG) emissions. The team has structured ground breaking and innovative arrangements for the sale and delivery of carbon credits to compliance and voluntary buyers.

The Advisory business unit combines strategic, commercial, financial and technical expertise accrued over two decades to deliver low carbon energy and sustainable development solutions. Our experience spans emission assessments, carbon management strategies and project delivery, as well as international energy and climate change policy.

Camco's Investment business unit collaborates with manufacturers, project developers, technology providers and investor groups to turn innovative ideas into commercially viable and applicable solutions that will make a difference in tackling climate change.

Chairman's Report

I am pleased to report a first time profit for Camco in the year to 31 December 2008. Camco has attained profitability whilst continuing to invest in the growth of its global climate change and sustainable development platform. We end 2008 with no significant debt and €27.0 million in cash.

We have integrated and rebranded as Camco our businesses including ESD in the UK, Africa and Bulgaria, Bradshaw Consulting in the UK, and ESD Sinosphere and ClearWorld Energy Ventures in China. In particular, the former ESD remains central to the value of Camco's Carbon and Advisory businesses and continues to produce opportunities for our business. We are now able to deliver an extensive range of carbon reduction-related products and services for clients worldwide who are seeking to manage their growing carbon assets and liabilities. By uniting these distinct but complementary services under one banner, we will be able to deliver an extensive range of carbon reduction-related products and services, devising customised solutions for clients worldwide who are seeking to manage their growing carbon liabilities.

Advances in the macro policy environment continue to look promising for the growth of the business. The election of Barak Obama is likely to herald the emergence of the United States (US) as a lead participant in post-2012 negotiations to reduce greenhouse gas (GHG) emissions. Recent announcements by the US administration indicate that a planned cap and trade scheme would generate approximately US$650 billion in government income between 2012 and 2019 indicating the magnitude of the opportunity in the US market. Europe has reaffirmed its commitment to tackling climate change and the 2008 United Nations Climate Change conference in Poznan produced some significant decisions. The UK now requires large non-energy intensive organisations to manage their carbon emissions through the Carbon Reduction Commitment.

Through these policy discussions it has become clear that the next key objective remains evolving the relationship between the developed and developing world over reduction targets and technology transfer. This will be an enormous part of the international post-2012 solution. Camco's presence in both developing and developed countries, along with its internal policy and strategy unit that tracks and contributes to climate change policies worldwide, places it at the centre of these initiatives with the capability to facilitate and profit from the results.

The carbon markets are highly exposed to the downturn impacting the global economy. Prices for CERs have fallen from a high of €23 in the summer of 2008 to recent lows of below €10. We expect prices for CERs to remain volatile during a recessionary environment.

Despite the recent volatility, Camco believes that the €15 carbon price estimated at the time of AIM admission remains a realistic expectation as an average for the period to 2012. We remain firm in our belief that the role of cap and trade systems will continue to expand globally and that regulators will produce systems that result in an increase in the carbon price in the medium term. However, we must remain cautious with our costs and disciplined with our investment initiatives to ensure the value we have created is delivered to shareholders.

Our global platform, high quality staff and strong cash position have placed the business in a good position for 2009. We will continue to push our projects through the Clean Development Mechanism (CDM) registration process and work with partners in our key markets to identify new projects. Our investment activities, bolstered by the acquisition of Clearworld Energy Ventures in China, remain a strategic focus albeit in a challenging economic environment.

We are extremely proud to have achieved our promised maiden profit in 2008 and I would like to congratulate all of our stakeholders who contributed to this result.

David Potter
Chairman
March 2009

Financial Review

The Company is pleased to have achieved a profit before tax of €2.2 million and a net profit after tax of €1.0 million in line with management expectations (the majority of tax arising is due to the disposal of Dallas Clean Energy LLC). Total revenues for the period to 31 December 2008 were €41.5 million compared with €10.4 million for the year to 31 December 2007.

The Carbon business generated €31.3m revenue for the year 2008 up from €2.9m in 2007. This significant increase reflects the conservative recognition of revenue following achievement of registration and carbon credit operating status of projects under management during 2008.

The Advisory business delivered €8.8 million in revenues and a segment loss of €0.4 million in difficult trading conditions. The Advisory business continued to reduce receivables bringing these in line with standard industry practice. Camco expanded its consulting platform in China completing the acquisition of the 49% minority interest in ESD Sinosphere Limited.

