Press release
For immediate release
12 March 2009

Climate Exchange plc

Preliminary results for the year ended 31 December 2008

2.6 times growth in volumes in 2008 - and still growing fast

Climate Exchange plc (the "Group" or the "Company"), the world's leading specialist exchange for trading emissions and environmental products, announces its preliminary results for the year ending 31 December 2008.

Unaudited Pro-Forma Financial Highlights for the year ended 31 December 2008

- Pro-forma pre-tax profit of £2.8 million (2007: £0.85 million)
- Revenues from core businesses up 67 % to £22.7 million (2007: £13.6 million)
- Core business operating profit £6.3 million (2007: £3.4 million)
- Cash balances including short term investments £12.4 million at 31 December 2008 compared with £13.7 million at 31 December 2007 and no external borrowings
- IFRS loss before tax £2.5 million (2007: £8.3 million)

Strategic Highlights

- Election of President Obama - U.S. now poised to commit to mandatory cap and trade
- Triple digit growth in the European business during the first Kyoto year - EUAs firmly embedded as global carbon benchmark
- Successful launch of CER futures and options
- Open interest more than doubled in a year
- ECX Spot trading to start March 2009
- Triple digit growth in U.S. based trading - successful product launches and growing diversity
- International developments in China, Canada and Australia
- Growing interest and new contracts launched in IFEX

Operational Highlights

- European Climate Exchange (ECX) annual volume increased 170% to 2.81 billion tonnes
- ECX open interest finished the year at 356 million tonnes, more than double the previous year
- ECX membership increased to 95 members, despite high levels of consolidation throughout the markets (2007 : 80)
- Chicago Climate Futures Exchange (CCFE) average daily volume increased by 70 % to 1,899 contracts in 2008 from 1,117 contracts in 2007
- Chicago Climate Exchange (CCX) average daily volumes increased by 202% to 2,761 contracts in 2008 from 913 contracts in 2007
- CCX membership increased to 470 (2007: 401)

Richard Sandor, Chairman of Climate Exchange plc, said: "Our company continues to blaze new trails while growing the business. The growth in both volumes and revenue has been outstanding and the first two months of 2009 have been even more auspicious. The success of RGGI futures and options and the launch of the "when issued" U.S. Allowance futures and options has positioned the company to emerge as the leader in any mandatory program in the United States, which appears to be more likely than ever.".

Neil Eckert, Chief Executive of Climate Exchange plc, said: "2008 was another exciting year for our business both in terms of continued growth in volume of contracts traded and the launch of successful new contracts. We especially look forward to the launch of the Spot contract in Europe on 13 March 2009, which will be another important development in our business."

--ENDS--

There will be a live audio cast today of our Preliminary Results for the year to 31 December 2008 at 1.00 p.m. GMT/9.00 a.m. EST. Event title 'Climate Exchange plc Preliminary Results Presentation'

To attend the audio cast, please go to our website at www.climateexchange.com and follow instructions at 'Events & Presentations' or direct by going to

http://www.investorcalendar.com/IC/CEPage.asp?ID=141731

To dial into the conference call please use one of the following numbers
UK Regular number 0208 609 0582
UK Toll Free number 0800 358 7034
US Toll Free number +1 866 388 1925

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Notes to Editors:

About Climate Exchange plc

Climate Exchange plc is a holding company whose subsidiaries are principally engaged in owning, operating and developing exchanges to facilitate trading in environmental financial instruments including emissions reduction credits in both voluntary and mandatory markets. Its three main businesses are the European Climate Exchange (ECX) which operates the leading derivatives exchange focused on compliance certificates for the mandatory European Emissions Trading Scheme, Chicago Climate Exchange (CCX) which operates a voluntary but contractually binding cap and trade system for greenhouse gas emissions in the U.S., and the Chicago Climate Futures Exchange (CCFE) the leading U.S. regulated environmental products exchange whose contracts include mandatory U.S. emissions such as SO2 , NOx and RGGI CO2.

www.climateexchange.com

About European Climate Exchange

The European Climate Exchange (ECX) manages product development and marketing of Carbon Financial Instruments (CFI) futures and options contracts on CO2 EU allowances (EUAs) traded under the EU Emissions Trading Scheme and Certified Emission Reductions (CERs) issued under the Kyoto Protocol.

ECX CFI contracts are listed and traded on the ICE Futures electronic platform, offering a central marketplace for emissions trading in Europe with standard contracts and clearing guarantees. ECX/ ICE Futures is the most liquid, pan-European Exchange for carbon emissions trading. More than 90 businesses have signed up for membership to trade ECX products. In addition, several thousand ICE clients can access the market via banks and brokers.

www.ecx.eu

About Chicago Climate Exchange, Inc. and Chicago Climate Futures Exchange

Chicago Climate Exchange (CCX) is a financial services business whose objectives are to apply financial innovation and incentives to advance social, environmental and economic goals. CCX is the world's first and North America's only contractually binding rules-based greenhouse gas emissions allowance trading system, as well as the world's only global system for emissions trading based on all six greenhouse gases. CCX members are leaders in greenhouse gas management and represent all sectors of the global economy, as well as public sector innovators. Greenhouse gas emission reductions achieved through CCX are the only reductions in North America being achieved through a legally binding compliance regime. Independent third party verification is provided by FINRA. For a full list of CCX members, daily prices and other Exchange information please see the CCX website.

The Chicago Climate Futures Exchange (CCFE), a wholly owned subsidiary of the Chicago Climate Exchange, is a CFTC designated contract market which offers standardized and cleared futures contracts on emission allowances and other environmental products. Clearing services are provided by The Clearing Corporation. Market surveillance services are provided by the National Futures Association, the industry wide, self-regulatory organization for the U.S. futures industry.

www.chicagoclimateexchange.com

www.ccfe.com

EXECUTIVE CHAIRMAN'S STATEMENT

"Do not go where the path may lead, go instead where there is no path and leave a trail"
- Ralph Waldo Emerson

It gives me great pleasure to report on another outstanding year for the Climate Exchange plc group of companies as evidenced by continuing volume growth in Europe as well as the significant developments in prospect for U.S. mandatory carbon markets following the presidential election.

Your Company continues to blaze new trails. This has been a year where we made great strides in solidifying our positions in Europe and the U.S. through growth in membership and the launch of new products in both mandatory and voluntary markets. We are now active in every major established emissions trading regime around the world. Our most successful new contracts launched in 2008 were futures and options on Certified Emission Reductions (CERs) on the European Climate Exchange (ECX). These contracts have special significance as they have the potential to be a linking mechanism among various national systems. In the U.S., the Chicago Climate Futures Exchange (CCFE) successfully launched a Regional Greenhouse Gas Initiative (RGGI) futures and options contract - the first mandatory greenhouse gas cap and trade program in the country. ECX and CCFE have captured 87% and 99% market shares in these contracts, respectively. And more recently, we now have a presence in another emerging U.S. emissions market, California, with the launch of futures on California Climate Action Registry. Market interest has also led us to launch the first tool for directly hedging exposure under a potential mandatory U.S. greenhouse gas trading program, a "when issued" Carbon Financial Instrument (CFI-US).

