Company Registration No. 04191186

energy • environment • innovation

CantorCO2e Limited
One Churchill Place
London
E14 5RD

Annual Report and Financial Statements

For the year ended 31 December 2008

ANNUAL REPORT AND FINANCIAL STATEMENTS 2008

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the company are to provide brokerage, information and consulting services for products related to environmental markets, including Greenhouse Gases, other air pollutants and renewable energy.

CantorCO2e Limited is regulated by the Financial Services Authority.

BUSINESS REVIEW

The company made an operating loss for the year of US$ 2.4m (2007 – loss of US$ 2.3m – restated). The retained loss for the year of US$ 2.4m (2007 – loss of US$ 2.4m – restated) was transferred to reserves.

CantorCO2e Limited is managed along three principal business lines: the EU Brokerage Division, Clean Development Mechanism (CDM) Agent Revenues and Other Markets.

EU Brokerage Division

The EU Brokerage Division ("ED Desk")'s principal business involves brokering deals through the European Union Emissions Trading Scheme (EU ETS). The EU ETS is a mandatory compliance programme for large emitters in the European Union Member States, making it the largest corporate emissions trading scheme in the world.

About two billion European Allowances (EUAs) are issued each year to included companies, which establishes a cap on the total aggregate emissions from these companies. To comply with their obligations, capped companies may either reduce their emissions and sell surplus EUAs or instead buy EUAs, Certified Emission Reductions (CERs) or Emission Reduction Units (ERUs) in the marketplace. Market players include large greenhouse gas emitters from the power sector and industry, banks, hedge funds and other traders.

The EU Brokerage Division provides voice and electronic execution to traders, market access for compliance buyers, and vital market information.

CDM Agent Revenues

CDM is the element of the Kyoto Protocol that creates credits in the form of CERs from emission abatement projects in developing countries. CERs can be used for compliance in the EU ETS and other national schemes. Project development and advisory work is carried out by local CantorCO2e offices around the world, and third party agents. The resulting credits are sold into the EU market by the EU Desk.

DIRECTORS' REPORT (CONTINUED)

In addition to its direct offices, the CantorCO2e group has agency/introducing broker agreements with agents in different parts of the world. These agents carry out the work in-country, but the contractual relationship with the client (and hence the billing) is entered into by CantorCO2e Limited, or CantorCO2e LLC.

Other Markets

Other revenue streams include marketing to buyers of renewable energy on behalf of renewable energy project developers in the UK, and acting as an introducing broker for spot sales of Verified Emission Reduction units (VERs) which are purchased by companies wishing to improve their environmental image, or offset their footprint.

Principal Risks & Uncertainties

The principal risks facing CantorCO2e Limited arise from:

- competition from other brokerage and financial services firms
- changes to environmental legislation
- changes to national and international emission trading schemes
- inability to continue to attract and retain highly skilled staff.

Expected Future Developments

The EU Brokerage Division anticipates an increasing supply of CERs sourced by the CantorCO2e group's international offices, and its global network of Introducing Brokers, for sale to European clients.

In the first quarter of 2009 the Company conducted a strategic review of its operations. The Company has implemented several initiatives to reduce operating costs and focus its operations on the EU Brokerage Division.

DIRECTORS' REPORT (CONTINUED)

Going Concern

We measure the achievement of our objectives through the use of qualitative assessments and through the monitoring of quantitative indicators, termed key performance indicators (KPIs) introduced in 2008. In line with our operating objectives, the loss before tax; regulatory capital and liquidity is monitored on a regular basis. The regulatory capital is defined as capital required to cover credit, market and operational risks. As part of the company's Internal Capital Adequacy Assessment Plan (ICAAP) the regulatory capital is monitored.

	2008 US $	2007 US $
Loss before tax	(2,272,786)	(2,373,165)
Regulatory Capital	1,244,296	2,623,955

The Directors expect the company to continue for at least the next twelve months and have therefore used the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The retained loss for the year amounted to US$ 2,379,659 (2007: US$ 2,373,165 – restated). The directors do not recommend the payment of a dividend (2007 – nil).

