Prospectus dated 25/09/2007

ARPADIS GROUP, Société Anonyme
Parc Industriel - Zone D - Rue Jean Perrin n° 5 - 7170 MANAGE
RPM 0465 742 134

Public offering to subscribe to up to 325,000 New Shares with VVPR strips, resulting from a capital increase, at the fixed price of EUR 6.12 per Share and 10,000 New Shares, with VVPR strips, resulting from a capital increase reserved to members of staff

Application for listing on the Free Market of Euronext Brussels of a maximum of 2,603,000 Shares, representing the entire share capital of the ARPADIS GROUP, including a maximum of 10,000 Shares resulting from the Employee Offering and a maximum of 335,000 VVPR strips

The Offering Period will begin on 08/10/2007 and is expected to close on 07/11/2007, subject to early closing. In any event, the Non-Prioritary portion of the Offering will remain open for at least three business days.

Advisor

Sponsor

Orders may be placed with EUROPE FINANCE ET INDUSTRIE or with any other financial intermediary.

This prospectus is also available via the internet on following websites:
www.arpadis.com and www.smallcapsfinance.com

APPROVAL BY THE BANKING, FINANCE AND INSURANCE COMMISSION

Pursuant to Article 43 of the law of 16 June 2006 on the public offer of investment instruments and admission of investment instruments to trading on regulated markets, the Banking, Finance and Insurance Commission approved the **French version** of this prospectus on 25/09/2007. This approval does not imply any judgment on the merits or the quality of the Offering, or the position of the party making it.

WARNING

The attention of investors is drawn in particular to the following points:

- This prospectus is a translation of the original French version. Only the French version is legally valid.
- The Free Market of Euronex Brussels is not a regulated market in the sense of article 2 3° of the law of 2 August 2002 regarding supervision of the financial sector and financial services. Consequently, this market does not offer the same guarantees as regards supervision and information to the public as a regulated market. See p. 12.
- There is no mimimum amount for the offering. See risk factors section 2.7.
- The shares offered carry a high level of risk. Investors are invited to consider the consolidated net results of the group during the last tree periods (loss for financial statements as of 31/12/2004 and 31/12/2005, profit for financial statements as of 31/12/2006 due to exceptionnal profits) and the evolution of consolidated equity (negative equity for consolidated balance sheet as of 31/12/2004 and 31/12/2005). The risk factors are described on pages 10 and following of this prospectus.
- The value of the company, according to the Discounted Cash Flow method, ends up to a postive result thanks to the residual value of the company in 2013.

SELLING RESTRICTIONS

This Offering of shares and VVPR strips of the ARPADIS GROUP and distribution of this prospectus may be restricted by law in certain jurisdictions outside Belgium. This Offering is made exclusively in Belgium and in no other State. The ARPADIS GROUP does not state that this prospectus may be lawfully distributed in jurisdictions outside Belgium or that the shares may be lawfully offered in compliance with any applicable registration or other requirements in jurisdictions outside Belgium, or pursuant to any exemption available thereunder. The ARPADIS GROUP does not assume any liability for such distribution or offering.

Accordingly, the shares and VVPR strips of the ARPADIS GROUP may not be publicly offered or sold, directly or indirectly, and neither this Prospectus, nor any advertising or other offering materials must be distributed or published in any jurisdiction outside Belgium, except in circumstances that will result in compliance with all applicable laws and regulations. This Prospectus does not constitute an offer to sell or a solicitation or an offer to buy or subscribe to the shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Persons who come into possession of this Prospectus or any of the shares and VVPR strips of the ARPADIS GROUP must inquire about, and observe, any such restrictions.

Persons not resident in Belgium wishing to participate in this Offering must ensure that they comply with the regulations in force in their State of residence, and that they fulfil any other formalities that may be required, including the payment of any charges and tax.

Posting this Prospectus on the internet does not constitute an offer to sell or a solicitation or an offer to buy any of the shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Posting of this prospectus on the internet is restricted to the websites mentioned in this document. The electronic version must not be reproduced or made available at any other location and may not be printed for distribution. Only the original French version of this prospectus in circulation in Belgium shall be deemed authentic, pursuant to the applicable laws. Any other information appearing on the ARPADIS GROUP website does not form part of the Prospectus.

This prospectus is a translation of the original French version. The prospectus is only legally valid in the original French version, distributed in Belgium in accordance with the applicable laws and regulations. **The Company assumes no liability in respect of this translation, unless it is misleading, inaccurate or inconsistent when read together with the original French Version.** Should any claim relating to the information contained in the prospectus be brought before a court, the claimant may, under the applicable legislation, have to bear the costs of translating the prospectus before the legal proceedings are initiated. **The original French version of this prospectus can be obtained at the Company's registered office as mentioned in section 1.4. "Information policy".**

Anyone needing investment advice after having read the information contained in this prospectus is advised to contact their customary financial and tax advisors.

PROVISIONAL INFORMATION

This Prospectus contains provisional information, statements and estimates which reflect the current opinion of the Company's management as regards in particular the business prospects and future performance of the Company and the markets on which it operates. Such statements and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Therefore, actual results, the financial condition, performance or achievements of Arpadis Group, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements and estimates. Factors that might cause such a difference are included, but are not limited to, those discussed in the section 'Risk Factors'. Furthermore, provisional statements and estimates are only valid as at the date of this Prospectus.

ROUNDING OF FINANCIAL AND STATISTICAL INFORMATION

Certain financial and statistical information in this Prospectus has been subject to rounding and adjustment. Accordingly, the sum of certain data may not be equal to the expressed total.

SUMMARY

Notice to readers

This summary must be read as an introduction to the Prospectus. It contains selected information concerning the ARPADIS GROUP and the Offering. It does not include all the information that may be important to investors. Any decision to invest in the Shares must be based on consideration of the prospectus as a whole by the investor. This summary should be read together with, and is qualified in its entirety by, the more detailed information and the financial statements and notes thereto appearing elsewhere in this Prospectus. It should also be read together with the matters set forth under 'Risk Factors'. The Company assumes no liability in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

a) THE ARPADIS GROUP

The ARPADIS GROUP is a holding company with participating interests in a group of subsidiaries operating in the chemicals sector.

The company operates in two core areas of business:

1. The distribution of chemical products: the group acts as an intermediary between producers and processors and/or users.
2. Tolling or custom processing which involves some degree of processing of chemical products on behalf of a customer.

Initially, distribution activities were concentrated in Europe and Asia but since 2006, they have been extended to Africa and the Middle East as a result of the creation of a distribution network comprising 6 new subsidiaries. Custom processing is handled in Belgium and targets a client base in Belgium and adjacent countries.

b) Summary of the Offering and admission to trading

The Issuer:	ARPADIS GROUP S.A., a *société anonyme* [public limited company] incorporated in accordance with Belgian law, having its registered office at 7170 Manage, Zoning Industriel – Zone D, 5.
ARPADIS GROUP:	The Company and its subsidiaries and/or branches.
Shares offered:	The Company proposes to offer 325,000 new shares at €6.12, not including the Employee Offering. All the shares offered have been issued in accordance with Belgian law at the time of the capital increase on 17/09/2007. They will enjoy the same rights as the Company's other shares. In total, the maximum of 325,000 shares offered represent 12.49% of the share capital of the ARPADIS GROUP following a capital increase, assuming that all the shares within the framework of the Offering and the Employee Offering are subscribed. The shares offered will grant entitlement to a share in the Company's profits from 1 January 2007, and, if approved by the General Meeting of Shareholders, to a dividend for the financial year ending on 31/12/2007.

VVPR Strips:	The shares are offered with VVPR strips, which represent the right to pay a reduced rate of Belgian withholding tax on dividends, known as 'Verminderde Voorheffing/ Précompte réduit'. This strip may be traded separately on the Free Market of Euronext Brussels.
Structure of the Offering:	Priority Offering: 80% of the shares, i.e. 260,000 shares Non-Priority Offering: 20% of the shares, i.e. 65,000 shares Employee Offering: at the time of the Offering, the Company will offer, in a separate Offering and subject to the condition precedent of closure of the Offering, to its employees and associates and to those of its subsidiaries, the opportunity to subscribe to an overall maximum of €51,000 in new Shares. The subscription price will be equal to the Offering price, less a discount of 16.66%. Shares thus subscribed may not be transferred for a period of two years. The costs of the Employee Offering will be borne by the Company.
Offering Price:	The Offering is made at a fixed price. The price at which the shares are offered has been set by the ARPADIS GROUP, in consultation with EUROPE FINANCE ET INDUSTRIE, and amounts to € 6.12 per share. This price values the ARPADIS GROUP at €15,930.360 (i.e. 2,603,000 shares of €6.12) after the capital increase. Details in support of this valuation are provided in point 2.3 of the prospectus.
Objectives:	The operation will enable the ARPADIS GROUP to contribute to financing the investments planned for 2007 and 2008, in other words; improvement of the Manage site production plant and construction of an industrial facility in China. Furthermore, the offer will enable the ARPADIS GROUP to: - Increase its financial capacity; - Enhance its reputation and credibility vis-à-vis its customers, its suppliers and its partners in Belgium and abroad; - Ensure that existing and future shareholders benefit from the advantages of listing on the Free Market.
Offering Period:	The Offering Period will be open between 08/10/2007 and 07/11/2007. The Offering may be closed early. It will be closed by EUROPE FINANCE ET INDUSTRIE, in consultation with the ARPADIS GROUP, as soon as the total number of shares for which orders have been duly submitted reaches the number of shares offered. In any case, the Non-Priority Offering will remain open for at least 3 business days.
Use of proceeds:	The capital increase will be used in its entirety to finance the investments described in chapter 4, point 4.9. 'Investments'.
Lock-up clause:	The reference shareholder undertakes to retain, directly or indirectly, a minimum 51% controlling interest in the company for a period of five years from the date of initial listing.

Estimated timetable of the Offering:	Holding of the General Meeting 17/09/2007 Approval of the prospectus by the CBFA 25/09/2007 Publication of the initial notice by Euronext Brussels (+/-) 27/09/2007 Opening of the Public Offering 08/10/2007 Closure of the Public Offering (unless in the event of early closure) 07/11/2007 (T) Date of centralisation by Euronext 08/11/2007 (T+1) Publication of the results by Euronext Brussels (+/-) 08/11/2007 (T+1) Allocation of shares 12/11/2007 (T+5) Settlement, delivery of shares 12/11/2007 (T+5) First day of trading +/- 13/11/2007(T+6)* ** To be confirmed by Euronext Brussels*
Financial advisor:	Small Caps Finance, a *société anonyme* incorporated in accordance with Belgian law, having its registered office at 1640 Rhode-Saint-Genèse, Chaussée de Waterloo 50. www.smallcapsfinance.com – Tel: 02/653 37 63 – Fax: 02/653 52 34.
Financial intermediary:	EUROPE FINANCE ET INDUSTRIE, a *société anonyme* incorporated in accordance with French law, having its registered office at F-75008 Paris, Avenue des Champs Elysées 37 - Email: efi@efi.fr - Tel: +33 1 53 93 74 00 - Fax: +33 1 42 89 55 96
Costs and remuneration of intermediaries:	The costs of the Offering include legal and administrative costs, the remuneration of the Banking, Financial and Insurance Commission, the costs of the mandatory announcements and of the advisors, subscription and sales fees, fees or expenses payable to Euronext Brussels and to Euroclear Belgium. These costs and expenses, estimated at approximately €200,000, shall be borne entirely by the ARPADIS GROUP.
Share code:	ISIN: BE0003875920 - SVM Code: 3875.92 Euronext symbol: ARPA
VVPR strip code	ISIN: BE 0005619904 - SVM Code: 5619.90 Euronext symbol: ARPAS

c) Risk factors

The Company is exposed to the following main risks relating to its business:

- Foreign exchange risk
- Interest rate risk
- Customer risk
- Supplier risk
- Inventory risk
- Environmental risk
- Competition risk
- Investment risk
- Infrastructure risk
- Risk relating to key personnel

Furthermore, the shares carry a certain risk relating to listing on the Free Market of Euronext Brussels, the main ones being:

- The free market is an unregulated market;
- The liquidity of the share is not guaranteed and the price may fluctuate in a manner that cannot be predicted by the Company.

d) Basic information concerning selected financial information

The financial information selected contains consolidated data for 2004-2005-2006 as filed with the National Bank of Belgium and provisional figures for 2007, 2008 and 2009 as proposed by the ARPADIS GROUP.

(in thousands of €)	2004	2005	2006	2007	2008	2009
Turnover	35,125	39,856	44,643	68,970	102,769	123,497
of which distribution	*33,837*	*38.647*	*43,405*	*57,520*	*88,431*	*112,110*
of which custom processing	*1,288*	*1,209*	*1,238*	*11,450*	*14,338*	*11,387*
% Gross margin	12.3%	11.7%	8.7%	20.9%	18.2%	13.7%
EBITDA	696	909	-338	1,590	3,101	3,875
Operating result	185	355	-608	1,153	2,603	3,320
Net profit (loss)	-106	-314	2,115	403	1,269	1,627
Fixed assets	6.16	6,241	1,013	6,016	7,013	6,510
Equity capital	-65	-383	2,044	6,136	7,405	9,032
Net financial liabilities	10,129	10,628	3,541	6,873	9,401	9,379
Balance sheet total	17,732	16,256	13,348	23,568	31,792	36,197

Gross margin: (Turnover –Supplies and goods purchased for resale) / Turnover
EBITDA= Operating result + Amortisation and depreciation + Write downs + Provisions for liabilities and charges

A detailed breakdown of the consolidated financial statements is provided in the financial section on page 49. The reports of the auditor are provided under section 5.1.6.1. and 5.1.6.2., and under section 7.2.5. for the forecasted statements.

e) Publicly available information

The Prospectus is available in French. This Prospectus will be made available to investors free of charge at the registered office of the ARPADIS GROUP (Zoning Industriel – Zone D, à 7170 Manage), and may be obtained free of charge, upon request, from

EUROPE FINANCE ET INDUSTRIE
INVESTMENT BANKING
Avenue des Champs Elysées, 37 - 75008 Paris
Tel : +33 1 53 93 74 00
Fax : +33 1.42.89.55.96

Subject to certain conditions (see page 2), this Prospectus is also available from the following websites: www.arpadis.com or www.smallcapsfinance.com or www.efi.fr .

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RISK FACTORS

1. RISKS RELATED TO THE ARPADIS GROUP AND ITS BUSINESS

Any investment in ARPADIS GROUP involves certain risks, the most significant of which are described below. This list is not intended to be exhaustive. Before deciding to invest in the shares issued by ARPADIS GROUP, potential investors are advised to carefully consider these risk factors which, individually or collectively, could have a significant impact on the company and its shareholders.

1.1. Foreign exchange risk

Most of the chemical products obtained from suppliers are invoiced in EUR, the balance being invoiced in USD. For 2006, supplies in USD represented 26.89% of purchases against 32.53% in 2005. Although sales of goods purchased for resale are generally re-invoiced to European customers in EUR, a substantial portion of export sales is invoiced in USD. For 2006, sales in USD represented 25.78% of total sales against 33.61% in 2005.
Arpadis Group policy is to hedge all transactions involving a foreign exchange risk. Failing this, the profit margin on the transaction could be favourably or unfavourably affected, depending on fluctuations in exchange rates. Although the group pursues an active foreign exchange hedging policy for all transactions in foreign currency, there can be no guarantee that this will be the case in future. The group is not protected from errors in assessing foreign exchange risk which could have an impact on the group's profitability and financial situation.

Furthermore, management believes that unfavourable changes in foreign exchange rates, in particular, that of the USD against the euro, have a limited impact on the group's turnover given the geographical diversification of supplies and sales.

1.2. Interest rate risks

The group has been granted substantial creditlines enabling it to finance its short-term operations (cf point 4.13.2.), and in particular to cover the gap between payment to suppliers and payment from customers. The distribution arm generally makes use of short-term loans for which it has creditlines totalling approximately 5 million euros. A short-term rise in interest rates could increase the cost of this financing and thus affect the profit margin if the group were to have to make intensive use of its bank loans. The use of creditlines fluctuates a great deal throughout the financial year and short-term credit requirements may, from time to time, be non-existent. In these circumstances, a rate hedging instrument generally proves to be more costly than payment of higher interest. Given the significant fluctuation in its loan liabilities and the current level of short-term interest rates, management believes that this risk does not need to be hedged.

1.3. Customer risk

Customer risk differs for the distribution and the custom processing arms, In fact, although for the distribution arm, the client base is highly diversified as a result of the large number of customers and their geographical distribution, the same cannot be said of the custom processing arm, which is reliant upon a small number of high profile customers.

The turnover over these two arms breaks down as follows:

(thousands of euros)	2004	2005	2006
Distribution	32,404	37,563	43,477
Custom Processing*	2,576	2,414	2,477

(*) Note: This is basically accounted for by the turnover (100%) of Arpadis Coatings Services (formerly Schoonjans) which until 2006 was only consolidated at a rate of 50%.

As regards the distribution arm, customer risk is relatively well diversified with +/- 20% of customers generating approximately 80% of turnover.
Invoicing to customers includes a significant amount of goods purchased for resale, so should a customer default, the risk involves not only a loss of gross margin by the Arpadis group but also the loss of goods purchased for resale.
However, in the custom processing arm, customer risk is concentrated on a small number of customers. In fact, 85% of the turnover of Arpadis Coating Services is currently concentrated on one customer, while Arpadis Manage works with one customer exclusively. However, invoicing involves only the added value of the Arpadis group, since the goods are generally supplied by the customers.

The risk hedging policy adopted by the group covers all customers of the distribution arm and customers of the custom processing arm.

For the distribution arm, the group uses two methods of hedging customer risk. It either uses documentary transactions, within the framework of which, payment is guaranteed by the bank subject to the conformity of the documentation presented, or it insures its customer receivables with insurance companies providing cover of between 85% and 95%, depending on the policy (Atradius or Ducroire). In this case, there remains a residual risk of between 5% and 15%, corresponding overall to the added value provided by the group for the distribution arm. Outstanding customer receivables not reimbursed by the insurance company amounted in 2006 to €32,305, compared to €27,616 in 2005 and €40,936 in 2004, i.e. less than 0.1% of consolidated turnover. Management is of the opinion that this risk can be assumed given the diversification of the client base.

As regards the custom processing arm, customer risk is also insured by means of credit insurance. However, it covers a very limited number of customers. As part of its policy to develop the custom processing arm, management will endeavour to spread this risk over various names.
Consequently, and although the risk of the loss or insolvency of high profile customers is limited, the occurrence of such an event could have a significant adverse effect on the custom processing arm, the financial situation of the companies concerned and their ability to fulfil their objectives.

1.4. Supplier risk

The supplier risk also differs according to the group's activities. Although the distribution arm obtains all its supplies from suppliers of chemical products, for the custom processing arm, the supplier risk lies entirely with the customer placing the order.

The group obtains its supplies from a large number of suppliers with whom it enters into distribution and purchasing contracts, the most significant of which account for less than 9% of the entire group's total purchases. 80% of supplies are obtained from 20% of suppliers. Consequently, the risk of dependency on any particular supplier is relatively low. However, it cannot be excluded that the loss of a supplier or a significant distribution contract, or the difficulty, indeed the impossibility for a supplier to deliver goods, could cause a decline in business and consequently impair the company's profitability and financial situation.

1.5. Inventory and environmental risk

Inventory risk is not so much based on a quantitative criterion but rather the chemical nature of the stock. In fact, the group's policy is to hold minimum stocks representing less than 3% of the entire group's turnover (or an average storage period of less than 10 days). Individually (company by company), stock also represents less than 3% of the turnover of each company holding such stock.
Furthermore, for the custom processing arm, stock held on industrial sites belongs to customers. Consequently, the financial risk associated with damage to and depreciation of goods is limited.

However, many products stored on the industrial sites or in warehouses belonging to third parties entail an environmental or handling risk, such as, for example, solvents, which are highly flammable, or lacquers or paint, where leakage into the ground in the event of an accident could have disastrous consequences for the environment and/or the regional population. Other substances, on their own, are not dangerous but can, when combined with other substances, become hazardous. In this respect, the Manage site is covered by the Seveso directive (cf. point 4.9.1.).
Consequently, the group is not protected from a loss having significant environmental consequences. Currently, all measures are in place to limit this risk. Investment will be made in Manage to improve safety. Furthermore, insurance policies enable the group to cover the financial consequences of any accident. There is, however, no guarantee that the insurance policies will enable the group to cover all damage caused to third parties by a major accident.

1.6. Competition risk and risks related to fluctuations in the price of chemical products

The chemical product distribution market is highly competitive. Many chemical products are deemed to be commodities which are traded at prices which fluctuate according to supply and demand. The market is accordingly very transparent as regards pricing.
The market has undergone major consolidation both upstream, involving producers of chemical products and downstream, involving users of chemical products, to which the distributors have adapted. The distribution market is thus dominated by a couple of major multinational groups (Brenntag and Univar), representing numerous products worldwide with very low margins, profitability being achieved through increased volumes. Alongside these major groups exist a multitude of smaller local businesses or firms specialising in a limited range of products. These operators may be in competition with ARPADIS, in certain niche activities or in certain geographical sectors. Some competitors, such as the producers and the major international distribution groups, have significant financial resources enabling them to compete with Arpadis on different markets. Others have a significant geographical presence enabling them to gain market share by offering a wider range of products, competitive prices and very short delivery periods.