We have also expanded the franchise of environmental and sustainability-based products that reinforce our mandate as the premier exchange for all types of climate-related contracts. We have launched a futures contract on the Dow Jones Sustainability Index, marking a partnership with Dow Jones Indexes of which we are very proud. Also, the Insurance Futures Exchange (IFEX) has seen increased market interest, with two new contracts being offered this year. The international highlight of 2008 is the completion of the agreement for CCX to become a founding investor in China of the Tianjin Climate Exchange (TCX), China's first integrated exchange for trading of environmental financial instruments. China's use of markets to attain environmental objectives has the potential to be a transformational event in the environmental world. TCX has been granted a provincial license by the Ministry of the Environment and Ministry of Finance of the People's Republic of China to trade SO_2, Energy Intensity and COD(water quality).

2008 was a remarkable year in many regards but will probably be remembered for the state of financial turmoil that occurred during the third and fourth quarters and still persists today. Climate Exchange plc is virtually unique in the exchange space in that throughout this turmoil we have continued to post month on month record volumes culminating with February 2009 setting new daily, weekly and monthly records for our Group. The Climate Exchange brand continues to grow.

European Climate Exchange

Volumes on ECX have been exceptionally strong. The membership base of clearing members, industrials and financial players that have access to the ECX market has not only expanded but also diversified beyond Europe. The latter contributes to our objective of becoming the premier brand in environmental markets worldwide.

Chicago Climate Exchange

In 2008, CCX membership increased to 470 from 401 in 2007. CCX Members represent 17% of the Dow Jones Industrials, 11% of the Fortune 100, and 20% of the largest CO_2 emitting utilities in the US. CCX total baseline is approximately 600 million metric tonnes of CO_2 equivalent, making it larger than Germany in terms of emissions under a cap. New member highlights for 2008 include a cross-section of industry ranging from utilities such as Mirant, Dynegy and CLECO to pharmaceuticals (Abbott Laboratories) and manufacturers (Bosch). These events continue to secure our leadership in cap and trade in what might become the largest carbon market in the world.

Chicago Climate Futures Exchange

CCFE exhibited tremendous growth in 2008 despite the fact that the Federal Court's ruling on the Clean Air Interstate Rules (CAIR) adversely affected SO_2 and NO_x emission trading. Fortunately, the outlook for 2009 is again positive as CAIR was reinstated in December 2008.

In November 2008, CCFE launched its CFI-US Allowance Futures Contract (CFI-US). The contract offers the first tool for directly hedging exposure to possible future U.S. carbon allowance prices, as well as whether and when a U.S. federal greenhouse gas emission reduction mandate is established.

The CFI-US calls for delivery of greenhouse gas emission allowances that would be usable for compliance under a mandatory federal U.S. cap and trade program. Delivery of other specified mandatory CO_2 allowances would be required if a U.S. federal mandatory program is not enacted when contracts expire in 2013 and later. A diverse group of industrial and financial players were involved in the opening day of CCFE CFI-US futures transactions. This was a bold an innovative step by your Company. It has already begun to inform the debate in the U.S. on a mandatory cap and trade program.

Public Policy Developments

The work and progress of the CCX is well-known to many of the leading members of the Congress and the current Administration. We have intensified our educational outreach in Washington given the growing interest from members of the U.S. Congress on impending cap and trade legislation. CCX has met with the offices of over two dozen of the most active and prestigious Members of the House and the Senate currently involved in discussions to draft cap and trade bills, including briefings to members of important Congressional committees and their staff (e.g. Energy and Commerce, Agriculture). As the new Administration takes office, we are also in the process of briefing incoming members of the Executive Branch who will be directly involved in climate change policy from both a domestic and international angle.

International Developments

CLE has continued to make progress in establishing Climate Exchange as the leader in the design and development of emissions markets worldwide. In China, the China National Petroleum Corporation Asset Management Company, Ltd.

(CNPC-AM), Tianjin Property Rights Exchange (TPRE) and CCX announced in September the opening of TCX. As a joint venture between CNPC-AM, the City of Tianjin and CCX, TCX intends to establish China as a pre-eminent center for environmental finance and the application of market-based mechanisms to environmental management and natural resource protection. In December 2008, TCX and Hong Kong Exchanges and Clearing Limited (HKEx) entered into discussions on possible avenues for cooperation in environmental emissions markets.

Montréal Climate Exchange (MCEx) a joint venture between CCX and the Montréal Exchange was launched in May 2008. MCEx will serve the needs of the evolving Canadian emissions markets as policy guidelines continue to develop. In Australia, we have a 25% investment in enVex, which addresses the emerging Australian emissions markets.

Outlook for 2009

President Obama has clearly stated his intention to implement a nationwide market-based cap and trade system and legislation is currently being discussed in the U.S. House of Representatives. The new Administration has also given clear signals that it intends to have the U.S. re-engage in the international climate change negotiation process particularly in light of the upcoming U.N. conference in Copenhagen in December 2009. Leading legislators involved in the discussion have indicated that a bill is likely to emerge out of Committee in the summer this year.

Climate Exchange continues to apply financial innovation and incentives to advance environmental and economic goals. In the absence of national or local regulations, we design and implement emissions trading systems which have, in many instances, anticipated public policy. When a regulatory framework already exists, we operationalize the law through the use of a regulated and transparent platform which provides price discovery and a low-cost hedging mechanism.

Despite the current financial turmoil, we believe the outlook for emissions trading markets and other forms of market-based solutions to environmental problems continues to be positive. Companies, governments and the public sector increasingly see the value of these instruments as a price-discovery mechanism for carbon and to help them and society achieve emissions control at the lowest possible cost.

In conclusion, 2008 has solidified Climate Exchange's status as the leader among environmental exchanges in the world. Its success is ultimately due to our members and customers. Your management team in both Europe and North America has been outstanding and we are delighted to have welcomed Satish Nandapurkar as president of CCX in Chicago. On a personal note, special thanks are due to Neil Eckert the CEO of Climate Exchange plc. And of course my greatest debt of gratitude goes to my fellow shareholders who have been so supportive in helping us achieve our financial objectives and personal dreams.

Richard L. Sandor
Executive Chairman
12 March 2009

OPERATING AND FINANCIAL REVIEW

We continue to drive growth in the group businesses. In addition to our three core businesses of ECX in Europe and CCX and CCFE in North America, we have a growing portfolio of international partnerships and investments which we manage as an international segment. Our core businesses are wholly owned subsidiaries of the Group while strategy and local regulation typically mean our international businesses are owned jointly with other local partners.

In Europe, the ECX business, managed by Patrick Birley, is strongly focused on the development of growth in trading volumes. The 2008 volume performance speaks for itself. A major benefit of our strategic relationship with ICE in Europe is that growth can be sustained without significantly adding to our minimal headcount of five at ECX.

The U.S. business, headed by Satish Nandapurkar, has a significantly greater staffing requirement owing to the business model of CCX where to date we have traded in the absence of federal regulation. This means we have to design and maintain our proprietary emissions reduction system, a significant task by itself, and also sell the concept and its commercial and environmental benefits to potential and current members. At the same time, this model gives us two additional revenue lines, being membership dues and offset registration fees.