DIRECTORS

The directors, who served throughout the year except as noted, were as follows:

Mr S Bartlett	(Resigned 31 December 2008)
Mr S Drummond	(Removed 24 April 2009)
Mr H W Lutnick	
Mr D Barnard	
Mr S Merkel	
Mr N Price	(Resigned 23 January 2009)
Mr L Rose	
Mr M Cooper	(Appointed 07 January 2009)
Mr A G Sadler	(Appointed 24 April 2009)

The directors had no disclosable interests in the company or any UK group company at the beginning of the year, at the date of their appointment during the year or at the end of the year.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of US$ 10,906 (2007: US$ 512).

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Each person who is a director at the date of approval of this report confirms that:

1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 04 February 2009 Deloitte and Touche LLP resigned as auditors.

Ernst & Young LLP were subsequently appointed and have expressed their willingness to continue in office as auditors. The company has elected to dispense with the obligation to appoint auditors annually and accordingly Ernst & Young LLP shall be deemed to be reappointed as auditors for a further term under the provisions of s386(2) of the Companies Act 1985.

Approved by the Board and signed on its behalf by:

A. /. Sadler

Anthony Graham Sadler
Director
24 April 2009

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANTORCO2E LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Combined Statement of Movements in Shareholders' Funds and Statement of Movements in Reserves, the Cash Flow Statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditors
London
28th April 2009

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

	NOTE	2008 US $	2007 US $ Restated
TURNOVER	2	**2,724,765**	**3,951,068**
Cost of sales		(3,260,371)	(4,168,316)
GROSS LOSS		**(535,606)**	**(217,248)**
Administrative expenses		(1,980,252)	(2,034,029)
Foreign exchange gain / (loss)		149,163	(12,028)
OPERATING LOSS	3	**(2,366,695)**	**(2,263,305)**
Unrealised loss on investment held for sale	11	(286)	-
Interest income	4, 6	76,360	116,042
Interest expense	7	(89,038)	(225,902)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(2,379,659)**	**(2,373,165)**
Tax charge on loss on ordinary activities	8	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR		**(2,379,659)**	**(2,373,165)**

All of the above activities are continuing for the current and prior year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2008

	NOTE	2008 US $	2007 US $ Restated
Loss attributable to shareholders of the company		(2,379,659)	(2,373,165)
Total recognised gains and losses for the year		**(2,379,659)**	**(2,373,165)**
Prior year adjustment	4	106,873	
Total recognised gains and losses since last annual financial report		**(2,272,786)**	**(2,373,165)**

BALANCE SHEET

As at 31 December 2008

	NOTE	2008 US $	2007 US $ Restated
FIXED ASSETS			
Investments	10	2	2
		2	2
CURRENT ASSETS			
Investments	11	175	461
Debtors	12	983,716	2,057,289
Cash at hand or in bank		3,990,626	4,065,306
		4,974,517	6,123,056
CREDITORS: amounts falling due within one year	13	(2,230,223)	(3,499,103)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,744,296	2,623,955
CREDITORS: amounts falling due after one year	14	(1,500,000)	-
		1,244,296	**2,623,955**
CAPITAL AND RESERVES			
Called up share capital	15	10,495,001	9,495,001
Retained earnings		(9,250,705)	(6,871,046)
SHAREHOLDERS' FUNDS		**1,244,296**	**2,623,955**

This balance sheet was approved by the Board of Directors on 24 April 2009

Signed on behalf of the Board of Directors

A. / . Sadler

Anthony Graham Sadler
Director

COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS FUNDS & STATEMENT OF MOVEMENTS IN RESERVES

	NOTE	Share Capital 2008 US $	P&L Account 2008 US $	Total 2008 US $	Total 2007 US $ Restated
As at 01 January		**9,495,001**	**(6,871,046)**	**2,623,955**	**1,237,620**
Issue of Shares		1,000,000	-	1,000,000	3,750,000
Capital Contribution from Parent	**16**	-	-	-	9,500
Retained Loss for the year		-	(2,379,659)	(2,379,659)	(2,373,165)
As at 31 December		**10,495,001**	**(9,250,705)**	**1,244,296**	**2,623,955**