For the custom processing arm, the concept of competition is more diffuse. In fact, this arm has been developed specifically as a result of the competitive nature of the market. Against a background of reduction of margins, certain producers in the chemicals industry are no longer able to make a profit from their industrial infrastructure alone. Outsourcing certain phases of processing allows for increased flexibility and profitability. Arpadis responds to this need by taking over a production facility and carrying out processing for several producers at once. The economies of scale made allow them to offer a 'service' at a competitive price. The concept of competition therefore has more to do with flexibility, efficiency and competitive prices for a given service (thus encouraging outsourcing) than rival undertakings.

The fact that the company systematically focuses on niches in the distribution market provides no guarantee that it will be able to adapt in the face of competition or a general decline in activity in the industry. These factors could have an adverse effect on the group's activity, its financial situation, its results or its ability to fulfil its objectives.

1.7. Risks related to participating interests

Arpadis Group, which is making the Offering, is a holding company with participating interests in a group of subsidiaries. The holding company is not engaged in any commercial activity, but has a team

that manages and assists the subsidiaries. The group's profitability and growth relies on the participating interests in its subsidiaries being maintained. It should be pointed out that in certain subsidiaries, the group is in partnership with shareholders active within the group.
For various reasons, there could be a risk that the group will be unable to maintain its participating interests in all the subsidiaries referred to in the prospectus (cf. for further details point 4.9).
The disposal of a subsidiary could adversely affect the activity of the group or its ability to fulfil its objectives.

1.8. Risk related to losses incurred in the past

The group has incurred losses during the fiscal year ending 31/12/2004 and 31/12/2005 (respectively €106 k and €311 k). These losses have had an adverse impact on the group's consolidated equity (-€65 k at year end 2004 and €-383 k at year end 2005). The profit and loss account as of 31/12/2006 ended with a profit of €2,422 k, only thanks to an exceptional result of €2,879 k which brought the equity back to a positive level of €2,044 k.
The losses incurred in 2004 and 2005, as well as the exceptional profit of 2006 are all linked to a 50% participating interest in the company A4S. The operational costs of this subsidiary have been weighing heavily in the consolidated accounts of the group. The disposal of this participating interest during fiscal year 2006 generated an exceptional profit of €2,286 k (in the consolidated accounts) and a financial income of €204 k due on loans granted by the group. Furthermore, Arpadis Chemicals has received an indemnity of €469 k following to the breach of the contract. (Cf. Chapter 5, section 5.1.4.6. "Detail of the most significant items" for more information.)
The constitution of a distribution network in North Africa and Middle East also explains part of the increase in the operational charges in 2006. This network is currently operational and its first profits are expected in 2008.
All measures have been taken by the group in order to cut the losses generated by some of its subsidiaries and limit the risk related to participating interests.
The limited net consolidated loss as of 30/06/2007 of €5,142.75 is explained by:

- the acquisition of the industrial site of Manage from SigmaKalon 2 months behind schedule. This means that take-over charges had to be depreciated over a shorter period and that only 9 months of revenue were taken into account instead of 11. Non-recurrent charges linked to the take over such as registration rights and fees of legal advisors have also been supported during this period.
- the late start in operations of Arpadis Chemicals Germany, because the credit facilities were not put into place immediatly. This has been solved and financial means at the disposal of the company will support the growth of its activity.
- the opening of new offices during the first half of 2007 fot Arpadis Chemicals Germany, Arpadis France, Arpadis Israël and Polylink Logistics.
- a seasonal slow down in the distribution activities during the first semester of 2007, whereas forecasts are spread equally over a full fiscal year.

1.9. Risk related to the infrastructure

The infrastructure for the distribution arm comprises a group of offices and warehouses belonging to the group or leased from third parties. This streamlined infrastructure imposes no significant constraints.

This is not true for the infrastructure of the custom processing arm which comprises two production sites comprising administrative buildings, production sites containing various processing tools and storage facilities.
Irrespective of the environmental risk mentioned above, this infrastructure is vital for running the business. Any accident causing the total or partial loss of this infrastructure would affect the group's activity, its profitability and its financial situation. The group therefore has the necessary insurance policies to cover the risk, both in terms of the cost of rebuilding the production facility and in terms of any loss of profits incurred in such an event (cf point 4.14 for a detailed list of insurance policies). Despite the existence of these insurance policies, it is likely that a significant accident would at least temporarily disrupt the company's business as it would be unable to fill, in full or in part, orders placed by customers.

1.10. Risks related to key personnel

Laurent Abergel, majority shareholder and managing director of the Arpadis Group, is undoubtedly a key person for the group. He is surrounded by a management team having extensive professional experience in the chemical industry and the field of finance, and with whom he shares day-to-day and strategic management of the group.
The synergy of the management team means that any member may be absent without the organisation being adversely affected.

The group's development and growth have been largely supported by the quality of its managers and the managers of the subsidiaries, who are incentivised, in this respect, through the holding of participating interests. The departure of any one of them could temporarily disrupt the organisation of a subsidiary, but this would not have a major impact at group level.

1.11. Litigation

The group is currently involved in three major disputes (cf. 4.17). However, the outcome of these disputes is not such as to impair the group's financial situation.

1.12. Risk related to new regulations

The ARPADIS group is an importer of chemical products. As such, it is covered by the new European REACH regulations (Registration, Evaluation, Authorisation and Restriction of Chemicals) which came into force on 1 June 2007. The various group undertakings are thus bound to report to the European agency responsible for registration of these products. The group intends to comply with this obligation in consultation with the relevant producers of chemical products.
It is difficult at the moment to assess the impact of these regulations on the group's activity. However, management believes that the impact will be limited over the next two years.

2. RISKS RELATED TO LISTING

2.1. Lack of a liquid public market

Prior to this Offering, the shares comprising the capital of the ARPADIS GROUP and the VVPR strips have never been traded on a financial market. No assurances can therefore be given that an active liquid market will develop for the shares and the VVPR strips of the ARPADIS GROUP after the Offering, or that such a market, if it does develop, will prove to be permanent.

If a liquid market fails to develop, the price of the ARPADIS GROUP shares and VVPR strips established after admission to trading on the Free Market of Euronext Brussels may be adversely affected.

2.2. Volatility of the price of shares and VVPR strips

There is no guarantee that the price of the shares of the ARPADIS GROUP will not fall below the Offering Price on closure of the Offering, and these prices may not be considered indicative of the market price of the shares after admission to trading of the ARPADIS GROUP shares and VVPR strips on the Free Market of Euronext Brussels. There is no guarantee that the price of the ARPADIS GROUP shares will not be affected by high volatility on closure of the Offering.

Certain publications, changes or developments concerning the ARPADIS GROUP could, moreover, cause significant fluctuations in the price of its shares and the volume of shares traded. Information (macro-economic, political, etc.) not relating to the operational activities of the ARPADIS GROUP could also contribute to significant fluctuations in the price of the ARPADIS GROUP shares. The ARPADIS GROUP cannot therefore forecast or guarantee the market price of its shares following closure of the Offering.

Furthermore, over recent years, the equities market has experienced marked fluctuations in volumes and prices. This volatility has had a significant impact on the price of shares issued by many companies for reasons not related to their operational performance. Consequently, the ARPADIS GROUP cannot in any way predict the market price of its shares after their admission to trading on the Free Market of Euronext Brussels.

2.3. Future dilution for new shareholders

Investors subscribing to shares of the ARPADIS GROUP within the framework of this Offering will experience a dilution equal to the difference between the Offering Price of the shares and their book value. Moreover, if the ARPADIS GROUP issues additional shares after this Offering, notably when warrants are exercised, investors may experience additional dilution, although it must be noted that no warrants have yet been allocated and that these warrants, whatever the circumstances, will have to be allocated at an exercise price close to the trading price of the shares on the date of allocation.

The dilution per share is calculated as follows, based on the net assets of the ARPADIS GROUP S.A. as at 17 september 2007, assuming the 335,000 new shares issued within the framework of the Offering and the Employee Offering are subscribed in full:

	No. Shares	Amount in euros	Per Share in euros
Net assets as at September 17, 2007:	**2,268,000**	2,140,160	**0.94**
Amount of the Offering:	**325,000**	1,989,000	**6.12**
Amount of the Employee Offering	**10,000**	51,000	**5.10**
Net assets after the Offering:	**2,603,000**	4,180,160	**1.61**
Dilution of net assets for subscribers of the Offering :			**4,51**
Increase in net assets for existing shareholders:			**0,67**

2.4. Significant Shareholders

L.A.-Investment and Laurent Abergel (the 'Controlling Shareholders'') will together hold 79.45% of the share capital of the ARPADIS GROUP following admission to trading of the shares of the latter on the Free Market of Euronext Brussels, assuming all the new shares issued within the framework of the Offering and the Employee Offering are subscribed. The Controlling Shareholders will therefore each have significant voting rights at general meetings of the ARPADIS GROUP.

On closure of the Offering and the Employee Offering, investors subscribing to shares will hold a maximum of 12.49% of the capital and voting rights in the ARPADIS GROUP. Consequently, they will have limited opportunity to influence the decisions taken at general meetings. Furthermore, the decisions taken may not always be in line with their interests. The attention of investors is drawn in particular to point 3.4.3., 'Future dividend policy', in which the ARPADIS GROUP states its intention not to pay dividends over the coming years. Moreover, the articles of association of the ARPADIS GROUP as yet make no provision for the appointment of a director to represent the interests of minority shareholders.

2.5. Lock-up

The Controlling Shareholders have undertaken to hold a minimum of 51% of the shares comprising the capital of the ARPADIS GROUP for a minimum period of 5 years from the date of admission to trading of the shares on the Free Market of Euronext Brussels.

The Controlling Shareholders will therefore remain free to sell on the market 28.45**%** of the capital of the ARPADIS GROUP. Any such sales could cause a substantial fall in the price of the shares if they are not set off by purchases of the same volume.

2.6. Anti-takeover provisions

A new *OPA* (takeover) law transposing the European Takeover Directive 2004/25/EC was voted on by Parliament on 1 April 2007. This new law is applicable to the Company. Nevertheless, in that law, the obligation to launch a takeover bid in relation to all shares in the event of a change of control applies only to companies listed on a regulated market, which is not the case for the ARPADIS GROUP. The King has received the authority to extend this obligation to companies listed on other markets. To date, this authority has not been used to extend this rule to companies listed on the Free Market.

The articles of association of the ARPADIS GROUP contain certain provisions that could discourage transactions involving a change of control and affecting the price of ARPADIS GROUP shares, in particular, article 6 (authorised capital).

Consequently, for such time as the Controlling Shareholders hold a significant participating interest in the capital of the ARPADIS GROUP, the chance of minority shareholders receiving a premium for their shares over the market price within the framework of a takeover bid is relatively limited.

2.7. No minimum amount of the offering

The ARPADIS GROUP is authorised to carry out the capital increase provided for in this Prospectus in a reduced amount. No provision has been made for a minimum number of new shares. The exact number of new shares will be confirmed in a notice to be published in the Belgian financial press on closure of the Offering. Consequently, (i) only a limited number of shares may be available on the Free Market of Euronext Brussels, which could restrict their liquidity and (ii) the financial capacity of the ARPADIS GROUP in view of the use of proceeds described in section 2.2.2. could be reduced. The ARPADIS GROUP could therefore reduce its level of investment or seek additional external financing.

2.8. Risk of additional borrowing requirement in the event of partial failure of the Offering

Although the ARPADIS GROUP believes that its current resources (operating cash flow, recourse to borrowing, cash advances from existing shareholders etc.) will be sufficient to finance its planned investments for the next two years, as described in point 2.2.2., there is no guarantee that that will be the case.

3. RISKS RELATED TO ADMISSION TO TRADING ON THE FREE MARKET

The Free Market is a market segment organised by Euronext Brussels for which regulation is less strict than for Eurolist by Euronext Brussels, as it is not a regulated market in the sense of article 2 3° of the law of 2 August 2002 regarding supervision of the financial sector and financial services. Consequently, the issuers of financial instruments admitted to trading on the Free Market are not bound by any specific obligations arising out of admission to trading on a regulated market. The main risks related to an admission to trading on the Free Market of Euronext Brussels are the following:

- the only accounting obligations of companies admitted to trading on the Free Market of Euronext Brussels are those inherent to the company's legal form, in accordance with the provisions resulting from accounting law and company law;

- There is no minimum percentage of shares to be offered to the public;

- Euronext Brussels receives no specific information regarding events that could adversely affect the assets and liabilities or legal position of the undertaking and cannot therefore in any circumstances bring such information to the attention of users;

- The periodic and occasional reporting duties referred to in the Royal Decree of 31 March 2003 concerning the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market are not applicable to companies listed on the Free Market;

- The rules requiring disclosure of participating interests and the reporting of the exceeding of thresholds in companies whose shares are admitted to trading on a regulated market are not applicable;

- The lack of liquidity, visibility and transparency may hamper acquisitions of shareholdings. Investors may, inter alia, experience difficulties in selling large quantities of shares as there might not be a counterparty to acquire the shares;

- volatility of the stock price might present a risk, although the stock price is legally bound to the regulatory limits of + or – 10% compared to the previous trading day;

- The ARPADIS GROUP may initially experience difficulties raising funds, as it is still relatively unknown to the public.

- Unlike the rules of Alternext, the organisation memorandum of the Free Market of Euronext Brussels does not require the financial intermediaries organising the operation to carry out due diligence. Despite certification of the financial statements of the ARPADIS GROUP contained in this prospectus, no due diligence on the ARPADIS GROUP has been carried out by SMALL CAPS FINANCE and EUROPE FINANCE ET INDUSTRIE.

However, for the shares of companies admitted to trading on the Free Market of Euronext Brussels, the provisions of the law of 1 April 2007 on takeover bids and its implementing Royal Decrees are applicable. Likewise, the criminally punishable prohibitions on price fixing and insider dealing are applicable to the Free Market of Euronext Brussels. Finally, as regards an admission of shares to trading on the Free Market which, whatever the circumstances, constitutes a public issue, issuers who make an offer under 2.5 million euros are subject to the obligation to publish a prospectus, pursuant to articles 42 and following of the Law of 16 June 2006 relating to public offers of investment instruments and admission of investment instruments to trading on regulated markets.

CHAPITRE 1: RESPONSIBILITY FOR THE PROSPECTUS AND AUDIT OF THE ACCOUNTS

1.1. DECLARATION OF CONFORMITY AND RESPONSIBILITY

The Board of Directors of the ARPADIS GROUP, represented by its managing director, L.A. Investment S.A., the permanent representative of which is Laurent Abergel, assumes responsibility for this prospectus and certifies that to its knowledge, the information contained in this prospectus is in accordance with the facts and contains no omission likely to affect its import.

For the Board of Directors of the ARPADIS GROUP

L.A.-Investment S.A., represented by
Mr. Laurent Abergel
Permanent representative

1.2. AUDITING

Clybouw Réviseur d'entreprises scprl, represented by Mr. André Clybouw, statutory auditor, are the auditors of the ARPADIS GROUP.

The statutory auditors of the ARPADIS GROUP have been appointed for a period of three years, such period expiring on closure of the ordinary general meeting called to approve the annual accounts for **2008.**

The financial statements of the ARPADIS GROUP for the financial year ending on 31 December 2005 and 31 December 2006 were prepared in accordance with generally accepted accounting principles in Belgium and certified by the auditors who delivered an unqualified opinion. The financial statements closing on 31 December 2004 were prepared in accordance with Belgian accounting principles. They were certified by the auditor who delivered a qualified opinion. The qualification related to the participating interest in A4S N.V., which was disposed of during the course of 2006.

The consolidated financial statements of the ARPADIS GROUP for the financial years closing on 31 December 31 2005 and 31 December 2006 were prepared in accordance with Belgian accounting principles. They were certified by the auditor who delivered an unqualified opinion. They are included in this prospectus under point 5.2.6. The consolidated financial statements for the financial year closing on 31/12/2004 were prepared in accordance with Belgian accounting principles and were certified by the auditor who delivered a qualified opinion. The qualification related, as for the individual financial statements, to the group's participating interest in A4S which was disposed of during the course of 2006.

1.3. APPROVAL BY THE BANKING, FINANCE AND INSURANCE COMMISSION

The French version of this prospectus was approved by the Banking, Finance and Insurance Commission on September 25, 2007 pursuant to article 43 of the law of 16 June 2006 on public offerings of investment instruments admitted to trading on regulated markets.

This approval does not imply any judgment on the merits or the quality of the operation, or the situation of the issuer.

1.4. INFORMATION POLICY

1.4.1. Information may be obtained from:

The Board of Directors of the ARPADIS GROUP
Represented by Mr. Laurent Abergel
Managing Director

ARPADIS GROUP
Zoning Industriel – Zone D, 5
7170 Manage

Telephone:	+32 64 517 812
Fax:	+32 64 517 813
E-mail:	info@arpadis.com
Website:	www.arpadis.com

1.4.2. Company documents:

The company documents, financial statements and legal publications which by law and in accordance with the articles of association must be made available to shareholders and third parties may be consulted at the registered office of the ARPADIS GROUP.

Belgian company law further requires that annual financial statements be filed. These financial statements and the reports of the board of directors and the statutory auditors concerning these financial statements must be filed at the National Bank of Belgium, where they may be consulted by the public.

As regards any other information to be made available to the public, (semi-annual financial statements etc.), the ARPADIS GROUP will inform its shareholders via a specific 'investor relations' area on its website (www.arpadis.com). Shareholders are advised that the obligation to disclose occasional information (price-sensitive information) or periodic information (semi-annual financial statements) is not applicable to companies listed on the Free Market: their obligation to disclose information is limited to any information they are required to disclose under accounting and company law, although they may decide to disclose occasional or periodic information.

The Prospectus in French and the free translation thereof into English, as well as a translation of the Prospectus Summary into Dutch, are available to investors free of charge from the Company's registered office and may be obtained upon request from EUROPE FINANCE ET INDUSTRIE Investment Banking on +33 1 53 93 74 00. Subject to certain conditions, this Prospectus is also available, for information only, from the following websites: www.arpadis.com - www.smallcapsfinance.com – www.efi.fr - www.cbfa.be .

1.4.3. Addendum to the prospectus

Any new significant fact or any error or serious discrepancy concerning the information contained in this prospectus, which could affect assessment of the shares which occurs or comes to light between the date of approval of the prospectus and completion of the Offering or, as the case may be, the first day of trading on the Free Market, shall be mentioned in an addendum to this prospectus. Investors already having agreed to purchase or subscribe to shares before publication of that addendum shall have a period of two days following publication of the addendum to withdraw.

CHAPTER 2: INFORMATION RELATING TO THE OFFERING

2.1. INFORMATION RELATING TO THE SHARES

2.1.1. Nature of the Shares (article 7 of the articles of association)

The shares are registered, bearer or book entry shares (unless those shares which are the subject of the Employee Offering - cf point 2.2.9.3.).

Upon the written request of the shareholder, the board of directors must convert bearer shares to registered shares or registered shares to bearer shares. Such conversion shall be effected at the expense of the shareholder who requests it.

Bearer shares shall be signed by at least two directors; these signatures may be replaced by stamps. The conversion of bearer shares into registered shares shall be effected through an entry in the register of registered shares, dated and signed by the shareholder or his representative, and by two directors of the company.

Ownership of registered shares is evidenced exclusively by the entry in the register of registered shares. A register of subscription rights, founder's shares and bonds is also kept.

The shares offered will benefit from a reduced rate of Belgian withholding tax on dividends, known as 'Verminderde Voorheffing / Précompte Réduit' or 'VVPR'. A separate VVPR strip will represent this entitlement. This strip may be traded separately.

2.1.2. Transferability of shares

The shares may be freely transferred, save those Shares offered on a priority basis to employees within the framework of the Employee Offering, which may not be transferred for a period of two years.

2.1.3. Nominal value of the Shares

The Shares are without par value.

2.1.4. Rights attached to the Shares

2.1.4.1 Exercise of the rights attaching to the shares (article 8 of the articles of association)

The shares are indivisible; the ARPADIS GROUP recognises only one owner per share.

Where a share is owned by more than one person, the ARPADIS GROUP may suspend the right to exercise the rights attaching to that share until one person has been appointed as shareholder vis-à-vis the ARPADIS GROUP.

The same rule shall apply where, for any reason, ownership of a share is split into bare ownership and usufruct.

The heirs, successors and creditors of a shareholder may in no circumstances whatsoever cause seals to be affixed to the assets and property of the ARPADIS GROUP, subject the latter to appeal, seek the division or sale by auction of the business or become involved in any way in the administration of the ARPADIS GROUP.

The voting rights attaching to pledged shares shall be exercised by the pledgor, unless otherwise stipulated in the pledge agreement.

The provisions of article 8 of the articles of association also apply to any bonds, founders' shares and subscription rights issued by the ARPADIS GROUP.

2.1.4.2 Admission to meetings (articles 23, 24, 25 and 26 of the articles of association)

To be entitled to attend the general meeting, and provided the board of directors so request in the notice, owners of registered shares must inform the board of directors of their intention to attend the meeting, within the term indicated in the notice.

To be entitled to attend the general meeting, and provided the board of directors so request in the notice, the owners of bearer shares must deposit their securities at any place indicated in the notice, within the term indicated in the notice..

Shareholders are entitled to be represented at general meetings by any other person, who must fulfil the requirements for admission to general meetings. A proxy holder may represent more than one shareholder.

Persons lacking in legal capacity and legal entities may only be represented or assisted by their representatives or legal or statutory bodies, where they are not themselves shareholders.

In order to be valid, the proxy form shall contain the agenda, with details of the items to be discussed and any draft resolutions, instructions for exercising voting rights on each of the agenda items and details of the way in which the proxy holder is to exercise his voting right in the absence of instructions from the shareholder.

The board of directors may require that proxy forms be filed at the place and within the period indicated in the notice of the meeting.