We also have a thriving futures business in Chicago whose main ongoing source of income will be trading volumes. CCFE is our CTFC regulated derivatives exchange in the U.S. and trades an extensive range of contracts which include CCX carbon futures, SOx and NOx futures, catastrophe insurance futures together with various fledgling environmental equity options and other related commodities. The total headcount in the U.S. is 49. In the medium term, we expect the U.S. to be our largest growth market.

The third leg of the business is the international arm which include our joint ventures or minority holdings in a range of territories. These include MCEx in Canada, TCX in China, enVex in Australia, and the India Climate Exchange Advisory Board (ICX) in India. We are engaged in discussions to launch contracts in other important markets.

European Climate Exchange (ECX)

Volumes

2008 will be remembered as a true turning point for ECX - a year where we saw a jump-shift in trading activity.

Volumes on ECX have been exceptionally strong with trading levels nearly three times the same period last year. Full year volumes increased 170% over 2007. In 2008, ECX captured a 92% market share of EUA futures and options traded and 87% market share for CERs. For 2009, we begin the year with 355,505 contracts in open interest in comparison to 176,386 at the start of 2008. ECX has solidified its position as the price reference for the largest environmental market in the world in both EUAs and CERs. The membership base of clearing members, industrials and financial players that have access to the ECX market has not only expanded but also diversified beyond Europe.

The volume traded in each month of 2008 exceeded the highest monthly volume in any of the years since our launch (the previous highest monthly volume was 126,000 in July 2007, whilst the lowest volume month in 2008 was March, when 128,000 contracts traded). The peak volume month was October when we traded 412,000 contracts, only slightly below the total traded volume for the full year 2006.

Products

The launch of our second key product, CER futures, in March followed a frustrating period of conflict with our previous clearing provider. Thankfully the delays in getting to market did not impact on success and the CER contracts gained immediate traction. The volumes achieved during the first year of operation make it a notable success as we achieved a market share of 87% by the year end. The futures were followed closely by CER options in May 2008 and these too attracted immediate and significant volumes. The combination of EUA and CER derivatives on the same platform has given rise to arbitrage opportunities, with transparent pricing and increasing liquidity across all products.

Prices

Market prices of both EUA and CER products fell sharply, particularly in the latter part of 2008. These falls are generally correlated to price declines in other commodity markets and although the falls have not impacted volumes, it is a concern that they move the market price further from the marginal cost of abatement. Volatility levels in the emissions options are around 60% and these no longer stand out as particularly high amongst other commodity or financial derivatives.

Clearing transfer

The transfer of all ECX products to ICE Clear Europe from LCH.Clearnet was completed without incident in November. The move will hopefully put ECX, together with our partners ICE, on a more dynamic footing with respect to future product launches.

The importance of clearing mechanisms has been driven home during the recent financial turmoil and ECX has been pleased to be able to provide a platform for activity that might previously have been done bi-laterally. We are grateful to all those who support our products so enthusiastically.

Competition

A number of competitive offerings came and went during the year but, despite this, ECX grew its market share of emissions futures and options during the period.

In the second half of the year (and most notably in the last quarter) spot trading in EUAs (and to a lesser extent CERs) picked up significantly. Following consultation with a broad range of users, ECX has announced the launch of spot products during Q1 2009. We believe that these contracts, trading alongside the existing futures, offer significant benefits to customers.

Current trading

We remain bullish about the opportunity for further growth in trading activity on ECX. The continued volatility in prices, combined with new spot products and the ever-growing developments in emissions trading both from the U.S. and Asia all give good reasons for optimism.

Additionally, as we move towards COP15 in Copenhagen in December we hope to get greater clarity regarding the post-

Kyoto emissions regime and this is likely to significantly increase the tradability of our longer-term contracts.

From an internal perspective, in 2009 ECX (together with our partner ICE) will be aiming to improve the time to market of new products in order to better meet user requirements. We also hope to start being able to offer cross margining against other ICE products to assist members with their capital efficiency, a move that has already started with coal contracts in March 2009.

ECX EUA Futures Contract and Open Interest

	ECX EUA FUTURES CONTRACT			OPEN INTEREST	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	**126,593**	**126,593**	59,892	**152,175**	72,141
February	**117,493**	**244,086**	120,678	**147,324**	80,312
March	**102,893**	**346,979**	192,557	**151,578**	83,474
April	**141,717**	**488,696**	250,383	**165,720**	92,417
May	**100,252**	**588,948**	326,186	**174,678**	107,212
June	**187,413**	**776,361**	415,052	**206,372**	113,930
July	**235,349**	**1,011,710**	534,320	**213,273**	138,114
August	**136,898**	**1,148,608**	628,689	**225,108**	149,590
September	**182,974**	**1,331,582**	717,250	**228,913**	160,540
October	**324,942**	**1,656,524**	819,258	**251,802**	183,347
November	**208,239**	**1,864,763**	908,188	**258,760**	188,631
December	**126,513**	**1,991,276**	980,780	**154,758**	139,741

ECX EUA Options Contract and Open Interest

	ECX EUA OPTIONS CONTRACT			OPEN INTEREST	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	**44,570**	**44,570**	1,265	**49,195**	1,265
February	**22,380**	**66,950**	3,315	**59,965**	3,015
March	**16,065**	**83,015**	5,265	**66,197**	4,965
April	**31,270**	**114,285**	6,715	**84,870**	6,035
May	**14,864**	**129,149**	8,625	**88,625**	7,675
June	**34,011**	**163,160**	11,140	**100,599**	9,215
July	**20,195**	**183,355**	17,930	**107,366**	12,820
August	**6,665**	**190,020**	26,680	**108,155**	19,485
September	**15,315**	**205,335**	37,580	**111,195**	26,030
October	**6,535**	**211,870**	43,315	**112,820**	28,550
November	**9,745**	**221,615**	52,790	**118,161**	34,930
December	**21,551**	**243,166**	57,541	**45,856**	36,645

ECX CER Futures Contract and Open Interest

	ECX CER FUTURES CONTRACT			OPEN INTEREST	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	**n/a**	**n/a**	n/a	**n/a**	n/a
February	**n/a**	**n/a**	n/a	**n/a**	n/a
March	**8,589**	**8,589**	n/a	**6,082**	n/a
April	**17,656**	**26,245**	n/a	**17,600**	n/a
May	**23,142**	**49,387**	n/a	**29,830**	n/a
June	**59,597**	**105,984**	n/a	**50,965**	n/a
July	**84,508**	**190,492**	n/a	**62,298**	n/a
August	**59,537**	**250,029**	n/a	**71,846**	n/a

September	**61,724**	**311,753**	n/a	**87,541**	n/a
October	**65,675**	**377,428**	n/a	**104,717**	n/a
November	**90,272**	**467,700**	n/a	**112,772**	n/a
December	**40,079**	**507,779**	n/a	**103,541**	n/a

