

Company Registration No. 4191186

**CO2E.COM LIMITED**

**Report and Financial Statements**

**For the year ended 31 December 2003**



**CO2E.COM LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

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## **CO2E.COM LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in presenting their report and the financial statements for the year ended 31 December 2003.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

CO2e.com Limited ('the company') provides brokerage, information and consulting services for products related to environmental markets, including Greenhouse Gasses, other air pollutants, renewable energy, water rights and rights to discharge salt water and waste water.

The company is regulated by the Financial Services Authority ('FSA').

#### **FUTURE PROSPECTS**

The company has continued to make progress in its core areas of business. It is the intention of the directors to continue to expand the business in the forthcoming year.

#### **RESULTS AND DIVIDENDS**

The retained loss for the year ended amounted to \$642,902 (2002 – \$167,187).

The directors do not recommend the payment of a dividend (2002 – \$nil).

#### **DIRECTORS AND THEIR INTERESTS**

The following directors held office throughout the year (except where otherwise shown):

Mr L Amaitis	
Mr S Curran	(Appointed 24 November 2003)
Mr S Drummond	
Mr R Falkner	
Mr H W Lutnick	
Mr S Merkel	
Mr P O'Gorman	(Resigned 24 November 2003)
Mr C Triance	(Resigned 9 March 2004)

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

#### **AUDITORS**

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP. Accordingly, a resolution for the reappointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Robert Falkner  
Company secretary  
26 March 2004

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those 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 applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 the system of internal control, 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 CO2E.COM LIMITED

We have audited the financial statements of CO2E.COM Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 11. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company and other members of the group is not disclosed.

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

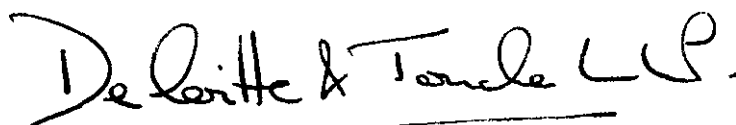
### Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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 of the state of affairs of the company as at 31 December 2003 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

29 March 2004

# CO2E.COM LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2003

	Note	Year ended 2003 US\$	Period from 11 October 2002 to 31 December 2002 US\$
<b>TURNOVER</b>		225,521	94,269
Cost of sales		(555,824)	(197,768)
<b>GROSS LOSS</b>		(330,303)	(103,499)
Administrative expenses	2	(312,599)	(63,688)
<b>OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(642,902)	(167,187)
Tax charge on loss on ordinary activities	4	-	-
<b>LOSS ON ORDINARY ACTIVITY AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR</b>		(642,902)	(167,187)
<b>Profit and loss account brought forward</b>		(167,187)	-
<b>Profit and loss account carried forward</b>		(810,089)	(167,187)

The company has no recognised gains or losses for the current year or prior period other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

Comparative figures represent the results for the period from 11 October 2002 to 31 December 2002.

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

# CO2E.COM LIMITED

## BALANCE SHEET 31 December 2003

	Note	2003 US\$	2002 US\$
<b>CURRENT ASSETS</b>			
Cash at hand or in bank		168,738	-
Debtors	5	186,464	1
		<u>355,202</u>	<u>1</u>
<b>CREDITORS: amounts falling due within one year</b>	6	(165,290)	(167,187)
<b>NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>189,912</u>	<u>(167,186)</u>
<b>CREDITORS: amounts falling due after one year</b>	7	(125,000)	-
		<u>64,912</u>	<u>(167,186)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	875,001	1
Profit and loss account		(810,089)	(167,187)
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>64,912</u>	<u>(167,186)</u>

This balance sheet was approved by the Board of Directors on 26 March 2004.

Signed on behalf of the Board of Directors



Sean Curran  
Director

## CO2E.COM LIMITED

### RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

Year ended 31 December 2003

	2003 US\$	2002 US\$
Loss for the financial year / period	(642,902)	(167,187)
Issue of shares	875,000	-
Net addition to / (reduction from) shareholder's funds	232,098	(167,187)
Opening shareholder's funds	(167,186)	1
Closing shareholder's funds	64,912	(167,186)



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2003**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom company law and accounting standards. The principle accounting policies adopted are described below.

**Basis of accounting**

The financial statements are prepared under the historical cost convention.

**Functional currency**

The financial statements are presented in US dollars for consistency with the parent company.