The board of directors and each auditor may call a general meeting, independently of each other.

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Notices of meetings shall mention the items on the agenda and any draft resolutions and shall be given in accordance with the applicable provisions of the Belgian Companies Code.

A copy of the notice of the meeting shall be sent to the directors and any auditor(s).

Notices of meetings sent to holders of registered shares shall be deemed to have been sent on the date of dispatch.

2.1.4.3 Voting rights (articles 23, 27and 28 of the articles of association)

The general meeting may not discuss any items not appearing on the agenda unless all shareholders are present in person at the general meeting and decide unanimously to do so.

Proposals from shareholders will not be taken into consideration if they have not been signed in advance by shareholders representing at least one fifth (1/5th) of shares issued and if they have not been made available to the board of directors in due time for inclusion in the notice of the meeting.

The general meeting shall resolve by majority, regardless of the proportion of the share capital present or represented, save as otherwise provided by the provisions of the law or the articles of association.

Blank or spoiled votes shall not be counted.

In the event of a tied vote, the proposal shall be rejected.

Voting shall be secret, save where the majority of members of the meeting object.

The foregoing does not rule out the right of each shareholder to vote by correspondence, using a form containing the following information: (i) identity of the shareholder; (ii) number of votes allocated; (iii) for each decision to be taken by the general meeting by virtue of the agenda: 'yes', 'no' or 'abstention'.

In so far as the disclosure of information would not cause serious harm to the company, to shareholders or to employees of the company, the directors shall respond to questions raised by shareholders in relation to the management report or items appearing on the agenda. The auditor(s) shall respond to questions asked in relation to their report.

Each share grants entitlement to one vote.

Holders of bonds and warrants may attend general meetings but shall only be entitled to speak.

The annual general meeting shall hear the reports of the directors and auditor(s), approve the annual financial statements, appoint directors and any auditor(s) and discuss the items on the agenda.

Once the annual financial statements have been approved, the general meeting shall, by special vote, discharge the directors and any auditor(s). Such discharge shall be valid only where the annual financial statements contain no omission or misstatement concealing the true situation of the company and, as regards acts that are not in compliance with the articles of association or the Belgian Companies Code, provided they have been specifically included in the notice of the meeting.

2.1.4.4 Right to payment of dividends (articles 31 and 32 of the articles of association)

The gross profit for the financial year, after deduction of overheads, the necessary amortisation and depreciation charges and tax provisions, constitutes the net profit for the financial year.

5% of the net profit for the financial year shall be taken each year to establish the statutory reserve.

This shall no longer be required where that reserve reaches 10% of the share capital.

The balance shall be appropriated in accordance with the resolutions of the general meeting.

The board of directors shall fix the date and place for payment of dividends.

No payment of dividends may be effected if, on the date of closure of the last financial year, the net assets as they appear in the annual financial statements are, or will become as a result of such payment, lower than the amount of paid up capital or, where this amount is greater, of the called capital, plus any reserves which by law or pursuant to the articles of association may not be distributed.

Dividends shall be paid on the date and at the place determined by the board of directors.

In the event that any dividends paid on registered shares are unclaimed, payment of these dividends shall prescribe in favour of the company upon expiry of a period of five years as of the date of payment.

2.1.4.5 Right to an interim dividend (article 32 of the articles of association)

The board of directors may also, in accordance with the provisions of the law, pay an interim dividend out of the net profit for the financial year.

2.1.4.6 Entitlement to payment in the event of liquidation (articles 33 and 34 of the articles of association)

The ARPADIS GROUP may be dissolved at any time by resolution of the general meeting deliberating in accordance with article 558 of the Belgian Companies Code.

The proposal to dissolve the company shall be set out in a report of the board of directors, which shall be included on the agenda of the general meeting which is to resolve on the dissolution. The report shall be accompanied by a statement of assets and liabilities which may not date back more than three months.

The statutory auditor, or in his absence, a company auditor or an external accountant, shall prepare a report on this statement, the conclusions of which shall be included on the agenda.

In the event of dissolution of the company for any reason and at any time whatsoever, the general meeting shall appoint one or more liquidators and shall determine his or their powers, fees and the manner in which the dissolution shall take place in accordance with the provisions of the law.

Where no such appointment is made, the liquidation will be carried out by the board of directors, acting as a liquidation committee. Unless otherwise decided, the liquidators shall act jointly. In this regard, the liquidators shall have wide ranging powers, in accordance with articles 186 and following of the Belgian Companies Code, save for those restrictions imposed by the general meeting.

The net assets, after settlement of all the company's liabilities and charges, shall be distributed over all the shares, each granting an identical entitlement, as the case may be, after equalisation of the shares as regards payment thereof.

If the net proceeds are not sufficient to reimburse all the shares, the liquidators shall, as a priority, reimburse the shares that have been paid up to a greater extent so that they are on an equal footing with the shares that have been paid up to a lesser extent, or they shall submit a request to the latter to make additional payments.

2.1.4.7 Capital increase – pre-emptive right (article 6 of the articles of association)

The share capital may be increased or decreased by resolution of the general meeting, deliberating in accordance with article 558 of the Belgian Companies Code.

At the time of a capital increase by subscription of shares in cash, resolved by the general meeting or by the board of directors, executing an authority granted by the general meeting, the new shares shall first be offered to shareholders, pro rata of the share of the capital represented by their shares, within the period and subject to the conditions set by the general meeting, or the board of directors within the framework of the authorised capital.

However, as an exception to the above, the general meeting or the board of directors, within the framework of the authorised capital, may, in the interest of the company and subject to compliance with the conditions set out in 595 and following of the Belgian Companies Code, restrict or cancel the pre-emptive right. The board of directors shall also be authorised to cancel or restrict the pre-emptive right in favour of one or more given parties, other than employees of the ARPADIS GROUP or any of its subsidiaries.

The board of directors may, in any case, enter into with third parties, in the terms and conditions it deems appropriate, agreements intended to guarantee the subscription of all or some of the shares to be issued.

If the general meeting decides to demand payment of a share premium, this must be recorded in a blocked reserve account which may only be reduced or cancelled by resolution of the general meeting, deliberating in accordance with article 558 of the Belgian Companies Code. The share premium will, in the same way as the share capital, serve as a guarantee in respect of third parties.

A capital reduction may only be decided subject to equal treatment of shareholders who are subject to identical conditions and subject to compliance with articles 612 to 614 of the Belgian Companies Code.

2.1.4.8 Approval of the financial statements (article 30 of the articles of association)

The financial year starts on 1 January and ends on 31 December each year.

At the end of each financial year, the books and documents are closed and the board of directors draws up the inventory and prepares the annual financial statements, in accordance with the provisions of the Belgian Companies Code. The annual financial statements comprise the balance sheet, the profit and loss account and the notes to the accounts and form an indivisible whole.

The directors also draw up a report in which they report on their management. This management report includes comments on the annual financial statements with a view to giving a true and fair view of the evolution of the business and the situation of the ARPADIS GROUP, as well as any other information required under article 96 of the Belgian Companies Code.

Within thirty days of approval by the general meeting, the annual financial statements and, as the case may be, the management report and any other documents referred to in article 100 of the Belgian Companies Code, are filed by the board of directors with the National Bank of Belgium.

2.1.4.9 Dissolution of the company (article 33 of the articles of association)

The ARPADIS GROUP may be dissolved at any time by resolution of the general meeting deliberating in accordance with article 558 of the Belgian Companies Code.

The proposal to dissolve the company shall be set out in a report of the board of directors, which shall be included on the agenda of the general meeting which is to resolve on the dissolution. The report shall be accompanied by a statement of assets and liabilities which may not date back more than three months.

The statutory auditor, or in his absence, a company auditor or an external accountant, shall prepare a report on this statement, the conclusions of which shall be included on the agenda.

In the event of dissolution of the company for any reason and at any time whatsoever, the general meeting shall appoint one or more liquidators and shall determine his or their powers, fees and the manner in which the dissolution shall take place in accordance with the provisions of the law.

Where no such appointment is made, the liquidation will be carried out by the board of directors, acting as a liquidation committee. Unless otherwise decided, the liquidators shall act jointly. In this regard, the liquidators shall have wide ranging powers, in accordance with articles 186 and following of the Belgian Companies Code, save for those restrictions imposed by the general meeting.

The liquidators must call a general meeting where so requested by shareholders representing one fifth of the share capital.

2.1.4.10 Prescription of dividends in Belgium

In accordance with article 2277 of the Belgian Civil Code, the obligation to pay dividends expires after five years and exclusively in relation to registered shares.

In the case of bearer shares, dividends cannot, in principle, be time barred. However, the company may, on the basis of the Law of 24 July 1921, amended by the Law of 22 July 1991, deposit these dividends with the *Caisse de Dépôts et de Consignations* [Deposit and Consignment Office]. Any dividends thus deposited and unclaimed after thirty years shall revert to the State.

2.1.4.11 Replacement of shares in the event of theft

The procedures for the replacement of shares in the event of theft are set out in the Law of 24 July 1921 on involuntary dispossession of bearer shares. It provides as follows:

- a protest has to be lodged with the *Office National des Valeurs Mobilières* [National Securities Office] which publishes it in the *Bulletin des Oppositions* [Bulletin of Stop Orders on Securities]. The protest may be lodged either by registered letter or by means of service by a process server, or by means of a statement given in person;
- payments are suspended and any transfer of the securities becomes null and void;
- the securities are returned to the owner as soon as they are found;

- if they are not found, the final payment of interest and dividends and any capital that has become payable or any distribution of capital or liquidating dividend or the issue of a duplicate of the lost securities shall occur after four years.

2.1.5. Tax status of the Shares

The following chapter summarises the main features of the tax system applicable to Belgian residents who hold full ownership of shares. This summary is based on Belgian tax law (and its interpretations) in effect on the date of this prospectus and is subject to changes in legislation that may have retroactive effect.

The public should be aware that this information is merely a summary of the applicable tax rules, which may change, and that their particular tax situation should be analysed with their customary tax advisor.

This summary neither takes into account nor comments on the tax law of any country other than Belgium. Potential purchasers of and subscribers to the shares should consult their own tax advisors regarding the Belgian and foreign tax consequences of acquisition, ownership and sale of the shares. It does not discuss the Belgian federal and regional aspects relating to inheritance and donation taxes. Moreover, this summary does not discuss Belgian tax aspects applicable to potential purchasers subject to tax systems other than that of Belgium, or which may also become applicable, and does not cover all possible categories of holders of the shares, some of which may be subject to particular rules.

2.1.5.1 General remarks relating to dividends

According to tax legislation currently in force, dividends on shares paid by Belgian companies are subject to a 25% withholding tax.

Insofar as the company distributing the withholding has not irrevocably waived this reduction, the withholding tax may, in certain circumstances, be reduced from 25% to 15%.

Shares qualifying for the reduced rate of withholding tax may be issued together with, or accompanied by, a VVPR strip (‘Verlaagde voorheffing / Précompte réduit’) which is a separate instrument representing the right of the owner to receive a dividend at the reduced withholding tax rate of 15%.

The shares covered this Offering, i.e. a maximum of 335,000 shares, will benefit from this reduced withholding tax rate of 15% and shall be accompanied by a VVPR strip (see section 2.2.10. of the prospectus).

2.1.5.2 Tax on stock exchange transactions (TOB) and tax on the physical delivery of bearer shares (TLT)

The system of tax on stock exchange transactions (TOB) and of tax on the physical delivery of bearer shares (TLT) applicable to the shares depends on the origin of the shares in question.

- Subscription, that is to say the acquisition on the **primary market** of one or more shares resulting from the capital increase of the ARPADIS GROUP, does not give rise to payment of the tax on stock exchange transactions (TOB);

- The delivery in physical form of any bearer share acquired on the primary market does not give rise to payment of the tax on physical delivery of bearer shares (TLT);

- The purchase and sale on the **secondary market** of one or more of these shares is subject to tax on stock exchange transactions (TOB) at the rate of 0.17%, capped at €500 per transaction. The same is applicable to the purchase of VVPR strips;

- The delivery in physical form of any share acquired on the secondary market gives rise to tax on the physical delivery of bearer shares at the rate of 0.6%. This tax is also payable in the case of delivery of VVPR strips.

2.1.5.3 Individuals who are resident in Belgium

a) Dividends

Dividends paid to an individual who has not invested in the shares for professional reasons are subject to Belgian income tax.

In this case, withholding tax at the rate of 25% or 15% (depending on whether or not that person is in possession of a VVPR strip for the relevant share) will be applied on the gross amount of the dividend. The recipients of these dividends do not have an obligation to declare income on which withholding tax has already been applied but they do, however, retain the right to do so. Declaring dividends that have been subject to Belgian withholding tax is only advantageous to those persons whose taxable income is below the taxable threshold.

If these dividends are declared, they are taxed at a rate of either 25% or 15%, depending on the situation. The additional local surcharges for the agglomerations and municipalities apply, which in general vary between 6% and 9% of the tax payable.

b) Capital gains

Capital gains on transactions involving shares that fall within the scope of the normal administration of private estate are in principle not taxable for an individual who has not invested in the shares for professional reasons.

Capital gains on shares which are part of a substantial shareholding (more than 25% of rights in a company, held at any time over the last 5 years directly or indirectly by the assignor or a member of his family) made at the time of assignment for valuable consideration to a legal entity resident outside the EU, are, in principle, subject to tax at the rate of 16.5% (plus the additional local surcharges for the agglomerations and municipalities which in general vary between 6% and 9% of the tax payable, by virtue of articles 465 and following of the *CIR 1992* [Income Tax Code]). In this case, the capital gains must be included in the annual income tax return.

If the capital gains result from speculation, they are taxed separately at a rate of 33% (plus additional local surcharges for the agglomerations and municipalities which in general vary between 6% and 9% of the tax payable).

Capital losses on shares are not tax deductible, unless they result from speculation, in which case they are deductible from other income resulting from speculation. Losses resulting from speculation may be carried over for the next five taxable periods.

Individuals who are resident in Belgium and in possession of VVPR strips for private use are not subject to Belgian capital gains tax on disposal of the VVPR strips and may not deduct any capital losses arising out of such disposals. Individuals resident in Belgium may, however, be subject to a tax of 33% (plus additional local taxes) if the capital gain is deemed to be of a speculative nature or if it has been made outside the scope of the normal administration of private estate. Any capital losses arising out of speculation or transactions outside the scope of normal administration may in principle be deducted from income resulting from similar transactions.

Capital gains made on shares or VVPR strips by individuals who are resident in Belgium holding shares for professional purposes are taxable as ordinary income and capital losses on share or VVPR strips are deductible.

2.1.5.4 Companies having their registered office in Belgium

a) Dividends

Dividends paid to companies having their registered office in Belgium are in principle deductible from the corporation tax base at 95% of the amount received, provided that the recipient company holds a participating interest of at least 10% in the share capital of the paying company at the time of allocation or payment of the dividend, or provided the value of the participating interest is at least €1.2 million (the *'RDT* [dividends received deduction] system'). The shares must qualify as financial fixed assets and have been held in full ownership for an uninterrupted period of at least one year.

Furthermore, in order to benefit from the dividends received deduction system, the dividends paid must have been subject to a tax charge similar to Belgian corporation tax paid by the company paying the dividends.

If the conditions for the dividends received deduction are not fulfilled, the recipient company will pay standard corporation tax on these dividends.

In principle, a 25% or 15% dividend withholding tax applies (depending on whether or not the company is in possession of a VVPR strip for the relevant share). It may be credited against any corporation tax due, and will be refunded if it exceeds the latter, provided the recipient company has full ownership of the shares at the time of allocation or payment of the dividend and provided that this allocation or payment does not trigger a decrease in value or a capital loss on the shares.

Dividend payments to a qualified EU parent company are exempt from withholding tax provided that the parent company holds a participating interest of at least 15% (this percentage will fall to 10% from 1.01.09) in the capital of the subsidiary company and that this minimum participating interest has been held for an uninterrupted period of at least one year as at the time of the allocation or payment of the dividends. If this minimum investment is not or has not been held for an uninterrupted period of at least one year, the EU company may still seek exemption if it undertakes to hold its participating interest for at least one year from the date of acquisition.

b) Capital gains

Capital gains made on shares are in principle exempt from corporation tax, provided the income from the shares meets the conditions required in order to benefit from the dividends received deduction system as set out in paragraph 2 of point 2.1.5.4 a). The conditions set out in paragraph 1 of point 2.1.5.4 a) need not be met in order to benefit from the aforementioned exemption.
Capital losses on shares are, in principle, not deductible.

2.1.5.5 Taxpayers subject to corporation tax

a) Dividends

In principle, dividends are subject to Belgian withholding tax at the rate of 25% or 15% (depending on whether or not the taxpayer is in possession of a VVPR strip for the relevant share). This withholding constitutes the final tax charge.

b) Capital gains

Capital gains made on shares are, in principle, not taxable. However, if the shares form part of a substantial shareholding (see above), the capital gain is, under certain conditions, taxed at a rate of 16.5% (plus the additional local surcharges for the agglomerations and municipalities, which in general vary between 6% and 9% of the tax payable and the additional crisis tax). Capital losses on shares are not tax deductible.

Capital gains made on VVPR strips are not taxable and capital losses made on VVPR strips are not tax deductible.

2.2. INFORMATION RELATING TO THE OFFERING

2.2.1. Structure of the Offering

The Offering is structured in the form of a public offering to subscribe to a maximum of 335,000 new shares.

These new shares were issued at the time of the extraordinary general meeting of the ARPADIS GROUP held on September 17, 2007, the latter having approved the principle of a capital increase of the ARPADIS GROUP through the issue of a maximum of 335,000 ordinary shares of the same category, fully paid up, with no par value. This capital increase was approved subject to the condition precedent of actual subscription of the new shares.

The ARPADIS GROUP could therefore cancel in full or in part this capital increase if the 335,000 new shares were not actually subscribed within the framework of the Offering (see ‘Risk Factors’ point 2.7.). The ARPADIS GROUP also reserves the right to increase the capital only in the amount of subscriptions actually received.

This capital increase has also been carried out with cancellation of the pre-emptive subscription right of existing shareholders of the ARPADIS GROUP. This cancellation was justified by the board of directors, in a report prepared in accordance with articles 596 and 598 of the Belgian Companies Code, with a view to the ARPADIS GROUP diversifying its shareholder structure through a public offering to subscribe to shares.

The shares offered will benefit from a reduced rate of Belgian withholding tax on dividends, known as ‘Verminderde Voorheffing / Précompte Réduit’ or ‘VVPR’. A separate VVPR strip will represent this entitlement. This strip may be traded separately.

2.2.2. Purpose of the Offering

The purpose of the public Offering to subscribe to shares and admission to trading of the shares of the ARPADIS GROUP on the Free Market of Euronext Brussels is to boost the financial capacity of the group in order to enable it to finance the investments planned for 2007 and 2008 i.e.; improvement of its production facilities on the Manage site and construction of an industrial facility in China. Half the funds will be allocated to the Manage site and the other half to the industrial project in China. The outstanding financial requirement for these two projects will be covered by recourse to borrowing (credit establishments or funds from public bodies encouraging foreign investment).

In addition, the offering will enable the ARPADIS GROUP to:
- Enhance its reputation and credibility vis-à-vis its customers, its suppliers and its partners, in Belgium and abroad;
- Boost employee profit sharing in the ARPADIS GROUP, while enabling employees to assess the liquidity of their investment;
- Ensure that existing and future shareholders benefit from the advantages of listing on the Free Market;
- Help the ARPADIS GROUP access a much wider employment market, enabling it to recruit highly qualified personnel.

2.2.3. Size of the Offering

The Offering consists of a maximum of 335,000 new shares issued at the time of the capital increase of EUR 2,040,000, including the share premium, resolved by the general meeting of the ARPADIS GROUP of September 17, 2007.

The maximum 335,000 shares offered within the framework of this offering represent 12.87**%** of the share capital of the ARPADIS GROUP, following the capital increase, assuming all the new shares within the framework of the Offering and the Employee Offering are subscribed.

All the shares have the same rights and are offered subject to the same conditions of purchase (unless those Shares offered on a priority basis to employees within the framework of the Employee Offering which may not be transferred for two years).The shares offered are accompanied by VVPR strips.

2.2.4. No purchase option or additional capital increase ('green shoe')

The ARPADIS GROUP has made no provision to increase the number of shares offered within the framework of the Offering, either by means of a capital increase and/or by the additional sale of existing shares.

2.2.5. Proceeds of the Offering

On the basis of an offer price of €6.12 per share, the overall proceeds of the offering will amount to a maximum of €2,040,000, assuming full subscription of the 335,000 new shares offered.

The costs of the Offering amount to approximately **€ 200.000** and are intended to cover legal and administrative expenses, remuneration of financial intermediaries and financial publications. They will be borne in full by the ARPADIS GROUP S.A. and will be depreciated over a period of 5 years.

The proceeds from subscription of the maximum of 335,000 new shares offered, i.e. €2,040,000 (including the costs of the Offering) will be used to increase the capital of the ARPADIS GROUP S.A. The funds will be made available to the company, by the acting notary, when the capital increase is recorded, in accordance with the Belgian Companies Code.

The financial intermediaries will receive no remuneration in the form of ARPADIS GROUP shares.

2.2.6. Price

The Offering is made at a fixed price. The price at which the shares are offered has been fixed by the ARPADIS GROUP, in consultation with EUROPE FINANCE ET INDUSTRIE, and amounts to €6.12 per share. This price values the ARPADIS GROUP at €13,880,160 (i.e. 2,268,000 shares at €6.12) before the capital increase. Information to support this valuation is provided in point 2.3.