** ECX CER Futures Contract began trading on 14 March 2008*

ECX CER Options Contract and Open Interest

	ECX CER OPTIONS CONTRACT			**OPEN INTEREST**	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	**n/a**	**n/a**	n/a	**n/a**	n/a
February	**n/a**	**n/a**	n/a	**n/a**	n/a
March	**n/a**	**n/a**	n/a	**n/a**	n/a
April	**n/a**	**n/a**	n/a	**n/a**	n/a
May	**3,750**	**3,750**	n/a	**3,750**	n/a
June	**17,000**	**20,750**	n/a	**20,600**	n/a
July	**6,250**	**27,000**	n/a	**26,850**	n/a
August	**4,950**	**31,950**	n/a	**31,750**	n/a
September	**4,850**	**36,800**	n/a	**33,600**	n/a
October	**15,200**	**52,000**	n/a	**44,800**	n/a
November	**14,200**	**66,200**	n/a	**57,950**	n/a
December	**1,600**	**67,800**	n/a	**51,350**	n/a

** ECX CER Options Contract was launched on 16 May 2008*

Chicago Climate Exchange (CCX)

The CCX business generates revenues chiefly from membership dues, from trading in the CCX CFI instruments and from the fees payable on registration of offsets.

In 2008, CCX membership increased to 470 from 401 members in 2007. CCX Members represent 17% of the Dow Jones Industrials, 11% of the Fortune 100, and 20% of the largest CO2 emitting utilities in the US. CCX total baseline is approximately 600 million metric tonnes of CO2 equivalent, making its members' emissions larger than Germany in terms of emissions under a cap.

New member highlights for 2008 include a cross-section of industry ranging from utilities such as Mirant, Dynegy and CLECO to pharmaceuticals (Abbott Laboratories) and manufacturers (Bosch). The membership model in CCX means that additional membership increases both revenues from membership dues, which are determined on a case by case basis, and also the professional expenses incurred by CCX for the third party verification provided by FINRA.

Trading in the CCX CFI contract has been robust, if volatile over the year, with the aggregate number of contracts traded rising by 205% to 707,655 contracts from 232,025 in 2007. Price performance in the early part of 2009 has been positive in the anticipation of mandatory federal cap and trade legislation. The volume of offset tonnes registered, which tends to rise as the price of the CCX CFI rises, was 31,309,100, an increase of 40% over the 22,393,100 metric tonnes registered in 2007.

This year has seen intense levels of marketing both in terms of recruiting new members, attracting offset tonnage and, most importantly, marketing to emissions traders, to encourage them to trade CCX products. The work rate and commitment of all the teams involved has been outstanding.

CCX CFI Contract

	CCX CFI CONTRACT		
Month	**2008**	**cumulative 2008**	cumulative 2007
January	**13,428**	**13,428**	16,172
February	**100,712**	**114,140**	53,294

March	**85,492**	**199,632**	70,672
April	**73,020**	**272,652**	79,469
May	**112,058**	**384,710**	97,486
June	**85,548**	**470,258**	119,605
July	**47,906**	**518,164**	152,650
August	**36,162**	**554,326**	161,797
September	**61,984**	**616,310**	167,255
October	**32,233**	**648,673**	185,766
November	**38,852**	**687,525**	210,592
December	**20,130**	**707,655**	232,025

Chicago Climate Futures Exchange (CCFE)

CCFE exhibited significant growth in 2008 despite a difficult trading environment during the second half of the year. Overall trading volume increased 71% over 2007 and CCFE continued to expand its product line and increase its market share. The CFI market grew encouragingly after launching in August 2007. Year-over-year growth stood at 1,054% in CFI derivatives, assisted by a successful options launch in February 2008. IFEX volumes also increased significantly after launching in October 2007. Total IFEX volume for 2008 was 10,375 contracts.

New products included CFI and NFI-A options, futures on the Dow Jones Sustainability World Index and futures and options on allowances under RGGI, the first mandated carbon cap and trade program in the U.S. Following the August launch, RGGI cumulative volumes on CCFE reached 27,416,000 allowances by year-end. This product has continued to exhibit strong growth in the early stages of 2009.

Emerging regional environmental markets in the U.S., and particularly RGGI, are experiencing growth. We are very pleased with the market response to trading in CCFE RGGI futures and options contracts. We were responsive to market demand for low-cost hedging tools in a federally-regulated, cleared and transparent market, and have attracted a cross-section of the main participants in the RGGI market from both the energy and financial sectors.

In November 2008, CCFE launched its Carbon Financial Instrument U.S. Allowance futures (CFI-US) contract. The contract offers the first tool for directly hedging exposure to possible future U.S. carbon allowance prices, as well as whether and when a U.S. federal greenhouse gas emission reduction mandate is established. The new CFI-US contract provides a very important price point for industry and others affected by a future U.S. mandated carbon market.

The CFI-US calls for delivery of greenhouse gas emission allowances that would be usable for compliance under a mandatory federal U.S. cap and trade program. Delivery of other specified mandatory CO2 allowances would be required if a U.S. federal mandatory program is not enacted when contracts expire in 2013 and later. A diverse group of industrial and financial players were involved in the opening day of CCFE CFI-US futures transactions.

Additionally, IFEX offerings were also expanded to include an IFEX-GCW (Gulf Coast Tropical Wind) contract and an IFEX-FLW (Florida Tropical Wind) contract.

Growth in CCFE progressed in 2008 despite the fact that the Federal Court's ruling on the Clean Air Interstate Rules (CAIR) adversely affected SO2 and NOx emission trading. Fortunately, the outlook for 2009 is again positive as CAIR was reinstated in December 2008. 2009 has started well and an overall record was set on CCFE in February 2009. On 3 January 2008 CCFE had a record trading volume of 7,826 contracts. CCFE delivered record monthly volume in that month as trading volume reached 55,350 contracts. A year later, on 9 January 2009, CCFE had another record day of trading volume with 9,538 contracts.

CCFE SFI Futures & Options Contract and Open Interest

	CCFE SFI FUTURES & OPTIONS			**OPEN INTEREST**	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	52,395	52,395	14,511	47,517	10,881
February	39,903	92,298	19,348	59,451	11,300
March	48,308	140,606	31,365	62,948	13,183
April	36,457	177,063	44,812	69,002	20,537
May	43,440	220,503	62,046	74,061	21,834

June	30,024	250,527	91,716	61,916	26,107
July	29,480	280,007	113,621	60,644	28,125
August	11,353	291,360	146,681	57,386	36,597
September	20,670	312,030	178,561	53,094	43,166
October	23,752	335,782	212,117	55,451	40,151
November	12,008	347,790	241,629	55,700	49,688
December	26,796	374,586	272,888	31,344	26,923