The Investments business sold Dallas Clean Energy landfill methane collection and destruction plant for $19.1 million and completed the acquisition of ClearWorld Energy Ventures Limited (CWEV) in China. The acquisition of CWEV provides Camco with a platform for investment in the Chinese market.

As at 31 December 2008 the Company's has a net cash balance of €27.0 million. The Directors consider the Company to be in a strong financial position from which to continue its growth and market development strategy.

Segment Operational Review

Group

The Company has recently reorganised its management and organisational structure in line with its expanded service offering. The Company has reorganised into three independent business units; Carbon, Advisory and Investments. The Carbon business unit manages the global Carbon emission project business. The Advisory business unit consolidates the company's former consultancy businesses. The Investment business unit will incorporate Camco's Ventures activities and will refocus these activities on co-investment in projects and associated businesses that produce carbon credits. The Company continues to look at other measures to manage its costs effectively.

Carbon Credits

The Carbon business unit enjoyed a strong year with significant business development, continued project validation and registration, and the successful commercialisation of a portfolio of carbon credits.

The contracted portfolio comprised 155.3m tonnes (Adjusted PDD) / 100.1m tonnes (Risk Adjusted) at 31 December 2008 with only small increases in the Contracted portfolio occurring in the period to 31 March 2009. Camco has continued working with project owners to form longer term joint ventures extending beyond 2012. The average purchase price per tonne for the in specie portfolio declined from €8.06 per tonne to €7.92 per tonne as a result of the registration and de-risking of projects with low purchase prices.

The year has been significant for establishing Camco's reputation for achieving project registrations under the CDM. The year to 31 December 2008 saw a further 20.4m tonnes (Risk Adjusted) registered with additional registrations under the CDM since 31 December 2008 of 5.2 m tonnes (Risk Adjusted). Registrations accelerated towards the end of 2008 and early in 2009 providing encouraging signs of improvement in the administrative constraints that have impacted project registration earlier in 2008. Carbon deliveries totalled 2.8m tonnes for the year to 31 December 2008, with a change in the composition of credits being delivered in 2006 and 2007 from Verified Emission Reductions (VERs) to CERs in 2008. This trend will continue as the CDM portfolio matures in 2009.

Camco added a commercialisation and structuring capacity that enhanced the Company's ability to generate revenue through structured sales. This led to the successful commercialisation of a portfolio of carbon credits announced on 28 August 2008. The portfolio was placed with leading international compliance buyers. Under the deal CERs were delivered to the buyers on a non guaranteed basis at a fixed price per CER, and Camco received an upfront, non-recourse cash payment of €15.0 million. The sale of a second carbon asset portfolio was deferred. Further, spot sales from projects were also undertaken.

The carbon development business in the United States continues to grow. In December 2008 Camco signed a carbon development agreement with a leading US dairy consulting firm to develop six ag methane projects that are anticipated to yield 900,000 tCO_2e over a 10-year period. This tonnage is in addition to the ag methane project that Camco has already qualified and is commercialising in the US.

The tables below outline the component parts of Camco's carbon portfolio and include disclosure of the Risk Adjusted and Adjusted PDD (Project Design Document) tonnes under management. Definitions of these classifications are provided in Table 2 below.

Table 1 – Portfolio classifications

Portfolio classification	Definition

Adjusted PDD	Includes PDD forecasts with adjustments downwards for known operational variances for some projects that had undergone a first verification. Projects contracted but assessed by Camco as currently unlikely to become operational are not included.
Risk Adjusted	Fully risked delivery estimate reflecting known and anticipated regulatory, registration, verification, delay, operating and commercial risks across all projects in Camco's portfolio.

Table 2 - Overview of Camco's carbon credit portfolio by contract type

Contract structure	31 Mar 09	31 Dec 08	31 Mar 09	31 Dec 08
	Adjusted PDD	Adjusted PDD	Risked	Risked
	(m tonnes)[2]	(m tonnes)[2]	(m tonnes)	(m tonnes)
Carbon share	124.1	122.6	79.6	76.3
Carbon share held in specie[1]	51.1	48.4	32.0	30.7
Cash share	24.7	26.0	14.6	17.2
VERs	7.3	6.7	6.7	6.6

1 Carbon share held in specie refers to the portion of the carbon asset portfolio over which Camco has an interest.

2 Prior to validation or determination of official PDD forecasts, PDD numbers reflect Camco's current anticipated project delivery