Pursuant to the annex to the Organisation Memorandum published by Euronext Brussels in October 2004, a Euronext Brussels Notice announcing the introduction of the ARPADIS GROUP onto the Free Market in accordance with the fixed price offering procedure will mention the number of shares placed on the market and the price at which these shares are offered.

2.2.7. Offering period, early closure and extension of the Offering

The Offering Period runs between 08/10/2007 and 07/11/2007 inclusive, unless it is decided to close the Offering early or to extend it. The Priority Offering will be closed early by EUROPE FINANCE ER INDUSTRIE, in agreement with the ARPADIS GROUP, as soon as the total number of shares for which orders have been validly placed reaches the number of shares offered. The early closure or extension of the Offering shall be announced by means of publication of a notice in the press and on the ARPADIS GROUP website. Early closure of the Offering may occur on the same date as the Offering is opened. The Non-Priority Offering will remain open for at least three business days.

2.2.8. Counter establishment

Investors wishing to acquire shares within the framework of the Offering must, within the aforementioned period, place an order using the form enclosed with this prospectus with the counter establishment below, from which prospectuses with application forms may be obtained:

EUROPE FINANCE ET INDUSTRIE
INVESTMENT BANKING
37, Avenue des Champs Elysées
75008 Paris - France
+ 33 1 53 93 74 00
+ 33 1 42 89 55 96

Orders may also be placed by investors through any other financial establishment or intermediary which is a member of Euronext Brussels (the 'Members').

Any individual or legal entity may forward purchase orders to EUROPE FINANCE ET INDUSTRIE and to Members.

Only one application form per investor will be accepted. Orders may not be split among various financial intermediaries and must be placed with a single intermediary. If EUROPE FINANCE ET INDUSTRIE finds or has reason to believe that different orders have been placed by a single investor, it reserves the right to consider these orders null and void.

Orders must be expressed in the price of the Offering and in compliance with the conditions set forth in this prospectus.

Orders may be subject to reduction in full or in part. In this regard, it is expected that if the rate of reduction applied does not result in a full number of shares, this number will be rounded down to the next lowest full number. Furthermore, orders which because of their size could compromise the liquidity of the secondary market may not be taken into account in full or in part.

2.2.9. Allocation and possible reduction

It is planned to allocate the Offering (not including the portion reserved to employees) in two tranches:

- 80% of the shares offered within the framework of the Offering, i.e. 260,000 shares, will be allocated firstly to EUROPE FINANCE ET INDUSTRIE for investors wishing to acquire shares within the framework of the Offering through their broker (the 'Priority Offering');

- 20% of the shares offered within the framework of the Offering, i.e. 65,000 shares, will be allocated to the other establishments or financial intermediaries with which investors may place orders or to EUROPE FINANCE ET INDUSTRIE Investment banking for orders that have not been filled within the framework of the Priority Offering on closure thereof or for orders placed with EUROPE FINANCE ET INDUSTRIE Investment banking after closure of the Priority Offering (the 'Non-Priority Offering').

It is also planned that EUROPE FINANCE ET INDUSTRIE Investment banking, in agreement with the ARPADIS GROUP, may, during the course of the Offering, reallocate to either of the two tranches any shares that have not been allocated within the framework of the other tranche ('clawback').

Investors are advised that orders placed within the framework of the Offering may be filled in full and that they must therefore ensure that they have sufficient funds to effect payment.

2.2.9.1. The Priority Offering

Orders placed with EUROPE FINANCE ET INDUSTRIE Investment banking within the Priority Offering Period, either directly or through a Member, will be filled on a priority basis up to a maximum of 260,000 shares. Once the total number of shares for which orders have been validly placed reaches this threshold, the Priority Offering will be closed early and without notice by EUROPE FINANCE ET INDUSTRIE Investment banking.

The early closure will be announced in a press release and on the website of the ARPADIS GROUP and may occur on the date of opening itself.

In order to take part in the Priority Offering, investors who do not hold an account with EUROPE FINANCE ET INDUSTRIE Investment banking must ask their financial intermediary to place their order via EUROPE FINANCE ET INDUSTRIE Investment banking. The financial intermediary will then transfer their order before closure of the Priority Offering to EUROPE FINANCE ET INDUSTRIE Investment banking, as mentioned in this prospectus.

2.2.9.2. The Non-Priority Offering

Orders placed during the Offering Period with Members, or which are placed with EUROPE FINANCE ET INDUSTRIE Investment banking after closure of the Priority Offering or which have not been filled within the framework of the Priority Offering upon closure thereof, shall be forwarded by Members and by EUROPE FINANCE ET INDUSTRIE Investment banking to Euronext Brussels on the date of centralisation, i.e. 08/11/2007, at the time stipulated by Euronext Brussels and communicated by the latter in the notice published to this effect on or around 27/09/2007. This date may be changed by Euronext Brussels, with a minimum period of notice of one day. In any case, the Non-Priority Offering will remain open for at least three business days.

The validity of these orders is limited exclusively to the date of centralisation. These orders will be centralised by Euronext Brussels, which will determine, in view thereof, the total number of shares applied for:

- If the number of shares applied for is lower than the number of shares offered, orders will be met in full. If however the state of the market makes it impossible to fill orders in acceptable conditions, Euronext Brussels, in agreement with EUROPE FINANCE ET INDUSTRIE Investment banking and the ARPADIS GROUP, may defer the listing to a later date. The company has made no provision for a minimum threshold below which listing will be deferred to a later date;

- If the number of shares applied for is greater than the number of shares offered, after consultation with EUROPE FINANCE ET INDUSTRIE Investment banking and the ARPADIS GROUP, Euronext Brussels will decide as to the rate at which orders will be serviced, it being understood that this rate may not be below 1%. This reduction will be effected in accordance with objective rules intended to encourage harmonious evolution of the markets by means of adequate spread of the shares offered.

On the date of centralisation, Euronext Brussels will inform each member of the number of shares allocated thereto and will generate the corresponding transactions on the settlement-delivery systems. Euronext Brussels will in addition publish a notice of the result which will set out the rate of any reduction applied to purchase orders. The results of the Offering and, as the case may be, the allocation of shares, will be published in the financial press within three days of closure of the Offering.

SMALL CAPS FINANCE and EUROPE FINANCE ET INDUSTRIE undertake, moreover, not to acquire for their own account, either directly or indirectly, any of the Company's shares if the Offering is fully subscribed or oversubscribed, and not to allocate shares to third parties where such allocations are in connection with obtaining direct or indirect advantages.

2.2.9.3. Employee Offering

At the time of the Offering, the Company will offer, in a separate Offering and subject to the condition precedent of closure of the Offering, to its staff and associates, as well as to those of its subsidiaries, the opportunity to subscribe to a maximum of 10,000 new ordinary shares. The subscription price will be equal to the Offering Price less a discount of 16.66%. These shares may not be transferred for a period of two years and shall be registered throughout that period. The costs of the Employee Offering shall be borne by the Company.

2.2.10. VVPR Strips

As a result of legal conditions relating to the VVPR system, the shares offered may benefit from the reduced withholding tax system. Consequently, they will be issued with VVPR strips.

The shares will be accompanied by a second sheet of coupons, entitling the holder to benefit from dividends at a reduced rate of withholding tax of 15%. The coupons on this second sheet must bear the same serial numbers as those of the ordinary coupons and they must bear the wording 'VVPR strips'. The VVPR strips will be listed on Euronext Brussels and may be traded separately. They are offered within the framework of this Offering. The reduced rate of withholding tax of 15% will be obtained by means of remittance of two coupons bearing the same number to the ARPADIS GROUP or to the agent responsible for financial servicing before the end of the third year following the year in which the dividend is paid.

2.2.11. Payment of shares

The shares allocated within the framework of the Offering will be paid at good value no earlier than the third banking day following publication of the Notice concerning the result of the Offering (cf. point 2.2.13), and on 12/11/2007 at the latest. The date of payment will be announced in the financial press.

Any amounts paid in respect of shares applied for but not allocated will be reimbursed in the days following the date of payment, and no interest will be payable on any amounts thus paid.

2.2.12. Form and delivery of the shares and VVPR strips

The shares acquired within the framework of the Offering are bearer shares, in accordance with the articles of association of the ARPADIS GROUP.

The shares and VVPR strips will initially be bearer shares, represented by one or more global certificates deposited with Euroclear Belgium. They will be delivered by means of book entry against payment on or around 12/11/2007, in the securities accounts of investors through Euroclear Belgium.

As provided for in the Law of 14 December 2005 on the abolition of bearer securities, shares registered in securities accounts on 1 January 2008 will automatically be converted to book entry securities. Holders of bearer shares in physical form must apply for their conversion into book entry securities before 31/12/2012. The application must be submitted to an approved account holder or the settlement organisation. The application will, however, only be valid if the shares for which conversion is sought are forwarded to the approved account holder or settlement organisation. Conversion will take place by means of the registration of the shares in a securities account. Upon final expiry of the aforementioned period, any bearer shares for which no conversion application has been made will automatically be converted by the company into book entry securities and credited to a securities account.

In the meantime, investors wishing to convert their bearer shares into book entry securities are advised to contact the settlement organisation for information on the procedures for such conversion.

2.2.13. Closure of the Offering

Within five business days of closure of the Offering, the ARPADIS GROUP will publish on its website the total number of shares allocated, the result of the allocation, allocation between the Priority and Non-Priority tranches and recourse to any clawback.

2.2.14. Financial services

EUROPE FINANCE ET INDUSTRIE shall be responsible for financial service of the shares. The financial service includes the payment of dividends and the deposit of shares with a view to taking part in the general meetings of shareholders. EUROPE FINANCE ET INDUSTRIE will not charge shareholders for these services, but investors are free to approach any other financial institution in order, inter alia, to collect dividends or deposit shares in order to take part in general meetings. Investors should obtain information on the fees charged by other financial intermediaries for these services.

2.2.15. Entitlement to dividends

The shares offered will grant entitlement to a share in the profits as of 1 January 2007. Shares arising out of the exercise of warrants, if any, will share in the profits from financial year starting on 1 January of the year in which these shares are issued.

2.2.16. Costs

The costs relating to the Offering and admission to trading of the shares of the ARPADIS GROUP on the Free Market of Euronext Brussels are estimated at approximately €200,000 and include the legal and administrative costs, the remuneration of intermediaries, the costs of announcement of financial data and placement costs (the latter being estimated at 2% of the subscription price). These costs will be borne in full by the ARPADIS GROUP S.A and will be amortised over a period of 5 years.

Investors wishing to acquire shares in the ARPADIS GROUP within the framework of the Offering will incur no charge provided they place their orders through EUROPE FINANCE ET INDUSTRIE, it being understood that the placement costs will be borne by the ARPADIS GROUP. Any fees charged by financial intermediaries other than EUROPE FINANCE ET INDUSTRIE, and with whom share subscription orders are placed, shall be payable by the investors concerned.

2.2.17. Best Effort undertaking

The success of the Offering is in no way guaranteed by EUROPE FINANCE ET INDUSTRIE, which has merely undertaken to use its best efforts to place the shares with the public. The ARPADIS GROUP therefore reserves the right to cancel the Offering. In such case, a press release will be issued setting out the cancellation procedures.

The ARPADIS GROUP further reserves the right not to issue all the new shares offered within the framework of the Offering if all the shares which are the subject-matter of the Offering have not been placed by the closing date, or to increase the capital only by the amount of subscriptions actually received.

2.2.18. Applicable law and jurisdiction

This Offering is made exclusively in Belgium, and in no other State. Subject to any mandatory regulations applicable to the Offering and circulation of the prospectus abroad, the offering is governed by Belgian law. Any dispute in relation to this operation shall be dealt with exclusively by the courts of Brussels.

2.2.19. Estimated timetable for the Offering

Approval of the prospectus by the CBFA	25/09/2007
Opening of the Offering	08/10/2007
Publication of the Euronext Brussels notice	+/- 27/09/2007
Closure of the Priority Offering	07/11/2007
Closure of the Non-Priority Offering	07/11/2007 (T)*
Centralisation by Euronext Brussels	08/11/2007 (T+1)*
Allocation of shares	12/11/2007 (T+5)*
Payment of shares	12/11/2007 (T+5)*
Settlement delivery	12/11/2007 (T+5)*
First trading day	+/- 13/11/2007 (T+6)*

** Subject to change in case of early closure*

2.2.20. Liquidity contract

A liquidity contract will be entered into between the Controlling Shareholders and EUROPE FINANCE ET INDUSTRIE.

Under this contract, EUROPE FINANCE ET INDUSTRIE may place orders on the market, in compliance with the operating rules of the market, to boost the liquidity of the ARPADIS GROUP stock and improve the regularity of its quotations or reduce market distortions that are not justified by market trends.

As the resources made available to EUROPE FINANCE ET INDUSTRIE within the framework of this contract are limited, the opportunities for the latter to intervene are likewise limited.

2.3. VALUATION OF THE OFFERING PRICE OF €6.12 PER SHARE

A company is, by definition, valued on the basis of a series of hypotheses, forecasts, and assumptions, which can be difficult to estimate.

Investors are therefore advised that factors of evaluation of the Offering price contained in this chapter merely constitute an estimate by the ARPADIS GROUP of the theoretical value of its shares, on the basis of generally accepted valuation methods, taking into account various hypotheses, forecasts and assumptions.

The issue price of the new shares of the ARPADIS GROUP is based on a purely subjective assessment of the ARPADIS GROUP, in consultation with EUROPE FINANCE ET INDUSTRIE and Small Caps Finance, and results from a discount applied to the theoretical value of the shares of the ARPADIS GROUP.

2.3.1. Valuation methods used

The valuation methods selected were the multiples method and valuation of the company on the basis of its available cash flow, known as the discounted cash flow method.
The first method consists of observing, for a sample of comparable companies (in terms of their size, their activity and/or their growth rate), certain ratios between their stock market value and a selection of financial parameters (such as net profit, EBITDA, turnover, equity capital etc.).
The average multiples obtained are then applied to the financial parameters of the company to be valued.
The second method used consists of calculating the value of the compnay on the basis of its capacity to generate free cash flow. Future free cash flows are discounted at a rate which takes account of the cost of the capital invested.

2.3.2. Key figures

	2004	2005	2006	2007	2008	2009
Turnover	35.123	39.856	44.643	68.970	102.769	123.497
Gross margin	4.326	4.685	3.915	14.413	18.710	16.883
SG&A	-1.864	-2.200	-1.760	-6.269	-6.030	-5.231
Wages & Salaries	-1.695	-1.506	-2.181	-6.371	-9.488	-7.747
EBITDA	696	909	-338	1.590	3.101	3.875
Depreciation	-499	-532	-242	-437	-498	-555
Amortization and provisions	-12	-22	-28	0	0	0
Operating result	185	355	-608	1.153	2.603	3.320
Financial result	-316	-586	-48	-533	-651	-817
Exceptional result	95	47	2.874	0	0	0
Taxes	47	132	103	-217	-683	-876
Net result	-106	-314	2.115	403	1.269	1.627
Cash Flow	393	218	2.357	840	1.767	2.182
Equity	-65	-383	2044	6.141	7.410	9.039
Working capital	4.593	4.895	4.591	7.026	9.817	11.925
Change in working capital	-311	-100	-590	-2.426	-2.800	-2.108
Capital expenditure	-1,746	-598	4986	-5.440	-1.495	-52

EBITDA = Operating result + amortisation and depreciation + write downs + provisions
Cash Flow = Net profit + amortisation and depreciation

The growth in the turnover over fiscal years 2007 and 2008 are explained by:
- the start of the activities of Manage in april 2007, accounted for a full year of activity in 2008;
- a full year of activity of Arpadis Chemicals Germany in 2008, start of distribution activities in the south of France
- the Maskem network will be fully operational in 2008

Regarding the custom processing, 2008 will be a year of growth thanks to an increase of the customer base, which will lead to a better use of the production capacity.

The growth of the gross margin is influenced by the importance taken by the tolling activity compared to distribution, since it implies no purchase or sale of goods but only invoicing of services.

2.3.3. Multiples method

2.3.3.1. Determination of multiples specific to the ARPADIS GROUP on the basis of the Offering Price

	31/12/2004	31/12/2005	31/12/2006	31/12/2007P	31/12/2008P
Equity (k€)	-65	-383	2.044	6.136	7.405
Equity/Share (€)	-0,03	-0,19	1,02	2,36	2,84
Price Offering/Equity/share (x)	-188,31	**-31,96**	**5,99**	**2,60**	**2,15**
Turnover (k€)	35.123	39.856	44.643	68.970	102.769
Turnover/Share (€)	17,56	19,93	22,32	26,50	39,48
Price Offering/Turnover/Share (x)	0,35	**0,31**	**0,27**	**0,23**	**0,16**
EBITDA (k€)	696	909	-338	1.590	3.101
EBITDA/share (€)	0,35	0,45	-0,17	0,61	1,19
Price Offering/EBITDA/share (x)	17,59	**13,47**	**-36,21**	**10,02**	**5,14**
Cash Flow (k€)	393	218	2.357	840	1.767
Cash Flow/Share (€)	0,20	0,11	1,18	0,32	0,68
Price Offering/Cash Flow/share (x)	31,15	**56,15**	**5,19**	**18,96**	**9,02**
Net Result (k€)	-106	-314	2.115	403	1.269
Net result/Share (€)	-0,05	-0,16	1,06	0,15	0,49
Price Offering/Net result/share (x)	-115,47	**-38,98**	**5,79**	**39,53**	**12,55**

P: Forecast
Note: Number of shares for 2004, 2005 and 2006 = 2,000,000
Number of shares for 2007 and 2008 = 2,603,000

2.3.3.2. Sample of comparable companies:

Listed companies active in the chemicals sector include a large number of producers but very few distributors. Since the activity of the ARPADIS GROUP is a combination of both distribution and processing, the sample of comparable companies comprises a mix of producers and distributors. It should be noted, however, that the ARPADIS GROUP is in no way comparable, in terms of its size, to the many giants of the chemical production sector such as Rhodia, Arkema or Akzo Nobel. Therefore, the undertakings selected in this field are more modest: ORGASYNTH and PRODUITS CHIMIQUES AUXILIAIRES ET DE SYNTHESE (PCAS), for the European market, and ARCH CHEMICALS INC for the US market. To represent the distribution aspect, it was only possible to include in the sample UNIVAR, a world leader in the sector, since other distributors such as Brenntag and Safic-Alcan are not listed companies.

UNIVAR is a world leader in the distribution of chemical products and also provides specific services (blending, packaging, labelling, technical support, stock management etc.). The group distributes a wide range of basic and specialist industrial chemical products for the food processing, pharmaceuticals and petroleum industries but also for the polymers and water treatment sectors, etc. Its turnover in 2005 was geographically distributed as follows: Europe (34%), United States (50%) and Canada (16%).

ORGASYNTH specialises in the development and marketing of chemical products (specialist chemical products, essential oils and flavourings, active ingredients and intermediate products). Turnover is distributed geographically as follows: France (52.9%), Europe (30.2% and other countries (16.9%).

PCAS specialises in the development, manufacture and marketing of fine and specialist chemical products. The group has 9 production facilities in France, Finland and Canada. The geographical distribution of turnover in 2005 was as follows: France (31%), Europe (36%), North America (12%) Asia-Pacific region (17%) and other (4%).

ARCH CHEMICALS Inc manufactures specialised chemical products (biocides) and provides value added products and services to various industries (water treatment, pharmaceuticals and parapharmaceuticals, paints and coatings etc.). The group operates in North and South America, Europe, Asia and Africa.

It must also be noted that most of the comparable undertakings prepare their financial statements according to IFRS standards. Arch Chemicals prepares its financial statements according to US-GAAP. This restricts the comparability of the data used.

Company	**Market**	**Stock price** on 21/08/2007	**Number of shares** 21/08/2007	**Market Cap** on 21/08/2007
UNIVAR	Euronext Amstrdam - Comp. A	52,50 € $72,49	29.963.986	1.573.109.265 € $2.172.149.273
ORGASYNTH	Euronext Paris - Comp. C	12,06 €	2.426.353	29.261.817 €
PCAS	Euronext Paris - Comp. C	5,80 €	13.003.882	75.422.516 €
ARCH CHEMICALS	NYSE	$41,25	24.518.000	$1.011.367.500
		IPO price		
ARPADIS GROUP	Euronext Brussels - ML	6,12 €	2.268.000	13.880.160 €

Source: - Euronext for UNIVAR, ORGASYNTH and PCAS; Bloomberg.com for ARCH CHEMICALS
Rate EUR/USD (UNIVAR): 1.3808 (on 20/08/2007)

Compnay (thousand €)	Net debt 2006	Turnover 2006	EBITDA 2006	Net Result 2006	Net Res /share
UNIVAR	$546.400	$6.619.400	$284.300	$134.200	$4,72
ORGASYNTH	14.310 €	110.860 €	8.873 €	-1.019 €	-0,48 €
PCAS	79.100 €	178.300 €	20.000 €	1.200 €	0,09 €
ARCH CHEMICALS	$135.500	$1.434.700	$77.700	$14.200	$0,62
ARPADIS GROUP	3.541 €	44.643 €	-338 €	2.115 €	1,06 €

Source: Corporate publications

- Note: The date of closure of the financial statements of all the companies is 31/12/2006.
- EBITDA: Operating result + Amortisation and depreciation, write downs and provisions.
- Net indebtedness = Short and long term financial borrowing – liquid assets

2.3.3.3. Stock market multiples

Company (thousand €)	EV/Sales 2006	EV/EBITDA 2006	PER 2006*	PER 2007*	PER 2008*
UNIVAR	0,41	9,56	13,64	12,86	11,31
ORGASYNTH	0,39	4,91	N.S.	N.D.	N.D.
PCAS	0,87	7,73	13,21	12,33	9,88
ARCH CHEMICALS	0,80	14,76	17,60	N.D.	N.D.
Average	0,6174	9,2398	14,8167	12,5950	10,5950

** Source: Boursorama for UNIVAR and PCAS - Bloomberg for Arch Chemicals*
EV = Enterprise Value = Stock market valuation +net debt

Since the average price/earnings ratio obtained above is based on a small number of values, some of which appear insignificant, we have extended the sample of undertakings below in order to obtain a more relevant ratio as regards market expectations for this sector.