**Foreign exchange**

All monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US Dollars are recorded at the average 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 not prepared a cash flow statement in accordance with FRS 1 (Revised) – Cash Flow Statements as it satisfies the requirements as being a small company.

**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 net 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.

**2. OPERATING LOSS**

The auditors' remuneration for the current year and prior period has been borne by Cantor Fitzgerald International.

# CO2E.COM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The remuneration paid to the directors of CO2E.COM Limited comprised:

	Year ended 2003 US\$	Period from 11 October 2002 to 31 December 2002 US\$
Directors' emoluments and emoluments of the highest paid director	160,500	77,373

	Year ended 2003 US\$	Period from 11 October 2002 to 31 December 2002 US\$
<b>Staff costs during the year / period amounted to:</b>		
Wages and salaries	373,574	116,818
Social security costs	48,260	13,174
	421,834	129,992

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

	Year ended 2003 No.	Period from 11 October 2002 to 31 December 2002 No.
Direct operating	3	3
Other	6	6
	9	9

# CO2E.COM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2003

### 4. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 2003 US\$	Period from 11 October 2002 to 31 December 2002 US\$
i) Analysis of tax on ordinary activities		
United Kingdom corporation tax at 30% (2002 – 30%) based on the profit 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 30% (2002: 30%). The differences are explained below:		
Loss on ordinary activities before tax	(642,902)	(167,187)
Tax at 30% thereon	192,871	50,156
Effects of:		
Expenses not deductible for tax purposes	(12,452)	(2,136)
Capital allowance in excess of depreciation	(1,205)	-
Creation of tax losses not utilised	(179,214)	(48,020)
Tax charge on loss on ordinary activities	-	-

#### Deferred taxation

There is no deferred tax provision. A deferred tax asset has not been recognised in respect of timing differences relating to unused trading losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is approximately \$208,000 (2002: \$48,000). The asset would be recovered if there were sufficient suitable trading profits in future years against which the losses could be offset.

### 5. DEBTORS

	2003 US \$	2002 US \$
Amounts owed by group companies	186,463	-
Called up share capital not paid	1	1
	186,464	1

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

## 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 US \$	2002 US \$
Amounts owed to group companies	109,141	167,187
Accrued expenses	56,149	-
	<u>165,290</u>	<u>167,187</u>

## 7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2003 US \$	2002 US \$
Amounts owed to group companies	<u>125,000</u>	<u>-</u>

During the year, the company received a subordinated loan of US\$ 125,000 from CO2e.com LLC which is classified as qualifying capital for FSA financial resources requirements. This loan is repayable on 9 October 2005, so long as the repayment does not breach these requirements. The interest rate charged is 1% above the London Inter Bank Offer Rate.

## 8. CALLED UP SHARE CAPITAL

	2003 US \$	2002 US \$
<b>Authorised:</b>		
100,000,000 (2002 - 100,000,000) ordinary shares of \$1 each	<u>100,000,000</u>	<u>100,000,000</u>
	2003 US \$	2002 US \$
<b>Called up, allotted and fully paid:</b>		
875,001 (2002 - 1) ordinary share of \$1 each	<u>875,001</u>	<u>1</u>

During the year 875,000 ordinary shares of \$1 each were issued for a consideration of \$875,000.

## 9. RELATED PARTY TRANSACTIONS

As of 31 December 2003, the intercompany balances held with related parties comprised:

	2003		2002	
	Due from US \$	Due to US \$	Due from US \$	Due to US \$
Cantor Fitzgerald International	-	101,188	-	159,234
CO2e.com Australia PTY Limited	-	7,953	-	7,953
CO2e.com LLC	186,463	-	-	-
	<u>186,463</u>	<u>109,141</u>	<u>-</u>	<u>167,187</u>

The balances due to related parties have arisen from revenue and expenses recharged to the company from these parties during the year.

## **CO2E.COM LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2003**

#### **10. REGISTERED OFFICE**

The registered office of CO2E.com Limited is One America Square, London, EC3N 2LS. The company is incorporated in Great Britain and registered in England and Wales.

#### **11. PARENT COMPANIES**

The immediate parent company is CO2E.com LLC, a company registered in the United States of America and the smallest group into which the accounts of CO2E.com Limited is consolidated. The ultimate parent and controlling party and largest group into which the accounts of CO2E.com Limited is consolidated is Cantor Fitzgerald LP, a limited partnership registered in the United States of America.