Table 3 - Summary of Camco's carbon credit portfolio by stage

Progress through stage[1]	31 Mar 09	31 Dec 08	31 Mar 09	31 Dec 08
	Adjusted PDD	Adjusted PDD	Risked	Risked
	(m tonnes)	(m tonnes)	(m tonnes)	(m tonnes)
Contracted	156.1	155.3	100.9	100.1
PDD complete	123.3	123.2	78.8	77.4
Host LoA	105.1	94.6	64.5	56.9
Validated	90.8	83.4	55.8	50.8
Submitted for registration	79.5	76.6	46.7	46.1
Registered	78.3	67.7	46.0	40.4
1st verification[2]	25.5	22.1	18.3	16.1
Issued	5.6	5.5	5.6	5.5
Financed	124.6	122.2	85.5	81.9
Under construction	117.4	117.4	81.4	78.6
Operational	97.6	97.5	67.8	64.9

1 CDM stage or equivalent for JI and VER projects

2 Projects that have been through a minimum of one verification process or equivalent

3 Prior to validation or determination, PDD numbers reflect Camco's current anticipated project delivery

Table 4 - Summary of Camco's In specie carbon credit portfolio[1]

Progress through stage[2]	31 Mar 09	31 Mar 09
	Adjusted PDD	Risked
	(m tonnes)[4]	(m tonnes)
Contracted	51.1	32.0
PDD complete	35.8	22.1
Host LoA	29.2	17.0
Validated	25.8	15.0
Submitted for registration	22.5	11.9
Registered	22.3	11.8
1st verification[3]	2.9	2.2
Issued	0.2	0.2

1 Camco's in specie portfolio excludes VERs

2 CDM stage or equivalent for JI and VER projects

3 Projects that have been through a minimum of one verification process or equivalent

4 Prior to validation or determination, PDD numbers reflect Camco's current anticipated project delivery

Table 5 - Additional information on Camco's portfolio

	31 Mar 09 Risked (m tonnes)	31 Dec 08 Risked (m tonnes)
Gross portfolio breakdown (m tonnes)		
CERs	67.7	68.2
ERUs	26.5	25.3
VERs	6.7	6.6
Total	100.9	100.1

	31 Mar 09 Risked (m tonnes)	31 Dec 08 Risked (m tonnes)
Carbon share in specie (m tonnes)		
CERs	25.1	24.2
ERUs	6.9	6.5
VERs	-	-
Total	32.0	30.7
Camco Portfolio and forward sales[1]		
Carbon share	32.0	30.7
Carbon share forward sold	4.4	4.4
Cash share	14.6	17.2
Cash share forward sold	10.5	10.5
VERs	6.7	6.6

VERs forward sold	2.7	2.1
Price – in specie portfolio		
Average purchase price	7.92	8.06

[1] For a small number of forward sales some percentage of Camco's sale price remain linked to market prices. For example, Camco may receive a percentage of the market price in addition to a guaranteed floor price

Advisory

Camco's Advisory business has performed well considering the extremely difficult trading conditions. The UK Advisory business has a material exposure to the construction industry through the provision of sustainable design services for new construction. The economic downturn in the UK has seen a significant contraction in this market. In China, reductions in foreign investment have resulted in less than anticipated due diligence consulting assignments. Against this backdrop the Advisory business is restructuring and redeploying its workforce. For example, in the UK the introduction of the Carbon Reduction Commitment (CRC) is creating demand for core advisory services amongst new and existing clients. Moreover, demand for advisory services and its complement of software solutions, which focus on areas such as energy efficiency, industrial energy and resource management and other cost savings, have remained buoyant.

The Consultancy business has been rebranded Advisory to better reflect the expanded and diverse services now being offered to customers. The Advisory business's expansion has been focused on markets where strong demand for its services has been proven. The wider range of services is allowing for stronger relationships with customers and increasing revenue per customer. For example, Camco has established a corporate-level partnership with Siemens to provide a diverse set of carbon management services. To date, Camco has identified more than 9,000 tonnes of potential emission reductions for nine Siemens' sites in the UK, which equates to an overall reduction of 15% and cost savings to the company of £2 million per year.