	UNIVAR	PCAS	DSM KON	RHODIA	SOLVAY	AKZO NOBEL	**Mediane**
PER 2006	13,64	13,21	12,46	45,7	10,63	15,13	13,425
PER 2007	12,86	12,33	11,93	13,28	11,17	14,97	12,595
PER 2008	11,31	9,88	11,21	7,81	11,06	16,02	11,135

** Source: Boursorama*

2.3.3.4. Application of the multiples to the ARPADIS GROUP

	Multiple	Elements of 2006 of ARPADIS GROUP		Implicit Value (premoney)
EV/sales	0,6174	Turnover	44.643 €	24.022
EV/EBITDA	9,2398	EBITDA	-338 €	-3.123
PER 2006	13,4250	Net profit 31/12/2006	2.115 €	28.394
PER 2007	12,5950	Net profit 31/12/2007	403 €	5.076
PER 2008	11,1350	Net profit 31/12/2008	1.269 €	14.130
				Median
				14.130

N.S: Not significant

It should be noted that the EV/EBITDA ratio for 2006 is not significant because of the substantial investments that have been made (exceptionally) to extend the group’s commercial network. These investments gave rise to significant operating expenses (remuneration, miscellaneous goods and services), while the turnover of the various new sales entities had not yet reached ‘cruising speed’.
Furthermore, the price-earnings ratio for 2006 is overestimated as a result of the sale of a financial investment which triggered exceptional earnings of approximately 2.41 million euros.
In order to eliminate these two ratios, which give two ‘extreme’ values, from the study, the valuation used is a median of various implicit values rather than an average.

The median of the implicit values of the ARPADIS GROUP would be €14,130,000**.**
This valuation corresponds to a PER of 6.7 (i.e. €14,130m/€2,115m) on the basis of the results as at 31/12/2006 and 35 (i.e. €14,130m /€403 m) on the basis of the result as at 31/12/2007.

2.3.4. <u>Discounted cash flow method</u>

The Discounted cash flow method consists of calculating the present value of all future free operational cash flow, (i.e. after tax payment, change in working capital and capital expenditure) generated by the company.

The free cash flow (FCF) is discounted at the Weighted Average Cost of Capital of (WACC).

The FCF considered for the years 2007-2008-2009 can be found in the forecast made by the company (7.2.) and summarised above under section 2.3.2.

The free cash flow is calculated as follows:

EBITDA[1]
- Tax
- Changes in working capital requirement[2]
- Investments

= Free Cash Flow

The years following 2009 take into account a growth rate of **1.5%** (a percentage close to inflation) for the following items:

- EBITDA;
- investments

However, as regards the investments in 2010, they have been taken to the level of the depreciation, with a view to maintenance of the existing infrastructure.

The working capital requirement should have reached its optimal level by 2009. It represents approximately 9.8% of turnover (percentage equivalent to the average of the 3 forecast years). On the basis of a turnover growth rate of 1.5%, the working capital should be €12,284 k, €12,468 k and €12,655 k for 2010, 2011 and 2012 respectively, that is to say, an increase in the working capital requirement of €359 k, €184 k and €187 k respectively.

The WACC is based on the following assumptions:

- Debts: indebtedness as at 31/12/2006, as detailed in chapter 5, i.e. long-term debts (including the portion falling due within one year) of €421 k, plus loans obtained for the new investments (cf chapter 4 point 4.13.1), and short-term loans taken out with credit establishments of €4,149 k.
- The share capital is that as at 31/12/2006 plus the amount of the capital increase effected by existing shareholders in the sum of €1,645 k and the capital increase effected by means of the Public Offering of €2,040 k.
- A tax rate of 35%, that is to say, slightly higher than the rate of corporation tax to take into account any expenses not accounted for.
- The return on capital takes into account a **risk premium of 7%** compared to a risk free investment (10 year Obligation Linéaire-Lineaire Obligatie or OLO = 4.65%). The return on capital is higher than that associated with the equities market (valued in Europe at 10%[3])
- The company's systematic risk in relation to the market (β) which we have selected for the valuation, i.e. β=1.3, is higher than that of the average for comparable companies (i.e. β=0.864). The ratio selected therefore reflects a systematic risk for the security which is higher than the benchmark market.

[1] EBITDA = Operating result + Amortisation and depreciation + Write offs + Provisions
[2] Changes in working capital requirement = Increase in receivables + Increase in stocks – Increase in trade, tax and wages and salaries liabilities
[3] Source: Cash édition spéciale: « Comment investir en 2007 ? » p12: Perspectives macroéconomiques 2007.

The residual value of the company in 2012 is determined with the following formula:

$$\frac{CFL_{n+1} / (WACC-g)}{(1+WACC)^n}$$

CFL:	Free Cash Flow
n:	No. Years discounted in forecasts (6 years)
WACC:	weighted average cost of capital
g :	Growth rate (1,5%)

The total FCF discounted over a period of 6 years is negative (€-2,426k), due to the high level of investment and the increase in the working capital requirement over the periods taken into account in the provisional accounts.
To this amount is added the discounted residual value of the company after the forecast period, amounting to €27,168 k.
The debt of the company, €7,920 k, must be deducted from this total.
According to the DCF method, the company is valued at €16,822 k as shown in the table below.

Assumptions:	
Growth rate of Cash Flow after 2009	1,50%
Weighted Average of Cost of Capital (WACC)	7,63%

		Forecasted accounts					
Year		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Net result (k€)		403	1.269	1.627	1.651	1.676	1.701
Operating result (k€)	**(a)**	1.153	2.603	3.320	4.496	4.564	4.632
Depreciation (k€)	**(b)**	-437	-498	-555	-563	-572	-580
Amortization and Provisions(k€)	**(c)**	0	0	0	0	0	0
EBITDA (k€)	**(a)-(b)-(c)**	1.590	3.101	3.875	3.933	3.992	4.052
Taxes (k€)		-217	-683	-876	-889	-903	-916
Changes in Working capital (k€)		-2.421	-2.800	-2.108	-359	-184	-187
Capital expenditure (k€)		-5.440	-1.495	-52	-563	-571	-580
Operational Free Cash Flow(k€)		-6.488	-1.877	839	2.122	2.334	2.369
Discounted CF (k€)		-6.488	-1.744	724	1.702	1.739	1.640
Cumulated DCF (k€)		-6.488	-8.232	-7.508	-5.806	-4.066	-2.426
Continuing Value (k€)							27.168
Debt (k€)							-7.920
DCF valuation (post money) (k€)							**16.822**

Determination of WACC	Mont.nomin:	Taux
LT Debt	3.771,000	5,4%
ST debt	4.149,000	4,50%
Share capital + Reserves (**)	5.724,000	13,75%
Total of Investors funds (k€)	13.644,000	
Tax rate		35%
Weighted Average of Cost of Capital (WACC)		**7,63%**

(**) Determ. Of cost of equity	
OLO 10 years	4,65%
Market risk premium	7,00%
Beta	1,3
Cost of equity	**13,75%**

BETA*

PCAS	DSM Kon	Rhodia	Solvay	Akzo	**Average**
0,549	0,858	1,52	0,664	0,729	**0,864**

Source: www.bloomberg.com

This valuation is classed as postmoney since it takes account of the capital increase. The premoney valuation amounts to €14,782 k, i.e. €16,822 k -€ 2,040 k.
The table above shows that the valuation of the ARPADIS GROUP, according to the discounted cash flow method, is based entirely on the residual value of the group after 6 years. This is accounted for by the fact that the current financial year and the following financial year will generate a cash drain following investments that the group has made and plans to make in 2008. In addition, these investments will presumably give rise to greater activity and therefore, a significant working capital requirement for the current financial year and the next two years.
The company's financial requirements are covered by recourse to both long and short-term borrowing, the capital increase effected by shareholders and finally, the public offering, through a capital increase of up to 2 million euros which is the subject-matter of this prospectus. (cf. chapter 7 point 7.2.3.).
Following this period of investment and growth, the group should once again show a positive free cash flow. This translates into the residual value of the group after 6 years of projections.

2.3.5. Synthesis of the valuation methods

If we calculate the average of the valuation obtained using the two methods (multiples method, DCF method), we obtain a premoney valuation of €14,456,000. The current Offering corresponds to a valuation of €13,880,160, and consequently a discount of +/- 4%.

Valuation method	€ per share	Valuation in €
Multiples	6,23 €	14.130.000 €
DCF	6,52 €	14.782.000 €
Average	6,37 €	14.456.000 €
Proposed premoney value	6,12 €	13.880.160 €
Discount	**3,98%**	

The Offering Price, €6.12, is higher than the equity of the ARPADIS GROUP on 31/12/2006 i.e. €**0.94** per share.

2.4. ADMISSION OF THE SHARES ON THE FREE MARKET

2.4.1. The Free Market

The Free Market is a market segment organised by Euronext Brussels. It is not a regulated market in the sense of article 2 3° of the law of 2 August 2002 regarding supervision of the financial sector and financial services. Issuers of financial instruments that are admitted to trading on the Free Market of Euronext Brussels are thus exempted from the specific obligations that result from an admission to trading on a regulated market. The main risks related to an admission to trading on the Free Market of Euronext Brussels are the following:

• no requirement to publish annual financial statements in accordance with IAS/IFRS accounting standards adopted Europe-wide for the last two or three financial years: the only accounting obligations to which companies admitted to trading on the Free Market of Euronext Brussels are subject are those inherent to the legal form of the company, with no requirement as regards earlier accounting information;

• no requirement to disclose occasional information (price sensitive information) or periodic information (quarterly, semi-annual or annual financial statements): they are bound only to disclose information required under accounting and company law;

• no requirement for the company to adapt its governance structures in order to comply with the Lippens Code or explain that it intends to derogate from such Code (‘comply or explain’): they may limit themselves to complying with the requirements of the Belgian Companies Code;

• the reporting obligations as regards transactions carried out by company directors no longer apply.

However, the prohibition on price manipulation and insider trading referred to in articles 39 and 40 and following of the law of 2 August 2002 on prudential supervision of the financial sector and of financial services apply to the free market, in accordance with articles 7 and 8 of the Royal Decree of 26 June 2003 concerning various provisions relating to the secondary markets for financial instruments.

A new law of 1 April 2007 transposes European Directive 2004/25/EC on takeover bids. This new law is applicable to the Company, Nevertheless, in that Law, the obligation to launch a takeover bid in respect of all the shares in the event of change of control is only applicable to companies admitted to trading on a regulated market, which will not be the case for the Company. The King has received the authority to extend this obligation to companies listed on other markets. To date, this authority has not been used to extend this rule to companies listed on the Free Market.

2.4.2. Trading on the Free Market

The Free Market is a market organised by Euronext Brussels. To this end, Euronext Brussels has laid down certain rules intended to maintain the orderly operation, integrity and transparency of the market and to ensure that investors' interests are protected. These rules can be summarised as follows:

- Trades are in principle executed per share or unit. As a rule, trades are executed through a single auction per session. Order matching takes place at 15.00 for the main lines (shares and bonds) and at 15.30 for secondary lines;

- purchase and sale orders are matched and market data relating thereto is transmitted using the Euronext trading and data transmission systems;

- Euronext Brussels may take any decision in the interest of the proper operation of the Free Market and in particular, may decide to alter trading hours, temporarily or permanently suspend trading in a security in the interest of the market, and cancel a price, in particular in the event of a manifest error, which shall have the effect of cancelling all transactions effected at such price, etc.;

- if matching of orders in the central order book results in a change in the price of the relevant share of 10% more or less in comparison to the previous closing price, this is automatically reserved (it is not quoted until the next fixing). Euronext Brussels then issues an indicative price that can be used to fix the thresholds that the share cannot exceed without being reserved again;

- financial intermediaries may trade direct between themselves, over the counter, the securities admitted to trading on the Free Market, without referring to Euronext;

- clearing and settlement delivery may be effected through the systems of LCH Clearnet SA, CIK and Euroclear, settlement delivery occurring three days after the trade. Otherwise, the registration and deletion formalities with the issuer or provider responsible for managing its books shall be effected by movement order at the initiative of the Euronext Members having effected the trade

2.4.3. The admission to trading on the Free Market

An application has been made for the admission to trading on the Free Market of Euronext Brussels of all Shares of the ARPADIS GROUP, i.e. 2,603,000 shares. These shares are the result of 2,268,000 existing ordinary shares, fully paid up, 325,000 new ordinary shares from a capital increase within the framework of the Offering, a maximum of 10,000 new ordinary shares from the Employee. In addition, an application has also been made for the admission of 335,000 VVPR strips.

Unless in the event of early closure, admission to trading of the ARPADIS GROUP shares on the Free Market shall only become effective as of 13/11/2007. The shares will circulate under the following ISIN Code: BE0003875920 and the following SVM code: 3875.92. The VVPR strips will be traded under the following symbol BE0005619904 and will circulate under the following ISIN code: 5619.90.

Initial trading in the shares of the ARPADIS GROUP on the Free Market will be carried out by and under the responsibility of EUROPE FINANCE ET INDUSTRIE Investment banking, with the assistance of the ARPADIS GROUP.

CHAPTER 3: GENERAL INFORMATION ABOUT THE ISSUER AND ITS CAPITAL

3.1. GENERAL INFORMATION ABOUT THE ISSUER

3.1.1. Name and registered office (articles 1 and 2 of the articles of association)

The company is called ‘ARPADIS GROUP’.

The registered office of the Company is currently located at 7170 Manage, Zoning Industriel – Zone D, 5.

The registered office may, without amendment of the articles of association, be transferred to any other location in Belgium, by resolution of the board of directors published in the Annexes to the *Moniteur belge* [Official Gazette].

By resolution of the board of directors, the ARPADIS GROUP may create administrative offices, branches, offices, subsidiaries or agencies in Belgium and abroad.

3.1.2. Legal form (article 1 of the articles of association)

The company is in the form of a *société anonyme* incorporated in accordance with Belgian law. For such time as it meets the criteria set by law, which will be the case following the Offering, the ARPADIS GROUP holds the status of a company (société anonyme) which is making or has made a public offering of securities.

3.1.3. Incorporation and duration (article 4 of the articles of association)

The ARPADIS GROUP was incorporated on 23 March 1999 for an unspecified duration, starting on the date of its incorporation and coming into effect on the same date.

It may be dissolved by resolution of the general meeting deliberating in accordance with article 558 of the Belgian Companies Code.

3.1.4. Central Enterprise Databank

Any individual or legal entity wishing to engage in business activity in Belgium must be registered with the Central Enterprise Databank and obtain a unique identification number. The ARPADIS GROUP is identified under No. 0465.742.134.

3.1.5. Financial year (article 30 of the articles of association)

The ARPADIS GROUP’s financial year commences on 1January and ends on 31 December each year.

3.1.6. Corporate purpose (article 3 of the articles of association)

The purpose of the company includes:

- the acquisition of a stake or participating interest in any company, undertaking, business or association, whether existing or to be incorporated, by way of inscription, contribution, merger, cooperation, financial intervention or by any other means;

- the management, development and disposal of these stakes or participating interests;

- direct or indirect participation in the administration, management, control and liquidation of the companies, undertakings, businesses and associations in which it holds a stake or participating interest;

- the provision of any advice and assistance as regards all possible aspects of company management to the administration and management of the companies, undertakings, businesses or associations in which it holds a stake or participating interest and in general, any action relating in full or in part, whether directly or indirectly, to the activities of a holding company;

- the acquisition, conversion, contribution, transfer and trading of all securities, shares or bonds of any kind whatsoever, by way of issue or by any other means, for its own account or for the account of third parties; the acquisition of participating interests or stakes in any form whatsoever in any existing or future companies;

The company may carry out any civil, commercial, industrial, financial, property or real estate transactions relating directly or indirectly, or which would be beneficial to, its corporate object

It may act as guarantor or give its guarantee, act as agent or representative, grant advance payments, grant loans, allocate mortgage or other securities in favour of those companies, undertakings, businesses or associations in which it holds a stake or participating interest.

The ARPADIS GROUP may engage in its activity both in Belgium and abroad.

3.1.7. Shareholders' meetings (article 22 of the articles of association)

The annual general meeting will take place on the fifteenth of June, at 6.00 p.m. If this day is Sunday or a legal holiday, the annual meeting will take place on the next following working day.

An extraordinary general meeting may be called at any time to discuss any subject within its remit.

General meetings are held at the company's registered office or at any other place indicated in the notice convening the meeting.

3.1.8. Company documents

The financial statements of the ARPADIS GROUP are filed with the National Bank of Belgium. The articles of association may be obtained from the Registrar of the Brussels Commercial Court. These documents and the annual reports are available free of charge from the company's registered office.

3.2. GENERAL INFORMATION ABOUT THE ISSUER'S CAPITAL

3.2.1. Share capital

Following the issue and subscription of the new shares which are the subject-matter of this Offering and the Employee Offering, the subscribed capital of the ARPADIS GROUP amounts to €4,180,160, including the share premium, represented by 2,603,000 shares. The capital is fully paid up.

3.2.2. Authorised capital (article 6 of the articles of association)

The board of directors is authorised, for a maximum period of 5 years as of publication in the Annexes of the *Moniteur belge* of the resolution of the general meeting of 17/09/2007, to increase the share capital, in one or more phases, by a maximum amount of five hundred thousand euros (EUR 500,000). This authorisation has been granted to the board of directors for a renewable term.

The capital increase may in particular be effected by subscription in cash, contributions in kind within the limits set by law or through the incorporation of reserves, whether or not available, or share premiums, with or without the issue of new shares, with or without voting rights.

The capital increase within the framework of the authorised capital may also be carried out by means of the issue of convertible bonds or subscription rights, in accordance with articles 583 and following of the Belgian Companies Code.

The board of directors is further authorised for a maximum period of 3 years as of publication in the Annexes of the *Moniteur belge* of the resolution of the general meeting of 17/09/2007, to increase the capital by contributions in cash with limitation or cancellation of shareholders' pre-emptive rights, subject to the legal conditions, in the case of a public takeover bid, after receipt by the company of the notice referred to in article 607 of the Belgian Companies Code. These capital increases carried out by the board of directors are imputed to the remaining share capital authorised under this article.

The board of directors is authorised, within the framework of this article, to cancel or to restrict, in the interest of the company and subject to the conditions set out in articles 595 and following of the Belgian Companies Code, the pre-emptive rights afforded to shareholders by law. It is further authorised to cancel or restrict the pre-emptive right in favour of one or more given persons, other than employees of the ARPADIS GROUP or any of its subsidiaries and to make provision for a pre-emptive right in favour of shareholders for a period of ten days.

The board of directors is also authorised by the general meeting, by virtue of a resolution passed in accordance with article 560 of the Belgian Companies Code, within the limits set by the Belgian Companies Code, to amend, following the issue of shares within the framework of the authorised capital, the respective rights of the existing categories of shares or securities whether or not they represent the share capital.

At the time of a capital increase carried out within the framework of the authorised capital, the board of directors may require payment of a share premium. If this is the case, this share premium must be recorded in a blocked reserve account which may only be reduced or cancelled by resolution of the general meeting, deliberating in accordance with article 558 of the Belgian Companies Code.

The authority of the board of directors to increase the share capital may not be exercised (i) for a capital increase to be carried out predominantly through a contribution in kind made by a shareholder of the ARPADIS GROUP holding more than 10% of voting rights, in accordance with article 606 of the Belgian Companies Code, (ii) for an issue of shares with no par value below the accounting par value of old shares of the same category, and (iii) for the issue of subscription rights reserved mainly for one or more given persons, other than employees of the ARPADIS GROUP or one or more of its subsidiaries.

3.2.3. Purchase and pledging of own shares (article 10 of the articles of association)

The ARPADIS GROUP may only acquire its own shares or founders' shares through purchase or exchange and dispose of them directly or through a person acting in his own name but for the account of the ARPADIS GROUP, in accordance with articles 620 and following of the Belgian Companies Code.

The board of directors is authorised to acquire and alienate own shares in the Company, without prior authorisation from the general meeting of shareholders, where this is necessary to prevent serious and imminent harm to the ARPADIS GROUP. These powers have been granted for a period of three (3) years from the date of publication of the decision of the general meeting of 17/09/2007 in the Annexes to the Belgian Official Gazette. These powers may be extended in accordance with the applicable provisions of the Belgian Companies Code. The board of directors has been authorised, for a period of eighteen (18) months from 17/09/2007, to acquire or alienate a maximum of 226.800 (two hundred twenty six thousand eight hundred) shares representing up to (10%) of the Company's capital, at a price no higher that 10% above the highest closing price during the twelve (12) months preceding this acquisition, and no lower than 10% below the lowest closing price during this same period, subject to the conditions set out in article 620 of the Belgian Companies Code.

In accordance with article 630 § 1 of the Belgian Companies Code, the general meeting allows the board of directors, directly or indirectly, by a subsidiary of the company or by a person acting in his own name but for the account of the company or one of its subsidiaries, to receive a pledge on its own shares.

The board of directors has been authorised to sell on a stock market own shares held by the Company in accordance with article 622, § 2, 1° of the Company Code.