CASH FLOW STATEMENT

Year ended 31 December 2008

	2008 US $	2007 US $
Net cash outflow from operating activities	**(1,062,002)**	**(2,087,298)**
Return on investments and servicing of finance		
Interest received	76,360	116,042
Subordinated loan interest paid	(89,038)	(225,902)
Net cash outflow from return on investments and servicing of finance	**(12,678)**	**(109,860)**
Taxation	-	-
Net cash inflow from investing activities		
Net cash inflow from sale of investments	-	-
Cash outflow before financing	**(1,074,680)**	**(2,197,158)**
Financing		
Issue of shares	1,000,000	3,750,000
Subordinated loans repaid		(750,000)
(Decrease) / increase in cash in the year	**(74,680)**	**802,842**

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Year ended 31 December 2008

	2008 US $	2007 US $
Operating loss	(2,366,695)	(2,263,305)
Decrease / (increase) in debtors	1,073,573	(639,279)
Increase in creditors	231,120	806,247
Add back grant units	-	9,500
Less impairment of current asset held for sale	-	(461)
Net cash outflow from operating activities	**(1,062,002)**	**(2,087,298)**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. They have all been applied consistently throughout the year and the preceding year.

The principal accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Functional currency

The accounts are prepared in US Dollars which the directors believe is the currency of the primary economic environment in which the company operates.

Foreign exchange

All monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars at the exchange rates ruling at the balance sheet date. Transactions in currencies other than US Dollars are recorded at the average exchange rates ruling during the month that the transaction occurred. Translation differences are taken to the profit and loss account.

Cash flow statement

The company has prepared a cash flow statement in accordance with FRS 1.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Interest Payable

The interest expense recognised in the income statement is accrued on a time basis by reference to the principal amount charged at the effective rate applicable. Issue costs are included in the determination of the effective interest rates.

Segmental Reporting

The company has not presented segmental information as, in the opinion of the directors, it would be seriously prejudicial to the interests of the company to do so.

Share Based Compensation

From time to time, Cantor Fitzgerald, L.P. ("CFLP") awards certain employees of the company grant units in CFLP. Grant units entitle the employees to participate in quarterly distributions of CFLP's income and to receive certain post-termination payments.

Adjustments are made to the fair value of all awards outstanding at the accounting reference date to account for the likelihood that the grant unit holder will fulfil the vesting conditions.

Prior to 1 January 2008, an expense was recognised through the profit and loss account and a corresponding capital adjustment was made to the profit and loss reserve account on the basis that the company would not re-imburse CFLP for the costs associated with the issuance of these awards. From 1 Janaury 2008, an expense has been recognised through the profit and loss account based on the adjusted fair value with a corresponding increase in the company's intercompany liability to CFLP as the company now reimburses CFLP for the costs associated with the issuance of the awards.

Pensions

The company operates a defined contribution scheme for certain UK employees as determined by their contracts of employment. Contributions are charged to the profit and loss account as they are incurred. The company provides no other post retirement benefits to its employees. There were no outstanding contributions payable to the scheme by the company as at 31 December 2008.

Current asset investment

The current asset investment is stated at the lower of cost or net realisable value.

2. TURNOVER

The company's income is derived from a single class of business, namely providing brokerage, information and consultancy services for products related to the environmental markets.

Turnover represents the commission thus earned on the value of services supplied by the company, exclusive of value added tax, in respect of its operations carried out during the year.

Consulting Services

Sales of services are recognised in the accounting period in which the services are rendered.

Agent Transactions

Revenue is recognised when the service has been rendered and the level of commission receivable by the company is fixed and determinable.

3. OPERATING LOSS

The Operating Loss in 2008 was USD$ 2,366,695 (2007: Restated USD$ 2,263,305).