The Advisory business has continued to see benefits from knowledge sharing and training between offices. Currently, Camco is working with AngloGold Ashanti, an international gold producer based in South Africa, to develop its carbon management and emission reduction strategy. This activity has included our teams in Africa, the UK and the US. The acquisition of the minority share in ESD Sinosphere in November 2008 has reinforced Camco's commitment to the Chinese market. ESD Sinosphere enjoyed a substantial two-year contract win early in 2009 funded by the UK government to identify finance mechanisms and deliver GHG emission reductions for China's iron and steel sector. Camco is ideally positioned to benefit from the increase in funding from developed to developing countries to support carbon reduction initiatives.

The UK's downturn in construction sector has impacted the Advisory business in the UK, which has derived a significant amount of its business from the provision of sustainable development and design services .Consequently, staff resources are being redirected to growth areas such as carbon management and industrial energy and resource management. It is anticipated that the introduction of new policy requirements, such as the UK Carbon Reduction Commitment (CRC), will generate new business opportunities.

Investments

Camco Investments deploys, manages and realises capital for Camco and external investors. The Investment business is focused on financing projects that produce carbon credits and on selective investments in businesses with proven clean technologies and strong business plans.

The year to 31 December 2008 heralded some exciting developments for the Investment business. On 18 August 2008, the sale at a profit of Camco's US investment, Dallas Clean Energy, demonstrated the Company's ability to create value in its Investment activities. The business was acquired on 3 December 2007 for US$13.1m and sold approximately nine months later for US$19.1m.

Camco owns 10% of renewable energy developer, Renewable Energy Partnership (REP). In 2008 REP reached a successful milestone with planning approval received for its Maerdy Windfarm in South Wales. The planned development is for eight 3MW turbines with estimated electricity generation of 64,000 megawatt hours (MWh) per year.

The acquisition of Clearworld Energy Ventures (now Camco Investments China) in May 2008 significantly expanded the Investment business's capability in China. Camco Investments in China will build on the leading market position of the Camco brand name and enable the Group to create value through investments in underlying project assets, technologies and related businesses.

Camco will continue to draw on the specialist expertise of its Advisory and Carbon businesses to generate attractive investment opportunities globally.

Outlook

Carbon deliveries anticipated in 2009 will provide recurring, sustainable cash flows. The delivery and commercialisation of these carbon credits is an important step in executing the business plan outlined at the time of admission to AIM. These deliveries will continue to grow with a significant increase anticipated in 2010 and 2011.

Capitalising on its successful monetisation strategy, Camco intends to complete structured carbon credit transactions when optimal to maximise value. The reduction in primary price carbon credit price together with the reduced competition in the market provides Camco with new business development opportunities using innovative deal structures.

The Advisory business will continue to manage costs to achieve break even for the whole business against a difficult operating environment in the UK. The business will continue to grow in China and the integration of the various elements of the consulting business will expose cross selling opportunities.

Camco will continue to expand and refocus its Investment business activities. The Company will seek to divest non core Investment businesses where appropriate value can be achieved. The Company will focus investment activities on the core markets of the US and China.

Impact of post balance date transactions

Management Share Issue

Camco will apply for the issuance 3,467,388 new ordinary shares of EUR 0.01 each in the capital of Camco ('Ordinary Shares') as part of the Camco International Limited Long Term Incentive Plan (LTIP) (3,167,388 Ordinary Shares) and as management bonuses outside the LTIP (300,000 Ordinary Shares). There will be a further disclosure on the application for admission and details on the award of the shares.

Camco International Limited

Abbreviated financial statements for the period from 1 January 2008 to 31 December 2008

Consolidated income statement
for the year ended 31 December 2008

		2008	**2007**
Continuing operations	Notes	**€'000**	**€'000**
Revenue	2	**41,463**	10,444
Cost of sales		**(16,486)**	(4,349)
Gross profit	2	**24,977**	6,095
Other income - net gain on disposal of investment		**3,766**	-
Other income - negative goodwill arising on acquisition		**267**	-

Administration expenses	3	**(24,832)**	(16,900)
Other expense - net loss on fund establishment costs	3	**(1,614)**	-
Profit/(loss) from operations		**2,564**	(10,805)
Finance income	4	**1,070**	1,171
Finance expense	4	**(1,408)**	(2,582)
Profit/(loss) before tax		**2,226**	(12,216)
Taxation		**(1,203)**	126
Profit/(loss) after tax		**1,023**	(12,090)
Attributable to:			
Equity holders of the Company		**1,134**	(12,131)
Minority shareholders		**(111)**	41
Profit/(loss) for the year		**1,023**	(12,090)
Basic and diluted profit/(loss) per share in € cents			
Basic	5	**0.62**	(8.18)
Diluted	5	**0.60**	(8.18)

The results stated above are all derived from continuing operations.