3.2.4. Securities not representing share capital

The ARPADIS GROUP has issued no shares that do not represent share capital.

3.2.5. Convertible bonds, transferable bonds or bonds accompanied by warrants

The ARPADIS GROUP has issued no convertible or transferable bonds or bonds accompanied by warrants.

By virtue of article 11 of its articles of association, the ARPADIS GROUP may issue bonds by resolution of the board of directors, which shall determine the type and benefits, the manner and date of redemption, as well as any other issue conditions.

The general meeting or the board of directors may decide to issue convertible bonds or warrants within the framework of the authorised capital, in accordance with the provisions of the Belgian Companies Code.

Bearer bonds are only valid where they are signed by at least two directors; these signatures may be replaced by stamps. A register of bondholders must be kept and a certificate shall be issued to bondholders in evidence of their entry in the register.

3.2.6. Development of the capital

The ARPADIS GROUP was incorporated as a *société anonyme* on 23 March 1999.

Date	Description of the transaction	Amount of the transaction *	Capital after the transaction *	Number of Shares	Total number of Shares
23/03/1999	Incorporation of the ARPADIS GROUP (formerly DPS-Group)	€500,000	€500,000	500	500
17/09/2007	Capital Increase by contribution in kind of 40% of the shares of Maskem Europe S.A.	€391,680	€891,680	16	516
17/09/2007	Capital Increase by contribution in kind of 50% of the shares of Arpadis Custom Processing S.A.	€783,360	€1,675,040	32	548
17/09/2007	Capital Increase by contribution in kind of 100% of the shares of Arpadis Immo S.A.	€465.120	€2,140,160	19	567
17/09/2007	Division of shares into 4,000 and capital increase	€2,040,000	€4,180,160	335,000	2,603,000
Total			€4,180,160	**2,603,000**	2,603,000

** All amounts expressed in euros.*

The reports of the Statutory Auditor, CLYBOUW, of 10 September 2007 establish the value of

- 40% of Maskem Europe S.A. at €391.680.
- Arpadis Custom Processing S.A. at €1,159,000. The contribution in kind involved 50% of the shares
- Arpadis Immo S.A. at €465,120. The contribution in kind involved all the shares of Arpadis Immo.

The value per share used to determine the number of new shares to be issued in consideration of the contribution was €24,480 per old share (i.e. €6.12 per new share).

3.3. GENERAL INFORMATION CONCERNING THE ISSUER'S SHAREHOLDER STRUCTURE

3.3.1. Shareholders prior to the Offering

Laurent Abergel and the management company L.A.-Investment are the majority shareholders of the ARPADIS GROUP. Laurent Abergel and Xavier Carré both hold directorships within the group. A detailed description of their careers and their directorships is given in chapter 6 (section 6.1.1).

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ARPADIS GROUP Shareholder	Number of Shares	% of the share capital	Voting rights	% of voting rights
L.A. Investment.	**423**	**74.60%**	**423**	**74.60%**
Laurent Abergel	**94**	**16.58%**	**94**	**16.58%**
Xavier Carré	**50**	**8.82%**	**50**	**8.82%**
TOTAL	**567**	**100%**	**567**	**100%**

Each share is divided into 4000 at the time of the Offering.

3.3.2. Shareholders after the Offering

If all the new shares offered within the framework of the Offering and the Employee Offering are placed, the share capital of the ARPADIS GROUP will be distributed as follows:

ARPADIS GROUP Shareholder	Number of Shares	% of the share capital	Voting rights	% of voting rights
L.A.-Investment	**1,692,000**	**65%**	**1,692,000**	**65%**
Laurent Abergel	**376,000**	**14.45%**	**376,000**	**14.45%**
Xavier Carré	**200,000**	**7.68%**	**200,000**	**7.68%**
General public Employees	**325,000** **10,000**	**12.49%** **0.38%**	**325,000** **10,000**	**12.49%** **0.38%**
TOTAL	**2,603,000**	**100%**	**2,603,000**	**100%**

3.3.3. Shares held by members of the company's management bodies

At the time of the issue of the ARPADIS GROUP shares on the Free Market of Euronext Brussels, the members of management and board of directors of the ARPADIS GROUP will hold and/or control, directly or indirectly **87.13** % of the share capital and voting rights of the ARPADIS GROUP.

3.3.4. Changes in the Company's share capital over the last three years

Date	Description	Amount of capital	Number of shares	Distribution of shares
23/03/1999	Incorporation of the S.A. ARPADIS GROUP (formerly DPS - Group)	€500,000	375 75 50	L.A. Investment Laurent Abergel Xavier Carré
17/09/2007	Capital increase by contribution in kind	€2,140,160	423 94 50	L.A. Investment Laurent Abergel Xavier Carré
17/09/2007	Division of shares into 4.000	€2,145,056	1.692.000 376.000 200.000	L.A. Investment Laurent Abergel Xavier Carré
Total		**2,140,160 €**	**2,268,000**	

3.4. DIVIDENDS

3.4.1. Dividends over the last three years

The Company has never declared or paid any dividends on its Shares.

3.4.2. Prescription of dividends

Dividends on bearer shares are not, in principle, time barred. Pursuant to the Law of 24 July 1921, as amended by the Law of 22 July 1991, the company may opt to deposit these dividends with the Deposit and Consignation Office (Deposito- en Consignatiekas). Any dividends deposited with the Deposit and Consignation Office not claimed within thirty years, will accrue to the Belgian State.

3.4.3. Dividend policy

The ARPADIS GROUP pursues a sound policy relating to releasing amounts from its reserves or distributing dividends, always in line with the company's results and with a view to maintaining liquidity ratios and financial structure and the trust of its creditors.

The ARPADIS GROUP intends to use its future profits to finance the development of its activities. Consequently, it has no plans to pay a dividend in the coming years unless its results and investment programme permit it to do so.

3.5. TRADING

From 13/11/2007, the shares of the ARPADIS GROUP will be admitted to trading on the Free Market of Euronext Brussels, in the simple fixing category (single daily quotation at 15.00), with the co-operation of EUROPE FINANCE ET INDUSTRIE Investment banking, a Member of Euronext Brussels.

These shares are not listed on any other market and no application has been made in this respect.

CHAPTER 4: INFORMATION ABOUT THE BUSINESS

4.1. BACKGROUND

The group's holding company, **Arpadis Group S.A**., was incorporated on 23/03/1999 as DPS-Group. It holds participating interests in the various group entities.
Arpadis S.A. (which became Arpadis Chemicals S.A) and Arpadis France S.A.S. were incorporated first in 1999 and Arpadis Suisse S.a.r.l. was incorporated in mid-2001.

At the same time, **Arpadis Chemicals S.A.** (formerly Arpadis S.A.) launched its chemical product distribution business in Antwerp with a small but dynamic and experienced team. It operates on the worldwide chemical products distribution market.

Arpadis offers an additional service to that of its rival producers and major distributors by providing its customers a tailor-made service thanks to its adaptability, its flexibility and its in-depth knowledge of its partners' market. The group quickly expand its business abroad through the creation of various distribution subsidiaries: **Arpadis Deutschland Gmbh** (Essen) in 2002 and **Arpadis UK Ltd** (Chester) in 2004.

It is the group's policy to ensure that local management have a stake in the business. In some cases, it enters into joint ventures (this is the case in particular as regards Arpadis Deutschland Gmbh), or ensures that local management retains a minority shareholding (this is the case for Arpadis UK Ltd, in which the group has a stake of 72.5%).

In December 2003, the group underwent a reorganisation and decided to transfer the participating interests in the various distribution offices of the Arpadis Group to Arpadis Chemicals.

In December 2004, the group set up a joint venture with **HBI International S.A.S**. (France) and HBI Trade Services Pvt Ltd (India) in order to create HBI China Ltd (Hong Kong), with a representative office in Nanjing. This 50% participating interest is under the control of **Arpadis Asia Ltd**, a holding company in which the group has a 65% interest.

Between November 2005 and April 2006, the group set up a joint venture with private investors in order to create **Maskem Europe S.A**. (Luxembourg), in which it currently holds an 80% stake. The purpose of this holding company is to centralise the majority shareholdings in various chemical product distribution entities in Africa and the Middle East; Maskem Maroc S.A. (60% interest), Maskem Algérie S.P.A. (60% interest), Maskem Egypt Ltd (60% interest), Maskem Gulf FZCO (60% interest), Maskem Middle East Ltd (60% interest). In each case, the minority shareholders are local managers. They are experienced executives having previously worked in international chemical companies.

At the beginning of 2006, the group created Arpadis China Co Ltd, wholly-owned by the Hong Kong holding company, Arpadis Asia Ltd. The latter is 65% owned by Arpadis Chemicals N.V. and 35% by the local manager of Arpadis China Co Ltd. This person has been working for the group for 8 years. Until the creation of Arpadis China Co Ltd., he managed the representative office of Arpadis Chemicals in Beijing, later Nanjing.

Alongside expansion of the distribution network, the group, in 2003 with the acquisition of **Schoonjans S.A**. (later Arpadis Coating Services S.A., Jodoigne), began to diversify its activity in the industrial sector. Thanks to this acquisition, the group's range of services, which were hereto limited to commercial, logistical and financial services, were extended to custom processing. Schoonjans S.A. specialises in the custom processing of automotive coatings for the major European suppliers. The group's industrial strategy continued with the acquisition of the SigmaKalon S.A. facility in **Manage** in March 2007. This acquisition enabled the group to develop and diversify into custom processing in the field of paints and resins and to develop a multiservice platform to the chemical industry in collaboration with its European subsidiaries.

The acquisition by **Arpadis Custom Processing China Co. Ltd** of land in China, in the Nanjing chemical industry zone, will enable the group to work with its customers in China and continue to develop in a region undergoing major industrial expansion.

In April 2006, a service activity for the polyurethane industry was launched with a team having a great deal of market experience. **Arpadis Polyuréthanes S.A.** specialises in the supply and sale of raw materials to this industry worldwide, with particular emphasis on high growth countries such as Eastern Europe, the Middle East, Africa, South America and Asia.

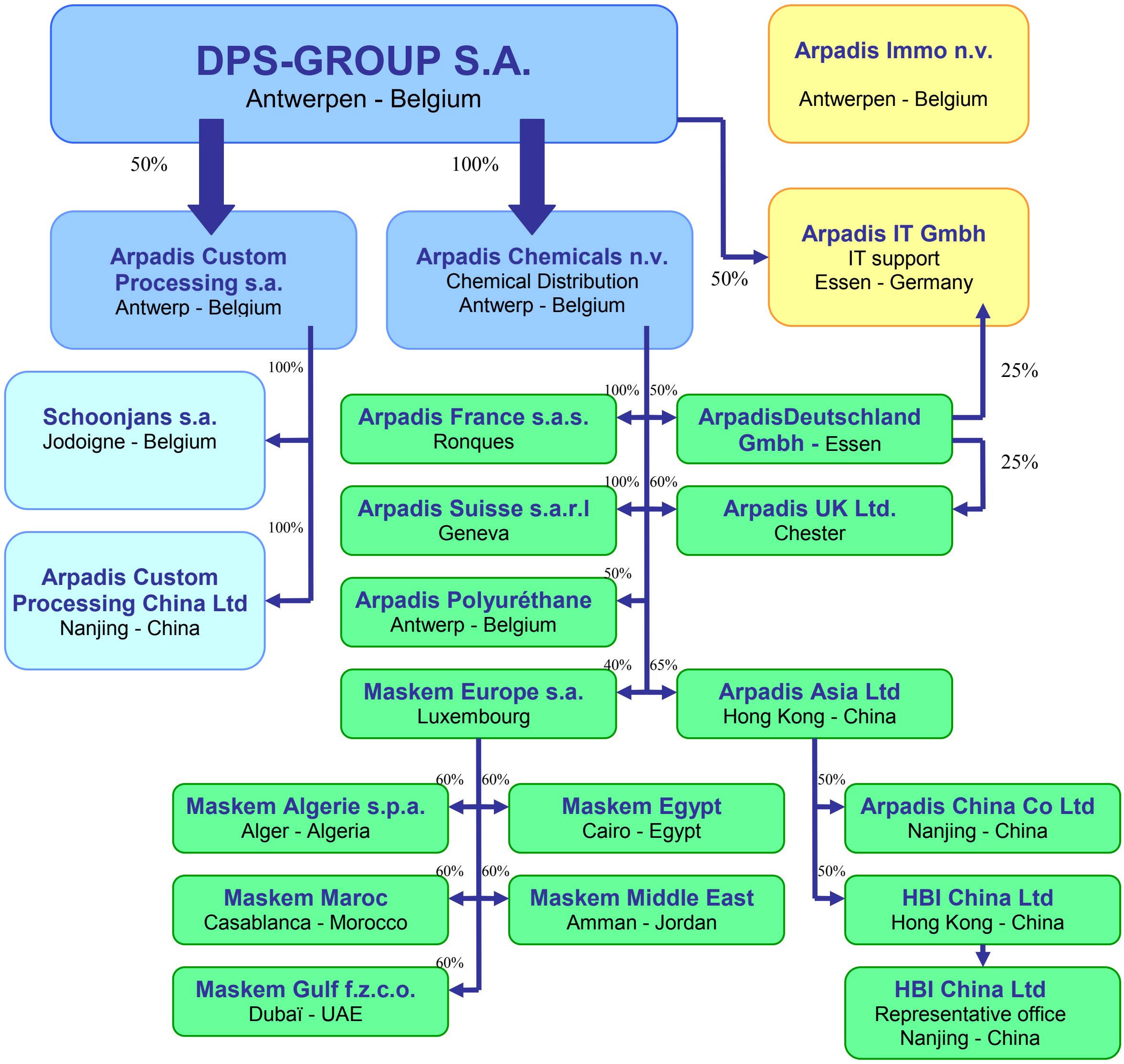
In 2007, the group further expanded its distribution network, opening an office in Israel (Arpadis Israël Ltd).
In addition, a new service company in the field of logistics, **Polylink Logistics Ltd,** based in Tianjin, was set up in China with a former group employee. This company specialises in logistics to and from China for the industry, offering its customers a special relationship.

In March 2007, the group expanded its business into Germany through the creation of Arpadis Chemicals Germany GmbH. Arpadis Chemicals owns 50% of this company, the remainder (2 x 25%) being shared between the local managers. The company specialises in the distribution of solvents and aromatics on the German market.

The decision to apply for listing on the Brussels Free Market was taken in February 2006. The group decided to reorganise its participating interests in advance of admission to trading in order to ensure the highest level of transparency. Accordingly, all the group's real estate was placed under the control of **Arpadis Immo S.A.**, the distribution companies were placed under the control of **Arpadis Chemicals S.A**. and the industrial investments were placed under the control of **Arpadis Custom Processing S.A**. The participating interests of these three main entities which were not yet part of the group, were incorporated by a contribution in kind on 17/09/2007.
Since 2004, the group has had an IT infrastructure management company, **ArpaLine-IT Gmbh**, located in Germany (Essen) 50% of which is owned directly by the group and 25% by Arpadis Deutschland Gmbh (indirect shareholding).

4.2. LEGAL STRUCTURE

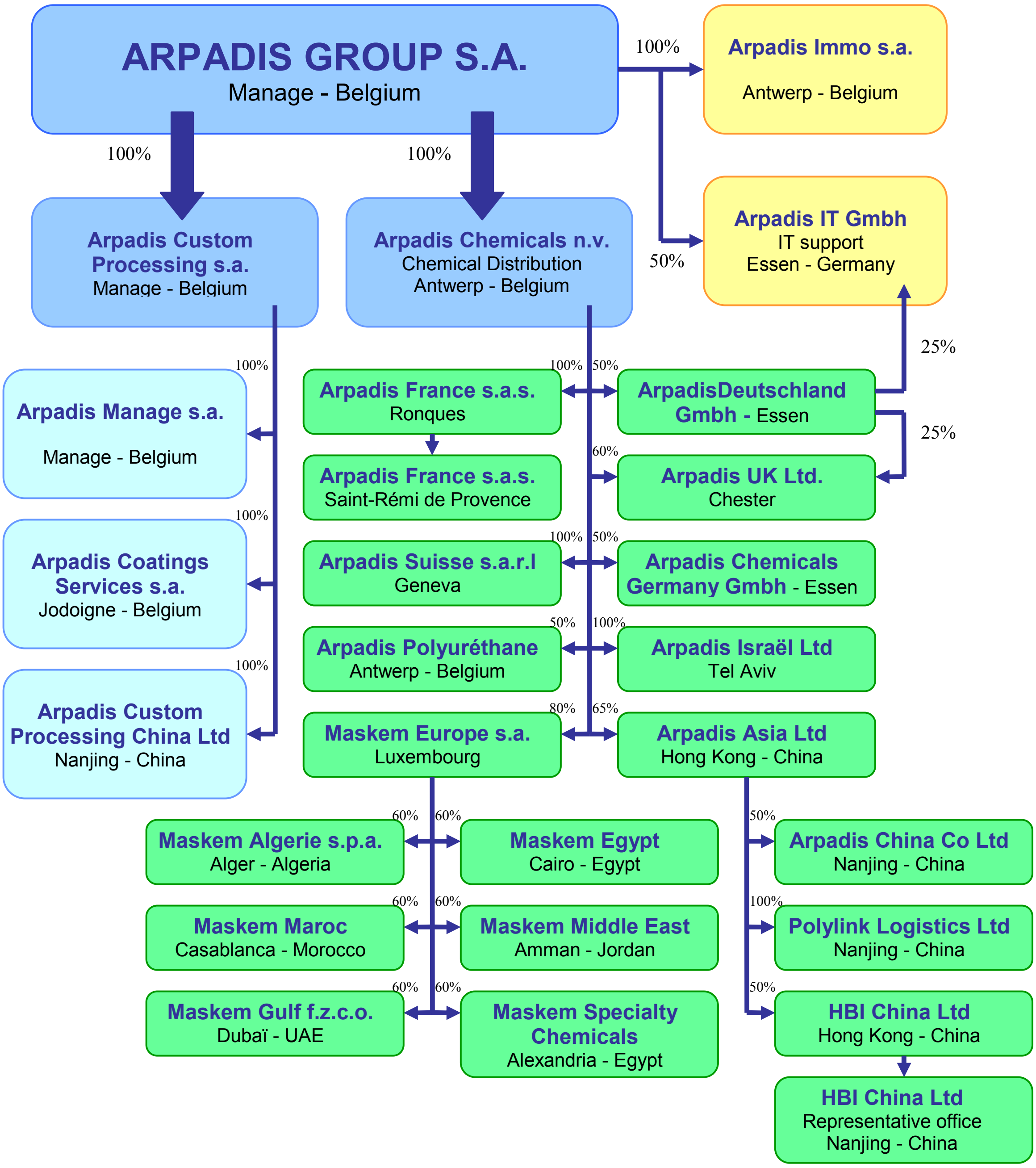
4.2.1. AS AT 31/12/2006



Between 31/12/2006 and 17/09/2007, the group structure underwent various changes:

1. Various entities have been created:
   - Arpadis Manage S.A.
   - Arpadis Chemicals Germany Gmbh
   - Arpadis Israël
   - The branch of Arpadis France in Saint-Rémy en Provence
   - Polylink Logistics Ltd in China
2. Certain participating interests have been incorporated into the group by means of contributions in kind:
   - 100% of Arpadis Immo N.V.
   - 40% of Maskem Europe S.A.
   - 50% of Arpadis Custom Processing S.A.
3. One subsidiary has changed its name and others have re-located their registered offices:
   - DPS-Group N.V. is now called Arpadis Group S.A
   - Schoonjans S.A. is now called Arpadis Coatings Services S.A.
   - Arpadis Custom Processing S.A. and Arpadis Group S.A. are now located in Manage

4.2.2. AS AT 17/09/2007



Shareholder structure:

Before the Public Offering, the shareholder structure of the central entity was as follows:

- L.A. Investments N.V. (74.60%), this is an investment company belonging to Laurent Abergel and of which he is the permanent representative.
- Laurent Abergel (16.58%)
- Xavier Carré (8.82%)

As mentioned in the previous chapter, the Arpadis group no longer holds all the shares in its subsidiaries. The minority shareholders are in each case the local managers of the subsidiaries who therefore have a direct interest in their future success.

The board of directors of the holding company comprises:

- L.A. Investments S.A. represented by Laurent Abergel, founder and majority shareholder of the Arpadis Group;
- JNaveau Management S.A., represented by Jean Naveau, CEO of the Arpadis Group;
- Xavier Carré Consulting, represented by par Xavier Carré, Commercial Manager of Arpadis Chemicals.
- Geert Wouters, CFO of the Arpadis Group
- Saurin Parikh
- Arnold Alscher
- Jean-Marie Vlassembrouck.