The auditors' remuneration of USD$ 25,945 (2007: USD$ 32,106) has been borne by an associated group company for the current year.

4. PRIOR YEAR ADJUSTMENT

The company did not recognise interest income of USD$ 114,424 in 2007.

In addition, the company did not recognise a gain of USD$ 55,592 from the sale of 80,000 KP Renewable shares sold in 2006.

During 2006 & 2007 the company recorded a cost in relation to grant units awarded to employees. The charge for 2006 should have been USD$ 709 as opposed to the recorded amount of USD$ 36,050. In 2007 the charge should have been USD$ 9,500 instead of USD$ 1,949.

The comparative figures in the primary financial statements and notes have been restated to reflect the above amendments. The cumulative effects of the adjustments on the profit and loss account and the balance sheet are summarised below:

	2008	2007
Profit and loss account	**US $**	**US $**
Increase Cost of Sales	-	(7,551)
Increase Interest Income	-	114,424
Increase in profit for the financial year	**-**	**106,873**
Balance sheet		
Decrease Interest Accruals	-	114,424
Increase amount owed by Group Companies	-	55,592
Decrease in Retained Loss	-	(90,933)
Decrease in Capital Contribution from Parent		27,790
Increase in net assets	**-**	**106,873**

5. COMPARATIVE FIGURES

In addition to the prior period adjustments laid out in note 4, the comparative figures have been amended and restated to reflect a reclassification of accounts rolling up to turnover, cost of sales, administrative expenses, interest expense and interest income in the chart of accounts. The effects of the adjustment on the profit and loss account are summarised below.

	Old Classification	As Restated	Difference
	2007	2007	2007
Profit and loss account	US $	US $	US $
Turnover	3,946,009	3,951,068	5,059
Cost of Sales	(5,033,101)	(4,168,316)	864,785
Administrative Expenses	(1,225,837)	(2,034,029)	(808,192)
Interest Expense	(162,632)	(225,902)	(63,270)
Interest Income	114,424	116,042	1,618
Net impact			-

6. INTEREST INCOME

Interest income on bank funds and deposits during 2008 was US$ 76,360 (2007: Restated US$ 116,042).

7. INTEREST EXPENSE

	2008 US $	2007 US $ restated
Subordinated loan interest to group companies	89,033	160,650
Other	5	65,252
	89,038	**225,902**

8. TAX ON LOSS ON ORDINARY ACTIVITIES

Profit and Loss Account	2008 US $	2007 US $
i) Analysis of tax on ordinary activities		
United Kingdom corporation tax at 28.5% (2007: 30%) based on the profit / (loss) for the year	-	-

ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:-

	2008 US $	2007 US $
Loss on ordinary activities before tax	(2,379,659)	(2,480,038)
Tax at 28.5% thereon	678,203	744,011
Effects of:		
Expenses not deductible for tax purposes	(56,403)	(20,963)
Depreciation in excess of capital allowances	(3,221)	(1,496)
Other short term timing differences	21,493	1,306
Exchange difference arising on opening/closing amounts of gross timing differences	(136,586)	19,028
Unrelieved tax losses and other deductions arising in the period	(503,486)	(741,886)
Current tax charge for period	-	-

Deferred Taxation

There is no deferred tax provision. A deferred tax asset has not been recognised in respect of timing differences relating to unutilised trading losses carried forward and capital allowances in excess of depreciation, as there is insufficient evidence that the asset will be recovered.

The amount of the asset not recognised is approximately US$ 1,781,909 (2007 – US$ 1,958,209). The asset would be recovered if there were sufficient trading profits in the future years against which the losses could be offset.

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The remuneration paid to the directors of CantorCO2e Limited comprised:

	2008 US $	2007 US $
Directors' emoluments	541,553	226,322
Emoluments of highest paid director	359,685	226,322

	2008 US $	2007 US $
Staff costs during the year amounted to:		
Wages and salaries	1,745,982	2,271,771
Social security costs	192,780	282,381
	1,938,762	2,554,152

Seven of the directors received no remuneration (2007 - US$ nil) from the company.