Consolidated statement of recognised income and expense
for the year ended 31 December 2008

	2008	2007
	€'000	€'000
Profit/(loss) for the year	**1,023**	(12,090)
Exchange differences on translation of foreign operations	**(741)**	337
Total recognised income and expense for the year	**282**	(11,753)
Analysed to:		
Equity holders of the Company	**393**	(11,794)
Minority interest in subsidiary companies	**(111)**	41
	282	(11,753)

Camco International Limited

Balance sheets
as at 31 December 2008

	Notes	Group 2008	Group 2007	Company 2008	Company 2007
		€'000	€'000	€'000	€'000
Assets					
Non-current assets					
Property, plant and equipment		**1,282**	1,606	**132**	106
Goodwill on acquisition		**14,120**	14,413	**-**	-
Other intangible assets		**1,794**	1,463	**-**	-
Investments in subsidiaries		**-**	-	**17,226**	18,020
Other investments		**209**	275	**-**	-
Deferred tax assets		**292**	414	**-**	-
Total non-current assets		**17,697**	18,171	**17,358**	18,126
Current assets					

Work in progress - carbon development contracts		**8,490**	13,302	**5,639**	8,642
Prepayments and accrued income		**28,545**	3,277	**26,595**	1,917
Trade and other receivables		**5,529**	5,678	**8,729**	15,078
Cash and cash equivalents		**27,064**	20,552	**26,059**	19,098
Assets classified as held for sale		**-**	8,512	**-**	-
Total current assets		**69,628**	51,321	**67,022**	44,735
Total assets	2	**87,325**	69,492	**84,380**	62,861
Liabilities					
Current liabilities					
Current tax liab		**(1,413)**	(917)	**-**	-
Trade and other payables		**(23,767)**	(5,759)	**(19,941)**	(1,172)
Loans and borrowing		**(1,426)**	(1,293)	**-**	-
Deferred consideration		**(702)**	(1,861)	**-**	-
Liabilities classified as held for sale		**-**	(143)	**-**	-
Total current liabilities		**(27,308)**	(9,973)	**(19,941)**	(1,172)
Non-current liabilities					
Loans and borrowing		**(75)**	(297)	**-**	-
Provisions		**-**	(203)	**-**	-
Deferred consideration		**(48)**	(375)	**-**	-
Deferred tax liabilities		**(315)**	(409)	**-**	-
Total non-current liabilities		**(438)**	(1,284)	**-**	-
Total liabilities	2	**(27,746)**	(11,257)	**(19,941)**	(1,172)
Net assets		**59,579**	58,235	**64,439**	61,689
Equity					
Share capital		**1,675**	1,662	**1,675**	1,662
Share premium		**71,619**	70,997	**71,619**	70,997
Share-based payment reserve		**2,751**	2,567	**2,751**	2,567
Retained earnings		**(14,972)**	(16,106)	**(10,436)**	(12,266)
Translation reserve		**(426)**	315	**-**	-
Own shares		**(1,170)**	(1,271)	**(1,170)**	(1,271)
Minority interest		**102**	71	**-**	-
Total equity		**59,579**	58,235	**64,439**	61,689

These financial statements were approved by the Board of Directors on 5 April 2009 and were signed on its behalf by:

Scott McGregor
Chief Financial Officer
Director

Camco International Limited

Cash flow statements
for the year ended 31 December 2008

	Notes	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Cash flow from operating activities					
Revenue, payments on account and deferred income received		**30,539**	8,573	**20,579**	2,919
Cash paid to suppliers		**(20,664)**	(12,298)	**(9,328)**	(8,015)
Cash paid to employees		**(13,257)**	(8,468)	**(586)**	(120)
Interest received		**935**	1,254	**779**	1,228
Interest paid		**(83)**	(72)	**(1)**	-