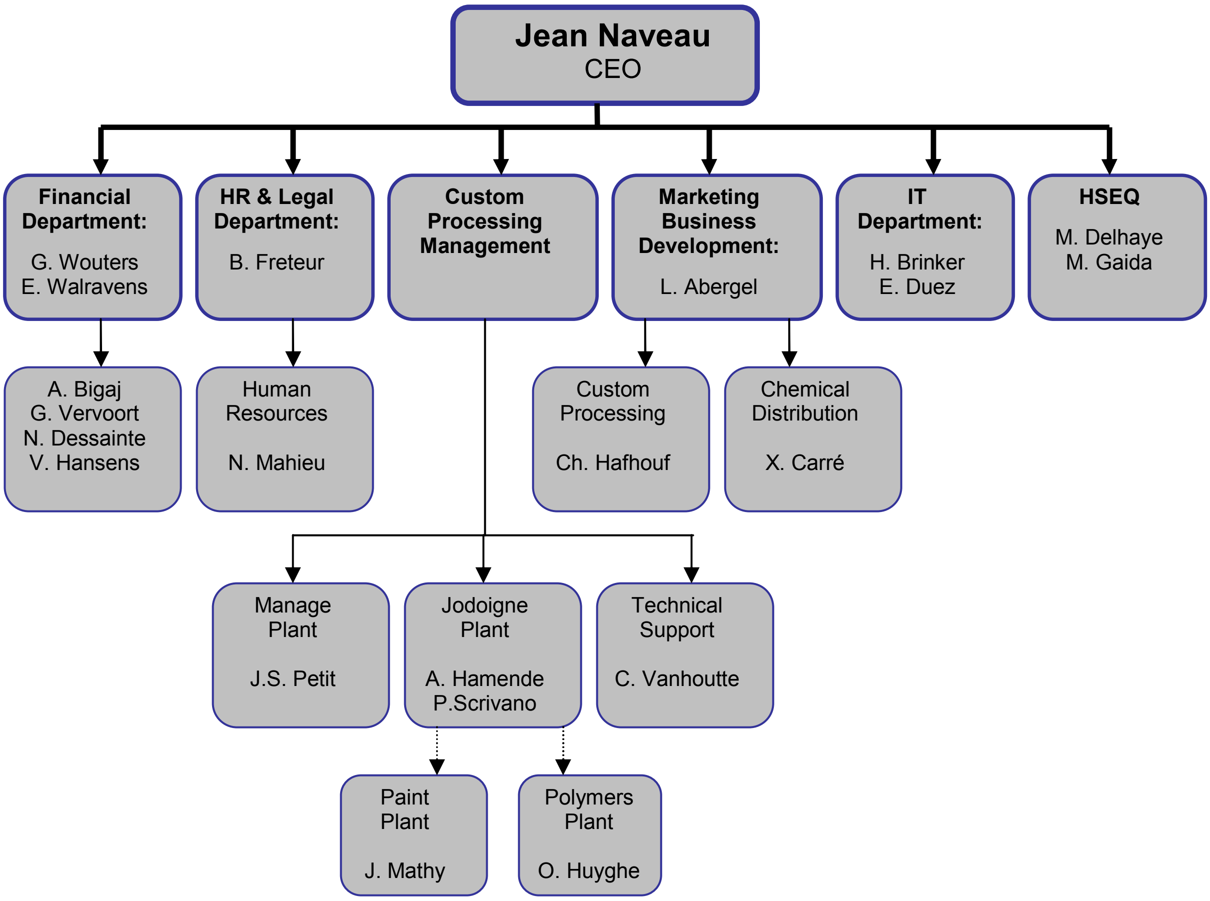
Cf. Chapter 6 point 6.1.1. 'Composition of the Board of Directors' for further information on the members of the board.

L.A. Investment S.A. is Managing Director and Chairman of the Board of Directors.

The Board of Directors meets 3 to 4 times a year to deal with the group's strategic development and to discuss new projects.

4.3. ORGANISATIONAL CHART

Day-to-day management of the group is structured as follows:



Members of management operate within the various legal entities of the group. They provide in particular administrative, financial and commercial support.

More specifically, management manages the group after having set, with the local managers, the annual and multiannual objectives consolidated at group level.
Management oversees achievement of these objectives through monthly and half-yearly reporting tackling the various aspects of the life of the group:

- market movements, new products, new suppliers, new customers, safety and the environment, investment in plant and human resources and the group's new projects are dealt with at commercial and operational level;
- monthly financial reporting concerns the figures in relation to the budget and quarterly forecasts. Sales budgets are reviewed and discussed half-yearly.

As regards responsibility for finance, the majority of the group's borrowing requirements are centralised at management team level. These are predominantly borrowing requirements relating to payment terms granted to customers and those obtained from suppliers, new investments, etc.

Commercial responsibilities are distributed by product or by customer so that each international customer or supplier is allocated a main point of contact; an Account Manager or Product Manager, as appropriate. This Manager is then responsible for the customer or supplier relationship for the whole group. He is responsible for the negotiation and management of distribution contracts and the forwarding of information to the group. This cross-border matrix structure therefore makes it possible to delegate contacts with customers' local establishments to the Arpadis local sales teams.

Operational management of the production facilities is entrusted to the site managers with the group having oversight.

4.4. KEY CONSOLIDATED FIGURES

k €	2004	2005	2006
Turnover	35,123	39,856	44,480
Gross margin	4,326	4,685	3,915
Operating result	185	355	-608
Net profit (loss)	-106	-314	2,115
Fixed assets	6,160	6,241	1,013
Equity capital	-65	-383	2,044
Financial indebtedness	11,152	11,282	4,570
Balance sheet total	17,732	16,256	13,348

To date, distribution represents the majority of the group's consolidated turnover (+/- 95% in 2006), while the custom processing arm accounts for approximately 5.5% (this percentage is 6.04% and 7.32% for 2005 and 2004 respectively). Custom processing however generates better gross margins given that it mainly invoices services, unlike the distribution arm. In 2006, this arm contributed more than 10% to the consolidated gross margin (compared to 6.7% in 2005) on the basis of 50% consolidation.
Until 2006, the custom processing arm did not constitute a major part of the group's business so its share in the gross margin was not significant.
However, in the future, distribution of the turnover and gross margin will be influenced by the acquisition of the Manage site and investment in China. Management believes that turnover distribution for 2007 will be 84% for distribution against 16% for custom processing, while the gross margin will be generated 28% / 72% respectively.

The geographical distribution of consolidated turnover is difficult to establish as each company is active both locally and internationally.

4.5. GROUP ACTIVITIES

The Arpadis group acts an intermediary in the distribution of chemical products between producers and processors or users. The latter are companies that manufacture semi-finished or finished products used in very diverse sectors: the food sector, the feed sector, the pharmaceuticals sector, the cosmetics sector, household products, water treatment products, surfaces, paint, construction etc.

With producers of chemical products becoming more and more centralised in structure, and simultaneously, users of these products becoming increasingly demanding as regards delivery terms, payment terms, product packaging, etc., the distribution arm became indispensable in order to serve the greatest number of customers.
The business of the Arpadis group is therefore not limited to trade (purchase/sale without processing) in chemical products, but also extends to related services associated with the logistical or financial aspects of the transaction (management of the customer's solvency risk, exchange risk, granting of payment terms). These services include, for example:

- The search on behalf of the customer for suppliers able to deliver chemical products complying with given specifications;
- Inspection by third parties of goods during loading at the premises of the supplier, for the account of a customer;
- logistical solutions; storage, transport;
- Repackaging and processing of products (from powder to liquid for example);
- Financing of a transaction, between payment to the supplier and payment from the customer, in order to meet the usual payment terms and/or financial requirements of each party.

The business is competitive and demanding in terms of quality, safety, packaging, delivery terms etc. Constraints may, moreover, vary depending on country or customer and Arpadis has been obliged to develop an organisational structure based on decentralised entities in each country in which it is commercially active. Arpadis has therefore joined forces with professionals in the chemical industry to create various entities located in countries where significant business potential has been spotted.

Customers' requirements have extended increasingly to the field of services, leading Arpadis to develop an industrial custom processing. Custom processing consists of processing products for the account of the customer. It may involve repackaging or re-assembly and synthesis of chemical products, on the basis of technology provided by the customer, and using raw materials provided by the customer or provided by Arpadis.

Consequently, the group's structure developed around these two main branches of activity:

a) Distribution
b) Tolling or custom processing

In addition to these activities, the Arpadis group has developed software and communication tools (presentations, brochures, website). This software, developed for internal management, has also awoken some interest from other companies.

4.5.1. Distribution of chemical products.

The distribution of chemical products is headed by Arpadis Chemicals S.A. Its subsidiaries are described individually in point 4.8.2.

The activity of Arpadis Chemicals S.A. and its subsidiaries comprises:

- Negotiation of distribution contracts with producers
- Product purchasing,
- Logistics (storage, transport, documentation, …)
- Sales

If during the process, a customer requires packaging or manufacturing operations, these are carried out by the group's other branch (cf. custom manufacturing).

Purchasing:

The requirements of companies that use chemical products, in terms of packaging, quantities or delivery terms, vary.
Sources for purchases are varied. Arpadis obtains its supplies from numerous producers of chemical products, including some from emerging countries, in particular Asia (China, Taiwan, Korea), and the countries of Eastern Europe, after having tested and approved the products.

Distribution:

Arpadis distributes products sourced from Western European producers whose warehouses are generally located near major ports such as Antwerp or Rotterdam. Arpadis then takes responsibility for the logistics of the order, pick up of the goods and delivery to the customer. Arpadis also takes responsibility for financing the deliveries, and covers the risks relating to logistics and receivables using appropriate insurance policies.
In the case of products from more distant countries, Arpadis takes responsibility for the entire operation: pre-departure inspection in order to verify the quality of the goods, putting in place the transport, customs and financial documents, storage upon arrival of the goods in Europe and customs clearance. The remainder of the operation is then comparable to delivery of a product stored in Europe.

Warehousing:

In the case of distribution contracts, Arpadis picks up the goods direct from the customer's warehouse and delivers to its customers. For all imported products, Arpadis organises storage of the products either with third parties or in its own facilities.
Stocks should make it possible to ensure that deliveries are made to customers within a very short time, but should not be too extensive for reasons of cost.

Delivery

For many customers, chemical products are used in a continuous flow with fewer and fewer stocks, in order to limit their financial outgoings, hence the importance of diligence and compliance with delivery terms. Arpadis ensures compliance with these constraints in particular by using specialist partners who work closely with reputable carriers who have been working with Arpadis for some time.

Arpadis Chemicals is ISO 9001/2000 certified, which means that the entire product processing cycle, from order to delivery, complies with the procedures set out in the ISO standards. ISO certification is subject to regular monitoring and covers all the group companies, as far as it extends. This is vitally important to the customers.

4.5.2. Custom processing

Custom processing is headed by Arpadis Custom Processing S.A.

This activity consists of processing chemical products for the account of a customer and according to that customer's specifications and formulas.
It could involve blending various compounds on the basis of the dosage and specifications provided by a customer. It could also involve chemical synthesis.
There are many different scenarios:

a) The customer also provides the raw materials, which remain its property throughout the processing period.
   By offering this service, Arpadis renders a production infrastructure profitable and manages the processing process.
b) By means of a sell and buy back operation, the raw materials are acquired by Arpadis for the account of the customer on the basis of the customer's specific requirements. Custom

processing is carried out by Arpadis, on the basis of the customer's specifications, and the customer purchases the product once it has been processed and packaged.

In both cases, the customer provides Arpadis with the technology required for the processing operation.

The subsidiaries active in this sector are:

- Arpadis Coatings Services S.A. (formerly Schoonjans S.A.) in Jodoigne, primarily specialising in the custom processing of automotive coatings;
- Arpadis Manage S.A. (former SigmaKalon factory in Manage, taken over in March 2007 (cf. point 4.9.1.)
- and shortly Arpadis Custom Processing China Co. Ltd in Nanjing, China, for which land has already been acquired.

The group's development strategy for the coming years is predominantly based on development of this sector of activity. This will involve firstly, incorporating the Manage plant into the group and developing its utilisation rate, and secondly, successfully completing the construction of a plant in China, which will cover the areas of activity in which the group has gained experience in Europe and which will enable it to respond to the requirements of its customers in that part of the world..

These two points will be dealt with in more detail in point 4.9. 'Current Investments'.

4.5.3. IT support activity

IT support is handled by ArpaLine IT Gmbh, located in Essen, Germany. It provides the following services:

- Server Hosting
- Hardware / software purchasing
- ERP support
- Website creation and updating
- Creation of advertising tools
- User support

These services are available to group companies and offered to third parties.

Most of the group's subsidiaries choose an independent IT infrastructure, for which ArpaLine IT provides advice. The French, German and Swiss group entities have chosen to base their server at ArpaLine IT, which handles daily back-up and keeps the database in a secure site.

ArpaLine IT has developed ERP[4], software known as ArpaChem. The plan is to sell this software to other companies in the next 2 to 3 years.

The group's website www.arpadis.com, on which all the group's general and commercial information may be found, is also developed and maintained by ArpaLine IT.

A helpline is available to all the group undertakings.

Major investment was made at the end of May 2007 in order to centralise and develop the IT infrastructure and enable other group companies to access it.

[4] ERP: Enterprise Resource Planning: Software allowing, inter alia, management of production, storage and delivery of raw materials.

4.5.4. Real estate

The group's real estate (the building housing the Antwerp office) has always been controlled by the real estate company Arpadis Immo S.A. Until 17/09/2007, the company's participating interests were held by the Controlling Shareholders of the Arpadis Group and were therefore not part of the group. The Controlling Shareholders then decided to effect a contribution in kind of their shares, valued at the sum of €465.120, to the Arpadis Group. All the real estate used by the group was therefore integrated into the group on 17/09/2007.
Following the acquisition of the Manage site, it was decided to split ownership of the land and the building assets at Manage. The ownership of land was purchased by Arpadis Immo, while the building and other property assets were incorporated into Arpadis Manage.

4.6. COMPETITION

a) The major international distributors

The major names in chemical distribution can be considered competitors of the Arpadis group, in so far as they directly supply a large number of undertakings. Various mergers have taken place over recent years in the distribution sector which has seen the emergence of fewer but more powerful distributors. Arpadis offers an alternative to these large groups, in particular thanks to its varied sourcing and the personalised service offered to its customers. Moreover, its flexibility, speed and reactivity in processing customer orders contribute to the development of its activity. The group's geographical positioning, being present in countries in which the major international groups do little business, also helps to make Arpadis stand out from its competitors.

For example, the major operators in chemical distribution include:
- Brenntag (D)
- Univar (NL)

b) Local distributors or importers

Distributors which have not been taken over are generally smaller and specialise in product distribution at a local or regional level. These local companies may be in competition with various subsidiaries of Arpadis but in general, they lack the international scale.
This category includes, for example, Quaron, which has a very strong presence in France and Benelux and which, like Arpadis, has chosen to develop its activities by means of added value.

In general, in the chemical distribution sector, intermediary margins are a function of the volumes traded and the additional services provided. A gross margin of +/- 2% is normal for large volumes which will essentially be used to cover infrastructure costs. For medium to small volumes, margins may rise to between 3% and 10%.
These low margins are the result of the low added value provided by a traditional distributor. It is therefore easy to see why the range of services needed to be diversified.
The objective of the diversification pursued by the Arpadis group is to ensure singular geographical positioning and the provision of a service that meets the needs of the sector operators, who are so burdened by flexibility and profitability requirements that they are increasingly forced to resort to sub-contracting.
Arpadis' unique positioning means that it can be said to be developing in a niche market which, although it has an eye to competitive prices charged in the chemical sector for certain commodities, also means that the group companies are able to invoice their added value without having to align themselves systematically to the prices charged by the competition.

4.7. PRODUCTS DISTRIBUTED – AREAS OF EXPERTISE

The chemical products distributed by Arpadis are too many and varied to list them all
They fall into approximately fifteen different categories, each containing between 5 and 20 products. By way of example, the following are families: methacrylate or acrylic monomers, acids, alkalis, salts, glycols, peroxides, solvents, etc.

However, it would be more appropriate to list the sectors that use these products.
These include:

- The food sector
- The food processing sector
- The detergents industry
- The paint and surface coatings sector
- Printing
- Water treatment
- Soil improvement
- Personal care and cosmetics
- The automotive sector
- The construction industry
- The pharmaceuticals sector
- Biofuels
- Adhesives
- etc.

4.8. THE INFRASTRUCTURE – PARTICIPATING INTERESTS

The group engages in its activities through a group of subsidiaries which fall into 4 categories:

- distribution (Arpadis Chemicals)
- custom processing (Arpadis Custom Processing)
- IT support (Arpaline IT)
- real estate (Arpadis Immo)

These are all controlled, *in fine,* by Arpadis Group S.A.

Below follows a brief description of each of the aforementioned subsidiaries, their role within the group and certain key figures taken from their individual **annual financial statements** (not consolidated).
Various intragroup transactions (internal invoicing, inter-company current account) have been eliminated as part of the consolidation.

4.8.1. Arpadis Group S.A., the holding company

This company, created on 23/03/1999, does not engage in any commercial activity. It is a management company responsible for co-ordinating the activities of the various subsidiaries and providing financial, administrative, legal and sales support. Its income is provided entirely by other group companies by way of a management fee.

In addition to the two companies heading up the 2 main areas of business, this holding company also owns 100% of Arpadis Immo, S.A., which controls the Antwerp buildings and the Manage site, and 50% of ArpaLine IT (directly, plus, 25% through Arpadis Deutschland GmbH).

Selected key figures:

k €	2004	2005	2006
Turnover	360	416	188
Operating result	73	152	-282
Net profit (loss)	2	-4	366
Fixed assets	3,990	4,650	923
Equity capital	1,598	1,594	1,960
Financial indebtedness	2,121	3,269	49
Balance sheet total	4,273	4,961	2,122

4.8.2. Distribution arm

This arm is headed up by Arpadis Chemicals S.A:

99.86% of this company, created on 07/04/1999, is owned by Arpadis Group S.A , the remainder, i.e. 0.14%, being owned by Arpadis Custom Processing. It holds a majority shareholding in several of the group's European commercial businesses and indirectly, through the Luxembourg holding company Maskem Europe, a majority shareholding in the companies located in North Africa and the Middle East. It also owns a holding company in Hong-Kong, which controls the participating interests in Asian commercial companies.

Arpadis Chemicals engages in its own commercial activity, notably in Belgium, and employs 4 staff in the areas of finance, administration and logistics, and one consultant.
In addition to its specific commercial activity, it is the majority shareholder and it oversees the international commercial network. It is also responsible for the creation of new subsidiaries, signing new distribution agreements and extending the product range etc.
Moreover, it supports the subsidiaries financially by providing creditlines or by negotiating loans with local banks. Finally, it provides group entities with its logistical expertise.

Selected key figures:

k €	2004	2005	2006
Turnover	24,152	28,963	27,249
Gross margin	1,198	1,589	1,481
Operating result	-8	288	-190
Net profit (loss)	4	368	-3
Fixed assets	1,123	1,239	1,247
Equity capital	1,012	1,380	1,377
Financial indebtedness	5.164	4.267	3.349
Balance sheet total	9,403	7,951	8,229

The turnover and gross margin have grown at a relatively steady rate. The net profit (loss) however is affected by extension of the distribution network, certification or approval procedures for new products and fluctuations in the prices of certain chemical products.

Management anticipates strong growth in turnover (cf.chapter 7) as a result of the strengthening of the commercial infrastructure, where great efforts have been made in 2006 and 2007. Margins should therefore increase as a result of greater emphasis on special chemical products rather than chemical commodities.

Arpadis Deutschland GmbH, Essen, Germany:

This company, in which Arpadis Chemicals S.A. has a 50% interest, was created on 31/10/2002. The local Managing Directors, Uwe Marburger and Volker Windhoevel, who are both active within the company, hold a 25% interest each.

In its turn, it holds 25% of the shares of ArpaLine IT GmbH and 25% of Arpadis UK Ltd.

Arpadis Deutschland GmbH specialises in chemical products for the paint industry and the printing sector, as well as products for water treatment, soil remediation, glues and other adhesives.
It also provides advice in the field of water treatment and soil remediation.

It manages the distribution agreement signed with Rohm and Haas, a world leader in monomer production and one of the Arpadis Group's major suppliers.
It also manages supply contracts with various Asian suppliers.
Its importance within the group, as far as purchases are concerned, arises out of the professional experience of its managers. The latter have established long-term business relationships with many producers in the sector throughout the world.

The company employs 11 staff and its sales are made predominantly in Germany, the Scandinavian countries and certain Eastern European countries.

Selected key figures:

k €	2004	2005	2006
Gross margin	1,132	1,030	1,359
Operating result	331	128	138
Net profit (loss)	308	70	46
Fixed assets	72	92	93
Equity capital	147	218	264
Financial indebtedness	0	0	0
Balance sheet total	3,293	2,527	2,054

Arpadis Chemicals Germany GmbH, Essen, Germany

This company was created on 30/01/2007 with share capital of €100,000. 50% is owned by Arpadis Chemicals NV and 50% by the local managers, Ms Bettina Fronzek and Mr. Joachim Schaefer. It employs 3 staff and 1 consultant, all having joined the company from major distributors of chemical products. The company started trading in May this year.
It specialises, among other things, in the purchase and sale of solvents.
Although this company occupies the same building as Arpadis Deutschland GmbH, it operates independently due to its specialisation in high volumes of the commodities referred to in point 4.7.
The turnover budgeted for its first financial year is €10,332,000 with an operating result of €-68,300. The budget is based on the estimates of the local manager who is in direct contact with customers in order to estimate their supply requirements. They have been accounted for pro rata temporis for 2007.

This company was not part of the consolidation as at 31/12/2006

Arpadis UK Ltd, Chester, United Kingdom:

The British subsidiary of Arpadis was created on 17/03/2004. Arpadis Chemicals S.A. owns 60%, Arpadis Deutschland GmbH, 25% and the local Managing Director, Shane Phoenix, owns 15%.
It specialises in the distribution of polymers, surface coating products, resins, products for the automotive industry and the water treatment industry. It operates in the United Kingdom and Ireland. It has also established links with local logistical partners so as to better serve its customers.

It currently employs 3 staff. However, the expected growth in business in 2007 has led to the recruitment of an additional sales representative and an increase in its logistical capacities.