No directors had any entitlements in relation to a pension scheme in the current or prior year.

The average monthly number of persons (including directors) employed by the company during the current and prior year was:

	2008 No.	2007 No.
Direct Operating	10	10
Other	7	5
	17	15

10. FIXED ASSET INVESTMENT

	2008	2007
	US $	US $
COST		
As at January, 01	2	-
Non-Listed Investment in CantorCO2e (India) Private Ltd	-	2
As at December, 31	2	2
NET BOOK VALUE		
As at December, 31	2	2

CantorCO2e Limited holds a nominal investment in CantorCO2e (India) Pvt Ltd of 10 ordinary shares. Each share is worth a nominal value of 10 Indian Rupees. Total cost being 100 Indian Rupees, equating to ownership of 0.00078% at 31 December 2008

11. CURRENT ASSET INVESTMENT

	2008
LISTED INVESTMENTS OTHER THAN LOANS	**US $**
COST	
As at 01 January	461
As at 31 December	**461**
PROVISION	
As at 01 January	-
Provision for impairment	(286)
As at 31 December	**(286)**
NET BOOK VALUE	
As at 01 January	461
As at 31 December	**175**

At 31 December 2008 CantorCO2e Ltd held 320 ordinary shares in Island Gas Resources PLC. They were trading at a bid-price of 38p, leading to an investment value at year end of £121.60 (USD$ 175).

A provision at year end has been provided to reflect the market value of this asset at 31 December 2008.

12. DEBTORS

	2008 US $	2007 US $ Restated
Trade debtors	345,677	593,363
Amounts owed by group companies	449,112	1,435,930
Other debtors	188,797	27,077
Prepayments and accrued income	130	919
	983,716	**2,057,289**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 US $	2007 US $ Restated
Subordinated loan		
From 25/07/06 until 25/07/08	-	1,500,000
Amounts owed to group companies	1,470,550	1,277,648
Accruals and deferred income	759,673	721,455
	2,230,223	**3,499,103**

CantorCO2e Limited had a subordinated loan with CFLP. The interest rate charged on the loan was based on 6 month USD LIBOR + 2%. The subordinated loan has been rolled for a further two years, see note 14.

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2008 US $	2007 US $
Subordinated loans		
From 26/07/08 until 25/07/10	1,500,000	-
	1,500,000	-

CantorCO2e Limited has a subordinated loan with CFLP. The interest rate charged on the loan is based on 6 month USD LIBOR + 2%. The subordinated loan is classified as qualifying capital for Financial Services Authority financial resources requirement.

15. CALLED UP SHARE CAPITAL

	2008 US $	2007 US $
AUTHORISED:		
100,000,000 (2007 – 100,000,000) Ordinary Shares of $1 each	100,000,000	100,000,000
CALLED UP, ALLOTTED AND FULLY PAID:		
10,495,001 (2007 – 9,495,001) Ordinary Shares of $1 each	10,495,001	9,495,001

On 27 March 2008 500,000 ordinary shares of $1 each were issued to CantorCO2e LLC for a cash consideration of USD$ 500,000 to provide additional regulatory capital.

On 24 December 2008 500,000 ordinary shares of $1 each were issued to CantorCO2e LLC for a cash consideration of USD$ 500,000 to provide additional regulatory capital.

16. SHARE BASED COMPENSATION

From time to time, CFLP awards certain employees of the company in the form of grant units in CFLP.

Grant units entitle the holder to participate in quarterly distributions of income by CFLP and receive post-termination payments equal to the notional value of the award in four equal instalments on the first, second, third and fourth anniversaries of the employee's termination, provided that the employee has not engaged in any competitive activity with CFLP or its affiliates prior to each payment date.

The following table discloses movements in grant awards held by employees during the year.