CCFE CFI Futures & Options Contracts and Open Interest

	CCFE CFI FUTURES & OPTIONS			**OPEN INTEREST**	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	798	798	n/a	2,039	n/a
February	1,941	2,739	n/a	2,727	n/a
March	1,887	4,626	n/a	3,282	n/a
April	2,058	6,684	n/a	4,117	n/a
May	3,765	10,449	n/a	4,963	n/a
June	5,564	16,013	n/a	6,770	n/a
July	6,462	22,475	n/a	8,851	n/a
August	7,476	29,951	518	10,804	414
September	4,443	34,394	1,185	11,959	841
October	2,136	36,530	1,743	11,584	1,084
November	3,535	40,065	2,441	13,063	1,455
December	1,093	41,158	3,566	9,995	1,975

CCFE Other Products and Open Interest

	CCFE OTHER PRODUCTS			OPEN INTEREST	
Month	**2008**	**cumulative 2008**	cumulative 2007	**2008**	2007
January	2,157	2,157	-	3,214	-
February	736	2,893	52	3,752	45
March	5,954	8,847	271	5,170	125
April	9,129	17,976	550	10,241	305
May	3,761	21,737	1,031	12,220	444
June	3,788	25,525	1,375	11,908	753
July	5,111	30,636	2,084	11,385	591
August	3,186	33,822	2,760	13,584	695
September	5,849	39,671	3,336	16,043	143
October	7,111	46,782	5,420	18,338	1,438
November	5,907	52,689	5,911	21,565	1,654
December	15,887	68,576	7,243	20,011	2,392

CCFE also earns revenues under its program for the sale of a restricted number of Trading Privileges ("TPs"). Chiefly as a consequence of uncertainty over CAIR as well as the market background, sales of TPs were down to 13 in 2008 from 93 in 2007. In February 2009 CCFE announced its intention to create liquidity in TPs following the introduction in the U.S. of a mandatory carbon cap and trade system. The table below shows the number of TPs available for sale in CCFE as well as other membership information for the Group.

Membership as at year end

	2008	**2007**	**2006**	**2005**
ECX membership	95	80	71	54
CCX membership	470	401	238	131

CCFE Trading Privileges	385*	247	154	58
CCFE Trading Privileges remaining	140	11	96	192

*This number includes 125 trading privileges that were awarded to Trading Privilege Holders (TPHs) who purchased the first 250 TPs (one half of a TP for each of the first 250 TPs sold). As part of the expansion of the TPH Program, an additional 150 TPs were authorized.

Insurance Futures Exchange (IFEX)

2008 saw the first full year of trading hurricane risk at CCFE under the brand name of IFEX. Initial development was slow but not unlike the launches of other contracts in U.S. asset classes that we have experienced. To date, the insurance market has never had a successful screen based electronic risk transfer mechanism that has become liquid. The most encouraging feature is the level of interest from significant financial players in the insurance catastrophe arena. Overall we have traded 10,375 contracts.

IFEX, traded on the CCFE, has made significant progress in the development of Event Linked Futures (ELF). IFEX ELF offer transparent, cleared futures contracts that seek to replicate US Hurricane Industry Loss Warranty (ILW) reinsurance policies. Having the ability to clear IFEX transactions and eliminate counter party credit risk fills a major void currently present in the over-the-counter (OTC) ILW market, especially in the current credit environment. These benefits were brought to light with IFEX ELF setting record monthly trading volumes of 4,000 contracts in December 2008, and open interest reaching record levels at year-end with over 8,550 contracts, or a notional value of $85 million. This growth has extended into 2009 and open interest in March stood at 8,881 or a notional value of $88 million.

We remain very excited by these contracts. Some of the largest banks, hedge funds and reinsurers in the world have opened accounts on the platform. We experienced our first live catastrophe, Hurricane Ike, during the 2008 season and expect continued volumes as we build towards the 2009 hurricane season.

International Developments

CLE has continued to make progress in establishing the Climate Exchange as the leader in the design and development of emissions markets worldwide. In China, the China National Petroleum Corporation Asset Management Company, Ltd. (CNPC-AM), Tianjin Property Rights Exchange (TPRE) and CCX announced in September the opening of the headquarter offices of the Tianjin Climate Exchange (TCX), China's first integrated exchange for trading of environmental financial instruments. As a joint venture between CNPC-AM, the City of Tianjin and CCX, TCX intends to establish China as a pre-eminent center for environmental finance and the application of market-based mechanisms to environmental management and natural resource protection. In December 2008, TCX and Hong Kong Exchanges and Clearing Limited (HKEx) entered into discussions on possible avenues for cooperation in environmental emissions markets.

In July, we announced the acquisition of a stake in the newly-formed enVex business in Australia, in partnership with Macquarie bank and Futures and Energy Exchange. enVex is seeking to compete as the focus within Australia for the development and marketing of environmental products including local renewable electricity certificates and the national emissions trading system currently in legislation. This business combines an existing electronic OTC broking platform with the prospect of a Futures and Options licence once the necessary regulatory processes have been completed.

Montréal Climate Exchange (MCEx) a joint venture between CCX and the Montréal Exchange was launched in May 2008. MCEx stands ready to serve the needs of the evolving Canadian emissions markets as policy guidelines continue to develop.

Relationships

The growth in volumes traded through our platforms is a direct reflection of the growing importance of emissions trading. We are extremely grateful to our members, users, suppliers and staff all of whom have contributed significantly to the past year. We look forward to continuing our relationship during the coming year.

Conclusion

In spite of financial market distress and a serious economic downturn, environmental markets continue to grow. 2009 has started well for the Group. We expect the importance of environmental markets to continue and the uncertainty surrounding these arenas to dissipate as markets stabilize. We are fortunate to be in a sector that shows continued growth and are mindful of our job to retain a leading market position and therefore deliver continued growth and shareholder value.

Unaudited Pro-Forma Financial Highlights for the year ended 31 December 2008

- Pro-forma pre-tax profit of £2.8 million (2007: £0.85 million)
- Revenues from core businesses up 67 % to £22.7 million (2007: £13.6 million)
- Core business operating profit £6.3 million (2007: £3.4 million)
- Cash balances including short term investments £12.4 million at 31 December 2008 compared with £13.7 million at 31 December 2007 and no external borrowings
- IFRS loss before tax £2.5 million (2007: £8.3 million)

Certain figures above and in the pro-forma financial summary tables below are extracted from unaudited management accounts of the Group. For financial periods prior to 2007, these have been prepared on a pro-forma basis assuming that the Group consolidated 100% of the businesses of both CCX and ECX for the relevant periods. The audited consolidated financial statements of the Group for 2008 and for the 2007 comparative year contained in this document have been prepared in accordance with International Financial Reporting Standards.

Financial summary

The Climate Exchange group of companies currently comprises three core businesses, ECX, CCX and CCFE as well as a number of geographic investments, new product-based businesses and the ultimate holding company, Climate Exchange plc. The financial performance of these entities is summarised below.

European Climate Exchange

The ECX business is very largely driven by trading revenues which grew 204% from £3.6m to £10.8m and have a compound annual growth rate (CAGR) over the three years to 31 December 2008 of 230%. The revenues for the ECX business arise under our revenue sharing agreement with ICE Futures who are entitled to a percentage of the net transaction revenues arising from trading ECX contracts as well as a pro-rata share of the operating expenses of ICE Futures. ECX trading revenues arise from transaction fees which are either €4 or €5 per contract (depending on the membership status of the counterparties). In 2008, ECX revenues include an amount due in respect of provision of data for the first time which, together with the revenues arising from education activities, is shown as other revenues.