Service fees paid to subsidiaries	**-**	-	**(7,793)**	(5,626)
Income tax paid	**(790)**	(72)	**-**	-
Net cash flow from operating activities	**(3,320)**	(11,083)	**3,650**	(9,614)
Cash flow from investing activities				
Disposal of investment, net cash disposed of	**11,182**	-	**-**	-
Payment for acquisition of subsidiaries	**(348)**	(5,295)	**(27)**	(4,710)
Net cash/(overdraft) acquired with subsidiaries	**55**	(985)	**-**	-
Payment for purchase of property, plant and equipment	**(621)**	(1,187)	**(101)**	(12)
Payment for asset held for sale	**-**	(8,369)	**-**	-
Net cash flow from investing activities	**10,268**	(15,836)	**(128)**	(4,722)
Cash flow from financing activities				
Loans repaid/(made) to subsidiaries	**-**	-	**4,744**	(12,560)
Capital contribution paid	**-**	-	**(864)**	-
Repayment of loans and borrowing	**(163)**	-	**-**	-
Proceeds from issuance of shares	**-**	24,280	**-**	24,280
Costs of raising capital	**-**	(357)	**-**	(357)
Payment of finance lease liabilities	**(242)**	(201)	**-**	-
Net cash flow from financing activities	**(405)**	23,722	**3,880**	11,363
Change in cash and cash equivalents and bank overdraft	**6,543**	(3,197)	**7,402**	(2,973)
Opening cash and cash equivalents and bank overdraft	**19,613**	24,719	**19,098**	24,063
Effect of exchange rate fluctuations	**(1)**	(1,909)	**(441)**	(1,992)
Closing cash and cash equivalents and bank overdraft	**26,155**	19,613	**26,059**	19,098

Camco International Limited

Notes to the interim financial report

1 Significant 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 2008 comprise the Company, its subsidiaries and associates and jointed controlled entities (together the "Group"). Separate financial statements of the Company are also presented. The accounting policies of the Company are the same as for the Group except where separately disclosed.

The Company is admitted to the Alternative Investment Market ("AIM") of the London Stock Exchange.

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

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

The consolidated and separate financial statements were approved by the Board on 5 April 2009.

B Basis of preparation
The financial statements have been prepared on the historical cost basis and on a going concern basis.

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

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.

C Accounting for Carbon Development Contracts ("CDCs")
The Group enters into CDCs with clients from which carbon credits are produced. 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 period. 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 commission or non cash carbon credit contracts. Revenue from CDCs is only recognised once the Group's services to secure the production of carbon credits are significantly complete and their receipt can be forecast reliably. Revenue is recognised once a CDC is registered by a DOE and the carbon credit project is operational. Carbon credits may be generated over subsequent periods 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 the majority of carbon credits over the 2008-2012 phase of the Kyoto Protocol.

1 Significant accounting policies (continued)

Treatment of CDC costs
In light of developments in the market for carbon credits and the start of the 2008-2012 phase of the Kyoto protocol, the Directors have reconsidered the operating cycle and have concluded that the CDC costs are now better presented under current assets as work in progress and the

comparatives have been represented.

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.

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.

2 Segmental reporting

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis.

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

Business Segments
The Group comprises the following main business segments:
1. Carbon: CDC consultancy services provided on carbon asset development, commercialisation and portfolio management.
2. Advisory: The Group's advisory consulting practice providing clients with low carbon energy and sustainable development solutions.
3. Investments: Enters into partnerships with project and technology developers to commercialise climate change mitigation technologies and develop project assets.

2 Segmental reporting (continued)

Business Segments

	Carbon		Advisory		Investments		Eliminations		Consolidated	
	2008 €'000	**2007 €'000**	**2008 €'000**	**2007 €'000**	**2008 €'000**	**2007 €'000**	**2008 €'000**	**2007 €'000**	**2008 €'000**	**2007 €'000**
Revenue	**31,340**	2,875	**8,027**	6,924	**2,096**	645	**-**	-	**41,463**	10,444
Inter-segment revenue	**-**	-	**809**	496	**-**	-	**(809)**	(496)	**-**	-
Total segment	**31,340**	2,875	**8,836**	7,420	**2,096**	645	**(809)**	(496)	**41,463**	10,444