	2008 Units	2007 Units
Outstanding at 1 January	2,105	2,105
Granted during the period	833	-
Forfeited during period	-	-
Vested during period	-	-
Outstanding at 31 December	2,938	2,105
Weighted Average Unit Price	**USD$ 47.50**	**USD$ 47.50**

The value of the grant awards is determined using a fair value model and uses the following key assumptions:-

	2008	2007
Discount Rate	2.96%	4.03%
Forfeiture Rate	40%	40%
Paid termination rate	2%	2%
Retirement age (years)	55	55

The company recognised a total expense of US$ 34,983 for the year to 31 December 2008 (2007: US$ 9,500 restated) in relation to the Grant Units.

The company has recorded a capital contribution of US$ 10,209 as at 31 December 2008 (2007: US$ 10,209 restated).

17. RELATED PARTY TRANSACTIONS

The intercompany balances held with related parties comprised:

	31 December 2008		31 December 2007	
	Due from	Due to	Due from	Due to
	US $	US $	US $	US $
			Restated	Restated
BGC Brokers LP	-	40,806	-	4,438
BGC Brokers US LP	-	935	-	-
BGC European Holdings LP	13,900	-	-	-
BGC International LP	-	494,571	-	762,689
BGC International	48,140	-	101,429	-
BGC Partners (Australia) Pty Ltd	-	584	-	44,089
Cantor Fitzgerald Europe	84,945	-	174,405	-
Cantor Fitzgerald (Hong Kong) Capital Markets Ltd	-	-	5,413	-
Cantor Fitzgerald, LP	-	48,499	-	153,988
Cantor Fitzgerald Securities	-	8,669	-	3,807
Cantor Index Limited	-	-	14,639	-
CantorCO2e, LLC	-	72,598	179,305	-
CantorCO2e (Canada), Co	118,106	-	359,091	-
CantorCO2e (India) Holdings Pvt Ltd	-	3	-	3
CantorCO2e (India) Pvt Ltd	50,731	-	201,554	-
CantorCO2e Brazil – Consultoria Comercializacao de Commodities Ambiental	-	90,000	-	-
Climate Warehouse UK Ltd	133,290	-	170,892	-
eSpeed International Ltd	-	152,310	229,202	-
Tower Bridge International Services LP	-	561,575	-	308,634
	449,112	**1,470,550**	**1,435,930**	**1,277,648**

During the years ended 31 December 2008 and 2007, the net value of charges payable to and receivable for the following transactions from those related parties comprised:

Service arrangements:	2008 Expense US $	2007 Expense US $
Tower Bridge International Services LP	1,385,620	1,870,454
eSpeed International Limited	81,995	671,268
	1,467,615	**2,541,722**

Included above are recharged costs for support services recharged by Tower Bridge International Services LP as the service company to commonly controlled European trading companies. Also included are costs recharged by eSpeed International Limited for the provision of its electronic trading platform and IT support services. The agreement with eSpeed International Limited ended on the 31 March 2008.

CO2e administration recharge:	2008 Expense US $	2007 Expense US $
CantorCO2e (Canada) Company	173,745	80,622
CantorCO2e, LLC	49,631	161,243
CantorCO2e (India) Private Limited	84,259	201,554
Climate Warehouse UK Limited	25,901	120,932
	333,536	**564,351**

During 2008, CantorCO2e Limited had been absorbing all corporate costs associated with the management of the businesses above. Based on agreed allocation methodology an administrative recharge has been booked to allocate these costs from CantorCO2e Limited to other businesses under common management and control. The effect of this is shown above.

Subordinated Loans	2008 US $	2007 US $
CFLP	89,033	160,650
	89,033	**160,650**

The above represents interest paid and accrued on subordinated loan arrangements (see notes 7, 13 & 14)

18. REGISTERED OFFICE

The registered office of CantorCO2e Limited is One Churchill Place, London, E14 5RD. The company is incorporated and registered in England and Wales.

19. PARENT COMPANIES

The immediate parent company is CantorCO2e, LLC, a company registered in the United States of America and the smallest group into which the accounts of CantorCO2e Limited are consolidated. The ultimate parent, controlling party and the largest group into which the accounts of CantorCO2e Limited are consolidated is Cantor Fitzgerald L.P., a limited partnership registered in the United States of America.