ECX expenses increased by 69% from £3.5m to £5.9m, chiefly as a result of increased revenue share expense and increased professional service costs including the cost of litigation incurred in connection with the launch of the CER futures contract. The amount due to ICE Futures under the revenue share agreement was £3.4m (2007: £1.1m) and if this volume-related sum is excluded, ECX expenses rose by 4% from £2.4m to £2.5m. Other expenses include professional fees and the costs of marketing ECX products. It has been decided that the historic internal management charge of €1m per year should not be charged in 2008. The amount that would have applied for the purposes of historic comparison is £0.8m. ECX operating profit increased to £5.2m from £0.2m.

Chicago Climate Exchange

The CCX business is focused on the development, maintenance and marketing of the world's first voluntary but contractually binding cap and trade system for greenhouse gas emissions. Its revenues arise in the main from three sources, trading fees from transactions between members of CCX in Carbon Financial Instruments (CFIs), membership fees paid both by new members and annually by continuing members and the fees paid for verified offset registration by qualifying emissions reduction projects. CCX trading revenues grew 210% from £1.1m to £3.5m and have a compound annual growth rate (CAGR) over the three years to 31 December 2008 of 282%. CCX membership revenues grew 12% from £2.8m to £3.2m and have a CAGR of 163% over the same 3 year period. Other revenues include fees from offset registration which grew 40% from 22,393,100 metric tonnes in 2007 to 31,309,100 metric tonnes in 2008.

CCX expenses increased by 26% from £5.7m to £7.2m chiefly as a consequence of a 45% increase in personnel costs and a 88% increase in the IT costs associated with the first full year of our new service agreement with ICE in the US as well as the FINRA verification costs associated with increasing membership. CCX operating profit increased 138% to £1.9m from £0.8m.

Chicago Climate Futures Exchange

CCFE is an exchange business model, earning revenues chiefly from transaction volumes and, during its early years, membership revenues arising from the sale of Trading Privileges (TPs). In 2008, trading revenues grew 93% from £0.8m to £1.5m. CCFE membership revenues fell 69% from £3.3m to £1.0m over the period, chiefly as a consequence of the market disruption resulting from legal uncertainty over the future of the CAIR programme. CCFE currently has 140 TPs remaining for sale.

CCFE expenses increased by 90% from £1.7m to £3.3m chiefly as a consequence of a 182% increase in the IT costs associated with the first full year of our new service agreement with ICE in the US. As a consequence of lower revenues and higher expenses, CCFE made an operating loss of £0.8m from £2.3m profit in 2007.

Research and Development Activities

In addition to the core businesses, the group is engaged in a range of investment opportunities, including both new product development and geographic expansion internationally. These investment activities typically incur costs in excess of revenues during their start-up phase and the net cost of all such activities is shown as a Research and Development overhead in the table. During 2008, R&D expense increased by 113% from £0.7m to £1.5m and for the first time comprised the costs associated with our investment in China as well as those of the IFEX business and our business focused on voluntary offsetting opportunities in the UK (CEE). These businesses also generated a small revenue, and for this reason, Group revenues are marginally greater than the aggregate core business revenues. In respect of the CEE business, we have successfully reached an agreement with the Building Research Establishment Limited (BRE) which is expected to significantly enhance the potential for CEE while materially reducing our expense exposure to this business and we retain an interest in the future profitability of this relationship.

Net Corporate Overhead

The aggregate costs of the parent company Climate Exchange plc are also set out in the table as a Net Corporate Overhead and at £2.2m, is 3% lower than the level of £2.3m in 2007. This overhead, in 2008 as in prior years, is not reduced by any allocation of expenses or charge for services provided to other companies within the group. The Company is reviewing whether such allocations and charges should be made, but any decision to do this would not affect the consolidated financial position of the Group. For the Group as a whole, pre-tax profit excluding the non-cash expenses rose 225% to £2.8m from £0.8m.

Our group cash position is 10% lower at £12.4m, which includes the impact of the cash investment made in our interest in enVex in Australia. The Group has no external indebtedness.

Pro forma financial analysis

In addition to the disclosure requirements for the group under IAS, Climate Exchange seeks to provide further financial information on its core businesses in order to highlight their operating performance. The following tables of key financial data have been prepared assuming that the Group consolidated 100% of the businesses of both CCX and ECX for the four full financial periods to 31 December 2008. These figures have not been audited and do not form part of the audited financial statements of the Group. In particular, they do not include the non-cash accounting costs of share based payments, being the staff share options and certain transactions involving share based payments to external third parties, which in aggregate amounted to £5.3m in 2008 (2007: £9.2m). The historical record also excludes the investment advisors' termination payment of £5,500,000 in 2006, and investment advisors' fees in 2005 and 2006.

Climate Exchange plc

Pro-forma Statement

	2008	2007	2006	2005
	£'000	**£'000**	**£'000**	**£'000**
Core Business Revenues				
ECX				
Trading Fees	10,814	3,558	1,479	302
Membership Fees	162	187	148	40
Other	131	-	83	1
	11,107	**3,745**	**1,710**	**343**
CCX				
Trading Fees	3,467	1,120	396	62
Membership Fees	3,175	2,828	258	174
Other	2,418	1,789	460	102

Management fee Transfer from ECX	-	735	687	683
	9,060	**6,472**	**1,801**	**1,021**
CCFE				
Trading Fees	1,501	776	60	1
Membership Fees	1,030	3,310	979	94
Other	-	-	-	-
	2,531	**4,086**	**1,039**	**95**
Total Core Business Revenues (excluding management fee)	**22,698**	**13,568**	**3,863**	**776**
Core Business Operating Expenses				
ECX				
Personnel	1,122	982	1,036	1,151
IT	4,045	1,291	736	414
Other	758	501	791	1,161
Management fee Transfer to CCX	-	735	687	683
	5,925	**3,509**	**3,250**	**3,409**
CCX				
Personnel	3,041	2,091	1,448	1,529
IT	1,012	537	658	738
Other	3,123	3,052	1,538	1,257
	7,176	**5,680**	**3,644**	**3,524**
CCFE				
Personnel	1,014	697	474	336
IT	1,696	601	442	381
Other	612	450	389	356
	3,322	**1,748**	**1,305**	**1,073**
Total Core Business Operating Expenses (excluding management fee)	**16,423**	**10,202**	**7,512**	**7,323**
Core Business Operating Profit				
ECX	5,182	236	(1,540)	(3,066)
CCX	1,884	792	(1,843)	(2,503)

CCFE	(791)	2,338	(266)	(978)
Total Core Business Operating Profit	**6,275**	**3,366**	**(3,649)**	**(6,547)**
R&D overhead	(1,514)	(710)	(986)	(59)
Net Corporate Overhead	(2,240)	(2,317)	(922)	(301)
Net Group Interest	236	510	585	395
Group pre-tax Profit	**2,757**	**849**	**(4,972)**	**(6,512)**
Cash and cash equivalents including short-term investments at year end	**12,404**	**13,739**	**13,569**	**13,174**

Principal Risks and Uncertainties

Climate Exchange operates in new and rapidly developing business areas. As a consequence, we are inevitably exposed to risks and levels of uncertainty that have the potential to impact our business prospects materially. The risks and uncertainties which we believe are of most significance are set out below.