revenue										
Segment gross margin	**17,372**	1,090	**7,389**	5,148	**1,025**	353	**(809)**	(496)	**24,977**	6,095
Segment result	**7,884**	(6,026)	**(437)**	406	**1,279**	(776)	**-**	-	**8,726**	(6,396)
Unallocated expenses									**(5,487)**	(2,381)
Share-based payments									**(675)**	(2,028)
Results from operating activities									**2,564**	(10,805)
Net finance (expense)/income									**(338)**	(1,411)
Taxation									**(1,203)**	126
Profit (Loss) for the period									**1,023**	(12,090)
Segment assets	**70,272**	45,321	**13,266**	20,729	**2,712**	146	**-**	-	**86,250**	66,196
Other investments		-		-	**209**	275	**-**	-	**209**	275
Unallocated assets									**866**	3,021
Total assets									**87,325**	69,492
Segment liabilities	**(22,178)**	(3,190)	**(3,073)**	(4,377)	**(2,015)**	(997)	**-**	-	**(27,266)**	(8,564)
Unallocated liabilities									**(480)**	(2,693)
Total liabilities									**(27,746)**	(11,257)
Capital expenditure	**462**	1,028	**401**	335	**-**	25		-	**863**	1,388
Depreciation	**390**	169	**330**	210	**6**	-		-	**726**	379
Amortisation of intangible assets	**-**	-	**337**	222	**-**	-		-	**337**	222
Impairment losses of intangible assets and property, plant and equipment	**-**	153	**-**	-	**167**	-		-	**167**	153

Camco International Limited
Notes to the interim financial report (continued)

3 Total administration expenses		
Total administration expenses are analysed below.	**2008**	**2007**
	€'000	**€'000**

Depreciation of property, plant and equipment - owned assets	**504**	232
Depreciation of property, plant and equipment - leased assets	**222**	147
Share-based payments	**675**	2,028
Amortisation of intangible assets	**337**	222
Impairment losses of intangible assets	**167**	-
Other administration expenses	**22,927**	14,271
Administration expenses	**24,832**	16,900
Other expense - net loss on fund establishment costs	**1,614**	-
	26,446	16,900

4 Net finance income

	2008	**2007**
	€'000	**€'000**
Finance income		
Interest on bank deposits	**754**	1,171
Unwinding of discount on accrued revenue	**163**	-
Exchange movements - realised	**153**	-
	1,070	1,171
Finance expense		
Unwinding of discount on deferred consideration	**(108)**	(97)
Interest on overdraft and borrowings	**(81)**	(72)
Interest on finance lease creditor	**(22)**	(22)
Other interest	**(438)**	-
Exchange movements - unrealised	**(731)**	(2,256)
Exchange movements - realised	**(28)**	(135)
	(1,408)	(2,582)
Net finance income	**(338)**	(1,411)

5 Profit/(loss) per share

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

	2008	**2007**
	€ cents per share	**€ cents per share**

Basic profit/(loss) per share	**0.62**	(8.18)
Diluted profit/(loss) per share	**0.60**	(8.18)

	€'000	€'000
Profit/(loss) used in calculation of basic and diluted profit(/loss) per share - no dilutive effects	**1,023**	(12,090)
Weighted average number of shares used in calculation - basic	**165,314,890**	147,762,389
Weighted average number of shares used in calculation - diluted	**171,061,611**	147,762,389

As the shares that will be used to satisfy share options have already been issued to the Employee Benefit Trust and none of the vesting conditions of the LTIP were satisfied at the balance sheet date, there is no difference between the basic and diluted loss per share.

Weighted average number of shares used in calculation - basic	**Company 2008**	**Company 2007**
	Number	**Number**
Number in issue at 1 January 2008 & 2007	**166,151,068**	129,898,733
Effect of own shares held	**(3,470,476)**	(4,604,407)
Effect of share options exercised	**1,750,027**	1,255,607
Effect of shares issued in the period	**884,271**	21,212,456
Weighted average number of basic shares at 31 December 2008 & 2007	**165,314,890**	147,762,389

Weighted average number of shares used in calculation - diluted	**Company 2008**	**Company 2007**
	Number	**Number**
Number in issue at 1 January 2008 & 2007	**166,151,068**	129,898,733
Effect of own shares held	**(3,470,476)**	(4,604,407)
Effect of share options exercised	**1,750,027**	1,255,607
Effect of shares issued in the period	**884,271**	21,212,456
Dilutive effect of share options granted	**3,016,810**	-
Dilutive effect of deferred consideration expected to settle in shares	**2,729,911**	-
Weighted average number of diluted shares at 31 December 2008 & 2007	**171,061,611**	147,762,389