Regulatory Environment

Our business is built on the implementation of national and international policies to address environmental issues through the use of cap and trade systems. While this methodology is widely regarded as efficient from an economic perspective, it is not the only approach that governments and supranational organisations may choose to adopt. In particular, tax- based mechanisms and command and control approaches are frequently discussed as alternatives. If cap and trade systems fail to deliver the desired environmental results, or if the political climate renders other approaches more desirable to legislators our business may be adversely affected.

In particular, while recent public pronouncements, especially in the U.S. and Europe, offer hope that cap and trade systems will continue to operate post 2012, the end of the Kyoto compliance period, there can be no assurance that our main markets will continue to benefit from the current legal framework that defines them after that time.

Market Activity and Economic Environment

Exchange revenues and profitability are dependant on the levels of activity in its markets. A slowdown in activity or a shift away from on-exchange to cleared OTC trading in our core products could lead to a drop in trading volumes and so adversely affect our revenues.

The present economic environment has had a significant and detrimental effect on trading volumes in many other exchange businesses. While we have not so far experienced any similar volume decline, we cannot be certain that we will continue to be unaffected by the general economic environment in which we operate.

Regulatory position

Climate Exchange operates in the financial markets, an area subject to detailed and changing regulation in most major jurisdictions. At present, its European business is conducted through its agreement with ICE, a "Recognised Investment Exchange" and is not itself subject to FSA regulation. In the US, CCFE operates as a Designated Contract Market and is subject to regulation by the Commodities Futures Trading Commission. CCX has elected to operate as an Exempt Commercial Market. Should the regulatory framework change and/or should we fail to continue to meet the requirements of the regulatory regime to which we are subject then our ability to conduct our business may be revoked and/or sanctions applied.

Competitive Pressure

We have direct competition in the European market from other exchanges that offer competing products. In the U.S., it is likely that a move to a mandatory cap and trade system for greenhouse gas emissions would similarly increase the level of competition that we experience. While we currently maintain high levels of market share in both of our major markets, this cannot be assured for the future. We may see lower market share levels or face price pressure or both.

IT infrastructure

Our business is based on the operation of electronic marketplaces. These require high levels of IT infrastructure and reliability is a critical factor in maintaining market confidence. In Europe and the US, we are reliant on the stability of the systems operated by ICE. In the US, we are also responsible for some of our own systems. Any failure in the IT systems on which we rely not only reduces the revenues we can expect but may also be damaging to market confidence and undermine our competitive position.

Financing

In the event of unforeseen circumstances, we may need access to additional capital. Our access to capital markets may not always be available. Any additional equity financing may be dilutive to holders of ordinary shares and any debt financing, if available, may require restrictions to be placed on future financing and operating activities.

Employees

The success of our business depends, inter alia, upon the support of our employees and, in particular, the Executive Directors and senior managers within business areas. The loss of key members of our staff could have a material adverse effect on our performance. To prevent this, we seek to ensure that key employees are appropriately incentivised and that the incentives include a significant retention element.

Neil Eckert
Chief Executive Officer
12 March 2009

Matthew Whittell
Chief Financial Officer
12 March 2009

Climate Exchange plc

Consolidated Income Statement

For the year ended 31 December 2008

Notes		2008	2007
		£'000	**£'000**
1	**Revenue**	**22,779**	**13,775**
	Expenses:		
2	Personnel costs:		
	- equity-settled share based payment expense	(3,955)	(5,361)
	- other personnel costs	(6,675)	(5,586)
3	Other expenses:		
	- equity-settled share based transaction cost	(1,346)	(3,819)

Notes			
	- other expenses	(13,583)	(7,850)
	Total expenses	**(25,559)**	**(22,616)**
	Loss from operating activities	**(2,780)**	**(8,841)**
	Interest income on bank balances	236	510
	Loss before taxation	**(2,544)**	**(8,331)**
4	Taxation	581	4,238
	Loss for the year	**(1,963)**	**(4,093)**
12	**Basic and diluted loss per ordinary share (pence)**	**(4.26)**	**(9.53)**

Climate Exchange plc

Consolidated Balance Sheet

As at 31 December 2008

		2008	**2007**
Notes		**£'000**	**£'000**
	Assets		
	Non-current assets		

8	Intangible assets	64,454	47,439
7	Investments	1,908	10
9	Property, plant and equipment	443	397
4	Deferred tax asset	4,933	4,238
	Total non-current assets	71,738	52,084
	Current assets		
7	Investments	-	1,044
	Cash and cash equivalents	12,404	12,695
6	Trade and other receivables	3,322	2,159
	Total current assets	15,726	15,898
	Total assets	**87,464**	**67,982**
	Equity and liabilities		
	Current liabilities		
10	Trade and other payables	3,886	7,034
	Total liabilities	**3,886**	**7,034**
	Equity		
11	Share capital	471	448
11	Share premium	71,617	67,192
	Reserves	11,490	(6,692)
	Total equity	**83,578**	**60,948**
	Total equity and liabilities	**87,464**	**67,982**

Climate Exchange plc

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital £'000	Share premium £'000	Shares to be issued reserve £'000	Retained reserves £'000	Foreign exchange reserves £'000	Total £'000	2007 £'000
Net assets at beginning of year	448	67,192	4,440	(6,489)	(4,643)	60,948	59,838
Share issue proceeds	8	-	-	-	-	8	14
Contingent consideration	15	4,425	(4,440)	-	-	-	-
Loss for the year	-	-	-	(1,963)	-	(1,963)	(4,093)
Share-based payment expense	-	-	-	5,301	-	5,301	9,180
Exchange difference on translation of foreign subsidiaries	-	-	-	-	19,284	19,284	(3,991)

Net assets at end of year	**471**	**71,617**	**-**	**(3,151)**	**14,641**	**83,578**	**60,948**

Climate Exchange plc

Consolidated Statement of Cash Flows

For the year ended 31 December 2008

	2008	2007
	£'000	**£'000**
Cash flows from operating activities		
Loss before taxation	(2,544)	(8,331)
Depreciation	140	63
Goodwill impairment loss	99	-
Equity - settled share based payment expense	5,301	9,180
Operating cash flows before movements in working capital	**2,996**	**912**
Changes in operating assets and liabilities		
Increase in trade and other receivables	(657)	(694)
(Decrease)/increase in trade and other payables	(4,264)	111
	(1,925)	**329**
Taxation paid	(114)	**-**

Net cash (outflow)/inflow from operating activities	**(2,039)**	**329**
Cash flows from investing activities		
Investment in associate	(1,908)	-
Investment in joint venture	-	(10)
Purchase of investments securities	-	(1,044)
Proceeds from sale of investment securities	1,044	-
Purchase of property, plant and equipment	(100)	(339)
Cash of subsidiary acquired	33	-
Cash outflow from investing activities	**(931)**	**(1,393)**
Decrease in cash and cash equivalents	**(2,970)**	**(1,064)**
Cash and cash equivalents at beginning of year	**12,695**	**13,569**
Foreign exchange movement on cash and cash equivalents	**2,679**	**190**
Cash and cash equivalents at end of year	**12,404**	**12,695**

Climate Exchange plc

Notes to the financial statements
For the year ended 31 December 2008

1 Revenue

	2008 £'000	2007 £'000
Membership fee income	4,366	6,325

Transaction fee income	15,772	5,454
Registration fee income	2,329	1,464
Grant income	2	371
Other	310	161
	22,779	**13,775**

Membership fee income includes the sale of Trading Privileges by CCFE, which are limited in number.

2 Personnel expenses

	2008	**2007**
	£'000	**£'000**
Wages and salaries	3,733	3,301
Directors' emoluments and fees	1,760	1,313
Compulsory social security contributions	532	588
Contributions to defined contributions plans	650	384
Equity-settled share-based payment expenses	3,955	5,361
	10,630	**10,947**

3 Other expenses

	2008	**2007**
	£'000	**£'000**
Auditors' fees	123	161
Administration fees	154	205
Depreciation	140	63
Marketing fees	531	552
Occupancy fees	537	450
Directors' insurance costs	37	55
Travel expenses	1,166	979
Professional fees	2,759	2,554

Information technology costs	2,842	1,265
Revenue share and broker expenses	3,953	1,261
Other expenses	376	291
Goodwill impairment loss	99	-
Research and development costs	866	-
Foreign currency loss	-	14
Equity-settled share-based transaction cost	1,346	3,819
	14,929	**11,669**

Climate Exchange plc

Notes to the financial statements (continued)
For the year ended 31 December 2008

4 Taxation

	2008	2007
	£'000	**£'000**
Current tax expense	(114)	-
Deferred tax credit arising on assessed losses	695	4,238
	581	**4,238**

The tax credit in the income statement and the deferred tax asset in the balance sheet relates to deferred tax which has been provided for in respect of tax losses of certain Group companies.

The Company is resident in the Isle of Man where it is subject to tax at zero percent.

5 Dividends proposed

As at 31 December 2008 no dividend had been declared or proposed for 2008 (2007: £nil).

6 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	2,125	1,674
Other receivables	1,197	485
	3,322	**2,159**

Climate Exchange plc

Notes to the financial statements (continued)
For the year ended 31 December 2008

7 Investments

	2008 £'000	2007 £'000
Investment in government securities	-	1,044
Investment in joint ventures	-	10
Investment in associate	1,908	-
	1,908	1,054

In 2007, investments in government securities were categorised as available-for-sale and stated at fair value. All had an original maturity of less than one year from the date of purchase. They were sold in 2008.

In 2007, investment in joint ventures comprised a 50% interest in Climate Spot Markets Limited, stated at cost. On 19

December 2008 the Company acquired the remaining 50%, and increased their holding to 100%. At year end Climate Spot Markets Limited has been consolidated in the Group financial statements. This Company has not commenced to trade and has incurred minimal expenditure to date.

The Group's share of Climate Spot Markets Limited's losses as a joint venture (i.e. before acquisition) amounted to £75,560 and has been included in the income statement.

Investment in associates comprises a 25% interest in enVex, an Australian company that provides exchange-traded (ETC) and over-the-counter (OTC) climate and environmental products. This investment is stated at cost.

The Company has a 50% joint venture interest in Montreal Stock Exchange. The cost of investment is $49, which has been written down to £Nil due to losses made to date.

8 Intangible assets

Group

	2008	**2007**
	£'000	**£'000**
Cost		
Balance at 1 January	47,439	51,616
Arising on acquisition of Climate Spot Markets Limited	99	-
Revaluation to foreign currency	17,015	(4,177)
Impairment loss on Climate Spot Markets Limited	(99)	-
Balance at 31 December	**64,454**	**47,439**

9 Property, plant and equipment

	Equipment £'000	Fixtures and fixings £'000	Total £'000
Cost			
Balance at 1 January 2007	150	59	209
Foreign exchange translation	14	6	20
Additions	32	307	339
Balance at 1 January 2008	**196**	**372**	**568**
Foreign exchange translation	102	(5)	97
Additions	68	32	100
On acquisition of subsidiary	41	-	41
Balance at 31 December 2008	**407**	**399**	**806**
Deprecation and impairment losses			
Balance at 1 January 2007	84	14	98
Foreign exchange translation	8	1	9
Deprecation for the year	35	29	64
Balance at 1 January 2008	**127**	**44**	**171**
Foreign exchange translation	36	1	37
Deprecation for the year	34	106	140
On acquisition of subsidiary	15	-	15
Balance at 31 December 2008	**212**	**151**	**363**
Carrying amounts			
At 1 January 2007	66	45	111
At 31 December 2007	69	328	397
At 1 January 2008	69	328	397
At 31 December 2008	**195**	**248**	**443**

Climate Exchange plc

Notes to the financial statements (continued)
For the year ended 31 December 2008

10 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	619	1,917
Non-trade payables and accrued expenses	3,267	5,117
	3,886	**7,034**

11 Share capital and premium

	Number of shares	Share Capital £'000	Share Premium £'000
Called up, allotted and fully paid			
Ordinary shares of 1p each			
Balance at 1 January 2007	41,329,665	413	60,998
Share issue proceeds	1,405,941	14	-
First contingent consideration	2,121,204	21	6,194
Balance at 1 January 2008	**44,856,810**	**448**	**67,192**
Second contingent consideration	1,515,152	15	4,425

Share issue proceeds	740,189	8	-
Balance at 31 December 2008	**47,112,151**	**471**	**71,617**

Authorised share capital consists of 67.5 million (2007: 67.5 million) ordinary shares of 1p each with a total nominal value of £675,000 (2007: £675,000)

Under the terms of the of the purchase agreement dated 19 September 2006, 3,636,363 ordinary shares were issued to the selling shareholders of CCX with 2,121,204 shares being issued during the year ended 31 December 2007 and 1,515,152 shares being issued during the year ended 31 December 2008.

The share issue proceeds during 2008 relate to 597,737 shared issued on exercise of employee share options and 142,452 shares issued to Deutsche Bank in connection with the launch of IFEX business. 50,000 warrants to acquire shares in the Company have been issued under agreements for the provision of services performed during 2008. Up to 333,333 further warrants may be issued for such services during 2009.

12 Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to ordinary shareholders of £1,962,539 (2007: £4,093,312 loss) by the weighted average number of shares outstanding during the year, being 46,024,611 (2007: 42,942,114).

As calculated in accordance with IFRS, there is no difference between basic and diluted loss per share.

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Notes to the financial statements (continued)
For the year ended 31 December 2008

13 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2008	2007
	£'000	£'000
Less than one year	213	-
Between one and five years	1,009	296
More than five years	524	1,697
Total	**1,746**	**1,993**