Selected key figures:

K £	2004	2005	2006
Turnover	582	1,389	2,170
Operating result	0.6	-3	3
Net profit (loss)	-1.5	-8.6	-8.3
Fixed assets	43	29.3	29.6
Equity capital	63	55	46.6
Financial indebtedness	0	82	84
Balance sheet total	473	497	728

Note: £/€ exchange rate on 31/12/2006: 1.483

Arpadis France S.A.S., Roncq:

This subsidiary was incorporated on 01/10/1999. It is wholly-owned by Arpadis Chemicals S.A. It employs 8 staff and operates in France, Benelux, southern Europe and certain countries outside Europe.

Arpadis France specialises in the distribution of chemical products to industry as a whole. It also sells regenerated solvents. Its export activities (outside Europe) involve the distribution of isocyanates used, notably, in the manufacture of foam for seats, door liners and dashboards.

In May 2007, an additional office was opened in the south of France, focusing on the sale of chemical products in the south of France, Spain, Portugal and Italy.

Selected key figures:

k €	2004	2005	2006
Turnover	1,682	1,023	2,041
Operating result	11	-9	17
Net profit (loss)	4	-2	5
Fixed assets	10	52	65
Equity capital	112	110	115
Financial indebtedness	324	34	0
Balance sheet total	795	367	504

The relatively low turnover is accounted for by the fact that the majority of sales made by the Arpadis France sales team are invoiced by Arpadis Chemicals N.V.

Arpadis (Suisse) S.a.r.l., Geneva:

This subsidiary was created on 21/03/2001 and is wholly-owned by Arpadis Chemicals S.A. At the end of 2006, it employed two staff dealing with Africa and South America.

It specialises in raw materials for various industries.

At the beginning of 2007, the activities of the Swiss subsidiary were taken over by Arpadis Chemicals and the sales manager of that subsidiary was transferred to the Israel office to develop business in this rapidly expanding market.

Selected key figures:

k CHF	2004	2005	2006
Turnover	3,165	795	1,215
Operating result	226	51	161
Net profit (loss)	189	91	93
Fixed assets	6	2	1.4
Equity capital	710	801	229
Financial indebtedness	0	0	0
Balance sheet total	1,730	963	828

Note: CHF/€ on 31/12/2006: 0.62163

Arpadis Israël Ltd, Tel Aviv, Israel:

This company was created on 24/12/2006 to operate in a rapidly expanding market requiring chemical products for the construction, water treatment and food industries, etc.

The company's budgeted turnover for the first year was 6.9 million euros with an operating result of €64 k. This budget is based on a partnership with an Israeli customer, who formerly went through a local partner.

This company was not part of the consolidation as at 31/12/2006

Arpadis Polyurethanes S.A., Antwerp, Belgium:

Arpadis Polyurethanes (formerly ArpaSourcing), created on 13/04/2006, is 50% owned by Arpadis Chemicals S.A., the balance being held by its Managing Director, Eric Goldschneider, who spent 7 years with a company distributing products for the polyurethane industry. It employs 2 staff whose job it is to negotiate long-term distribution contracts with suppliers and to sign supply contracts for raw materials. The range of products includes propylene, glycerine, sorbitol, methylene chloride, catalysers and silicones for the polyurethane industry.

Selected key figures:

k €	2006
Turnover	5,555
Operating result	93
Net profit (loss)	45
Fixed assets	28
Equity capital	195
Financial indebtedness	1,067
Balance sheet total	2,430

Maskem Europe S.A., Luxembourg:

The North African and Middle Eastern market is managed by the local subsidiaries of Maskem Europe. This holding company was incorporated on 20/10/2005 to create a joint venture between the Arpadis group and the local managers of the subsidiaries. Arpadis Chemicals S.A. owns 80% and the remaining 20% is shared by the managers. The aim of this structure is to involve management in the results obtained on the North African and Middle Eastern markets.

This structure is vital so as to be able to penetrate a market with a distinctive local culture. The local management team comes from the region in which the subsidiary is based. This makes it possible to

combine knowledge of local culture and customs and in-depth knowledge of the local market with an international approach to distribution.
Management believes it is better able to anticipate the county risk by approaching these markets with a local infrastructure rather than using one of the group's central distribution entities and be in a better position to avoid the risks of misappropriation through ensuring the participation of local management in the company's capital.

This model enables producers to penetrate a market quickly and efficiently and offers customers products and services that match their requirements.

The holding company is not engaged in any commercial activity and employs no staff.
The company's income is generated by a management fee and dividends paid by the subsidiaries.

Selected key figures:

k €	2006
Turnover	13
Net profit (loss)	0.5
Financial fixed assets	412
Equity capital	197
Other debts (<1year)	344
Balance sheet total	543

The only assets belonging to this holding company are the majority shareholdings in 6 commercial establishments, the purpose of which is to optimise the group's presence in a zone which extends over some twenty countries of North Africa and the Middle East. In 2006, the contribution of the MASKEM network to group turnover was EUR 2,243,817.

It should be noted that most of these entities are still at the start-up stage, given that they were all created between the end of 2005 and the beginning of 2006. This is reflected in the fact that most of them produced a negative result for the first years. 2007 should see positive results overall.

The industrial sectors covered are primarily the pharmaceuticals, paints, glues and adhesives, construction, hygiene and food sectors.

Maskem Maroc S.A., Casablanca

60% of this company belongs to Maskem Europe S.A. Luxembourg and 40% to the local manager, Brahim Khaoua. As a chemist with a degree from the University of Rouen and a management graduate, Brahim Khaoua brings with him 19 years of experience with the major international groups based in Morocco and active in the chemicals industry.

Maskem Maroc was incorporated on 07/03/2006 and employs 3 staff. The group is also able to access Mauritania through this subsidiary. The sectors covered are food, pharmaceuticals, hygiene, paints and glue.

Selected key figures:

k Dirham	2006
Turnover	425
Operating result	-223
Net profit (loss)	-223
Fixed assets	149
Equity capital	76
Financial indebtedness	0
Balance sheet total	423

Note: Dirham/€ rate on 31/12/2006 = 0.09013

Maskem Algérie S.P.A., Algiers

Maskem Algérie was created on 17/12/2005. It is owned 60/40 by Maskem Europe S.A. and MCE Distribution, a French company.

The company is managed by Mr. Khaoua.

The company has a site comprising offices and a warehouse near Algiers airport.

This subsidiary employs approximately ten staff. It operates primarily in Algeria but is branching out into Tunisia. Its favoured areas are the food, paints, hygiene and personal care sectors and the pharmaceuticals industry.

Algeria is at the crossroads between a closed economy, a planned economy and the opening up of the markets and has enormous potential for growth due to the massive influx of foreign investors.

Selected key figures:

k Dinars (DZD)	**2006**
Turnover	178,864
Operating result	113
Net profit (loss)	-2,321
Fixed assets	7,057
Equity capital	17,679
Financial indebtedness	0
Balance sheet total	82,943

Note: DZD/€ rate on 31/12/2006 = 0.01101

Maskem Egypt Ltd, Cairo and Maskem Speciality ChemicalsLtd, Alexandria

Maskem Egypt Ltd was incorporated on 01/11/2004. 60% is held by Maskem Europe S.A. with the remaining 40% being held by Wael Gaama.
On 29/01/2007, Maskem Luxembourg set up a new Egyptian subsidiary, specialising in distribution to the food and pharmaceuticals industries, under the name of Maskem Speciality Chemicals Ltd, based in Alexandria. 60% of this subsidiary is held by Maskem Europe S.A., 24% by Wael Gaama and 16% by Walid Zineldin.
It operates in Egypt and on the markets of East Africa (Kenya, Tanzania, Uganda and Ethiopia). It also has preferential access to the markets of Libya and the Sudan.

These entities are engaged in:
- The export of chemical products manufactured in Egypt to countries belonging to the Arab League and COMESA[5];
- Maskem Egypt Ltd distributes chemical products for the account of major producers to the pharmaceutical, paint and plastics industries. Maskem Speciality Chemicals Ltd. distributes products for the account of major producers to the food and pharmaceuticals sectors.

They have warehouse facilities in Cairo and Alexandria to meet the needs of small and medium sized customers based in Egypt.

[5] COMESA: Counsel of Members of East and South Africa: An association of 14 countries of East and South Africa engaged in a free trade market.

Selected key figures for Maskem Egypt Ltd:

k EGP	2006
Turnover	1,583
Operating result	-113
Net profit (loss)	-182
Fixed assets	373
Equity capital	-131
Financial indebtedness	0
Balance sheet total	1,001

Note: EGP/€ on 31/12/2006: 0.13369

Maskem Gulf FZCO, Dubai, United Arab Emirates

The company was set up on 18/02/2006 by Maskem Europe S.A. (60%) and the local manager Wael Gaama (cf. Maskem Egypt).
It serves the countries of the GCC[6] with, among others, the following territories: U.A.E., Oman, Yemen, Kuwait, Qatar, Bahrain and Saudi Arabia. It also has preferential access to Iran.

Until now, this region was lacking in distributors of speciality chemical products capable of providing a global solution to the needs of international customers based in the area. Maskem Gulf FZCO provides a logistical base for delivery tailored to the needs of customers; a local sales team with in-depth knowledge of the market; an additional range of products suited to the needs of the food (ingredients and additives), pharmaceuticals, paint and plastics industries.
In addition to the products of the Arpadis group, this subsidiary also distributes products for the account of producers.

Selected key figures:

k U.A.E. Dirhams (AED)	2006
Turnover	648
Operating result	-843
Net profit (loss)	-891
Fixed assets	122
Equity capital	-390
Financial indebtedness	30
Balance sheet total	681

Note: AED/€ on 31/12/2006 = 0.20640

Maskem Middle East Ltd, Amman, Jordan

This is a joint venture between Maskem Europe (60%) and Chrystalschem (Chrystal for Chemicals Supply) (40%), created on 16/02/2006. The territories covered, in addition to Jordan, are Syria, Iraq, Palestinian territory, Lebanon and certain regions of Saudi Arabia.
It employs 6 staff and specialises in the distribution of chemical products for the food and feed sectors, the pharmaceuticals, detergents and personal care industries.

It distributes products both on its own behalf and as a commission agent for a wide range of principals, the largest of which are subsidiaries of major multinationals, and the smallest, local small and medium sized enterprises. It has storage facilities enabling it to serve the entire region.

[6] GCC: Gulf Convention Council

Selected key figures:

k US$	2006
Turnover	28
Operating result	-171
Net profit (loss)	-171
Fixed assets	102
Equity capital	-71
Financial indebtedness	41
Balance sheet total	124

USD/€ rate on 31/12/2006 = 0.75742

Arpadis Asia Ltd, Hong Kong

Like Maskem Europe, this is a holding company which is not engaged in any commercial activity. The company was created on 14/12/2005 to establish the joint venture between Arpadis and Mr. Ding, the latter contributing his shares in Arpadis China Co Ltd.

65% of Arpadis Asia Ltd is held by Arpadis Chemicals NV, the balance being held by David Ding.

Selected key figures:

K €	2006
Net profit (loss)	-4
Fixed assets	30
Equity capital	-0.5
Financial indebtedness	0
Balance sheet total	126

The subsidiaries of Arpadis Asia Ltd, contributed EUR 37,391 to the group's turnover for 2006.

Arpadis China Co. Ltd, Nanjing, China

The Chinese office of Arpadis was set up in 1999 to develop supplies from China. It searches for new suppliers of products used in the food, water treatment, detergents, textiles and cosmetics sectors.

On 24/03/2006, Arpadis China became an entirely separate legal entity and obtained an import-export licence enabling it to develop its own distribution activities in China.
The team comprises fifteen staff.
It has also set up its own research and development department to help local producers improve the quality of their products while simultaneously reducing their costs.
It also carries out research in the specific field of lanolin collection and the production of by-products.

Selected key figures:

(000) Rmb	2006
Turnover	4,820
Operating result	-815
Net profit (loss)	-821
Fixed assets	31
Equity capital	179
Financial indebtedness	0
Balance sheet total	2,262

Rmb/Eur rate on 31/12/2006 = 0.09721

HBI China Ltd, Hong Kong:

This company is a joint venture between the Arpadis group, holding 50% through its subsidiary Arpadis Asia Ltd and HBI (via HBI France - 40% - and HBI Trade Services Pvt Ldt, India - 10%) which operates as a chemical products broker. The company was created on 15/12/2004. It also has a representative office in Nanjing employing three staff. This company invoices commissions only and therefore incurs no financial risk.
HBI China represents various international producers in the Chinese oleochemical industry.

Selected key figures:

k USD	2005	2006
Turnover	44	99
Operating result	-31	22
Net profit (loss)	-31	22
Fixed assets	0	2
Equity capital	49	71
Financial indebtedness	0	0
Balance sheet total	55	74

USD/€ rate on 31/12/2006 = 0.75742

4.8.3. Custom processing arm

Arpadis Custom Processing S.A.

This entity heads up the Arpadis group's custom processing arm. It was created on 26/03/2003 and since the capital increase (by contribution in kind of 50% of the shares) on 17/09/2007 is wholly-owned by Arpadis-Group S.A. This company is not engaged in any commercial activity and employs no staff.

Selected key figures:

k €	2004	2005	2006
Gross operating margin	56	35	33
Operating result	55	35	32
Net profit (loss)	39	47	48
Fixed assets	732	732	1,074
Equity capital	289	336	384
Financial indebtedness	327	234	103
Balance sheet total	739	757	1,131

Until 2006, only the subsidiary Arpadis Coatings Services contributed to the group's consolidated turnover (5.53% on the basis of 50% proportional consolidation). This contribution amounted to 6.04% and 7.32% respectively for 2005 and 2004.
With the acquisition of the Manage facility, management expects the contribution of this business sector to the group turnover to rise to 16% in 2007, and represent +/- 72% of the consolidated gross margin.

Arpadis Coatings Services S.A., Jodoigne, Belgium:

It was with the acquisition of Schoonjans S.A. in 2003 that Arpadis started to extend its range of services to custom processing. 99.98% of the company is owned by Arpadis Custom Processing S.A., the balance being held by Arpadis Group S.A.
Schoonjans S.A. was incorporated on 23/08/1988. At the end of 2006, it employed 20 employees: 14 workers and 6 staff. In May 2007, its name was changed to Arpadis Coatings Services. It has a production infrastructure comprising more than 40 reactors capable of blending and dissolving approximately 100T a month. The company has a product batch packaging capacity of 1l to 3000 litres.

The infrastructure is divided into 3 main units:
- Blending and packaging of solvent based paints;
- Blending and packaging of water based paints;
- Blending and packaging of resins and pastes.

Alongside the workshops are offices, a paint testing laboratory and a storage hangar, all occupying an area of 1200m² (buildings) and 7300m² (land, including 6000 m² acquired in 2006) allowing for future expansion. The laboratory is capable of meeting all the quality control requirements and/or colour shades, under ISO 9001/2000.

Arpadis Coatings Services S.A. specialises in blending and packaging of coatings for the automotive industry. It also manufactures printing inks and industrial pastes. Arpadis Coatings Services SA specialises in manufacturing small volumes and is highly flexible since all the products are manufactured specifically to order. Most of its turnover has historically come from one main customer. Takeover by Arpadis has enabled it to increase its client base and diversify its activities. For the biggest part, customers themselves provide the ingredients to be blended and the technology.

The advantages to customers of sub-contracting to Arpadis Coatings Services S.A. compared to internal production are:
- Greater flexibility;
- Improved cost control;
- Just in time delivery
- Better use of the production facility.

Selected key figures:

K €	2004	2005	2006
Turnover	2,576	2,417	2,477
Operating result	-27	42	74
Net profit (loss)	-24	1,4	46
Fixed assets	536	492	701
Equity capital	419	385	394
Financial indebtedness	228	224	454
Balance sheet total	2,020	1,129	1,418

Arpadis Manage S.A., Belgium:

On 23/03/2007, the Arpadis group purchased the Manage facility from SigmaKalon, through the group's affiliate going by the name of Arpapharm. This entity had been in existence since 2/12/2002 but had never engaged in any commercial activity. When the Manage facility was acquired, the company was renamed Arpadis Manage.

This subject will be discussed in further detail under 'Investments'.

Arpadis Custom Processing China Co. Ltd, Nanjing, China

This company was created on 22/12/2006 and in the same year, it acquired land of approximately 19.000m² in order to build a distribution and logistics services platform. This site will also be used for custom processing for certain customers.
This subject will be discussed in further detail under 'Investments'.

4.8.4. Support

ArpaLine IT GmbH, Essen, Germany:

This company is an emanation of Arpadis Deutschland GmbH which was created on 28/01/2004. It is owned by Arpadis Chemicals N.V. (50%), Arpadis Deutschland GmbH (25%) and the manager Heiko Brinker (25%). It currently employs 3 staff.

Its main activity is to develop software for Arpadis group applications. The software known as ArpaChem makes it possible to manage the flow of merchandise, storage and transport. This software can be adapted depending on the needs of the customer. The objective is to market this software in the future to third parties.

Selected key figures:

k €	2005	2006
Turnover	95	124
Operating result	2	8
Net profit (loss)	2	5
Fixed assets	17	4
Equity capital	26	31
Financial indebtedness	0	0
Balance sheet total	40	41

Arpadis Immo N.V., Antwerp:

This company, formerly known as 1st Management, has been existing since 16/09/1999. It was incorporated into the Arpadis Group on 17/09/2007. It controls group real estate at Samberstraat 7-9, in Antwerp and the land at the Manage site.
It employs no staff.

Selected key figures:

K €	2004	2005	2006
Fixed assets	397	356	313
Equity capital	9	18	62
Financial indebtedness	278	231	200
Balance sheet total	440	372	368

N.B.: Not included in the consolidated financial statements as at 31/12/2006

4.9. Current investments

4.9.1. Arpadis Manage S.A.

On 23/03/2007, the Arpadis group took over the SigmaKalon site in Manage belonging to the group SigmaKalon. The operation was concluded at the price of €3,151,000 and involved both assets and liabilities. The assets predominantly include the production facility, including the surrounding land (16 ha including 2 ha covered) and offices. The land has been placed under the control of Arpadis Immo and is valued at €201,000, while the fixed assets are controlled by Arpadis Manage and valued at €2,950,000. Arpadis Immo has granted Arpadis Manage a building lease.

Description of the site facilities:

- *Paint production unit* comprising 6 hangars: (1) raw materials warehouse, (2) dispersion chamber, (3) crushing and industrial lacquer colouring facility, (4) product blending and colouring facility Coil coatings and Plastisols, (5) labelling and drumming facility and Plastisol facility. It also includes a thinner preparation, drum cleaning facility and a control and R&D facility.
- *Resin production unit*: These are synthesised polymers at the organic solvent stage. It has four production lines of varying capacities comprising the following: raw materials storage, reactor, thinner, filtration, Storage or drumming of the finished product. The procedure is supervised from a control room and the specifications of the products being synthesized are monitored in the laboratory.
- *Emulsion production units:* these are synthesized polymers in the aqueous phase. The facility comprises one production line as follows: raw materials storage, pre-emulsioner, reactor, cooling tanks, filtration, storage or drumming of finished products. As with resins, a control room and a laboratory ensure that the process is monitored.
- *Resin and emulsion R&D unit*
- *Solvent,* raw material and finished product storage
- *Administration buildings*

The liabilities include a commitment to take over approximately 85 production staff. We should point out that at the time of the 2003 site downsizing plan, agreements were signed with employees in case of dismissal. At the time of the takeover, Arpadis re-negotiated these agreements and has undertaken to guarantee employment for 2 years.

The operation also involved a custom processing contract whereby SigmaKalon undertook to sub-contract to Arpadis the manufacture of industrial paints, resins and emulsions with an annual turnover of approximately 10 million euros for a minimum period of 2 years with possible extension. Arpadis also has the opportunity to provide SigmaKalon with raw materials.
Arpadis' objective is to make this production site profitable by creating a multifunctional service platform, which would include the following projects:

- Development of automotive coating activities in association with the Jodoigne site
- Internal sub-contracting for the group in the field of storage and packaging
- Creation of a logistics platform for the food industry service sector
- Development of custom processing services for group customers and suppliers
- Development of a used solvents regeneration centre.

With regard to environmental risk, it should be noted that the Manage site is categorised as a SEVESO site. This implies significant safety constraints. Large scale investment will be required both in terms of the safety and the flexibility of the facility, to regenerate the site to meet customer requirements. This investment is estimated to be between €600,000 and €1,000,000.

SEVESO Directive

The SEVESO Directive is a European Directive that has been transposed into Belgian law. One criterion for determining whether or not a site is covered by this legislation is the presence on that site of hazardous substances in the quantities set out in the Directive.

The main obligations of SEVESO establishments can be summarised as follows: all these establishments are bound to make provision for implementation of a major accident prevention policy through a safety management system which will be assessed by the authorities. Establishments categorised as 'major Seveso' are subject to more stringent requirements (safety report, emergency plans, public information). Finally, an inspection system must be set up.

The types of major accident for which Seveso establishments must make provision depend on the products present on the site and their hazardous features. In general, there are three main categories, though an accident may simultaneously fall into more than one category:
- accidents occurring as a result of release of energy (explosion, fire);
- accidents involving the emission of substances harmful to people;
- accidents involving the release of substances that could cause water and/or soil pollution.

In order to control potential accidents, provision is made for various emergency plans. There is an internal emergency plan developed by the site operator and intended to govern the action to be taken within the company and the external emergency plan for measures to be taken outside the establishment.

(Source: www.environnement.wallonie.be)

The takeover operation was financed by two bank loans, the features of which are detailed in point 4.13.1 'Investment loans'.
The first loan was granted by Fortis in 2007 to Arpadis Immo to finance the land. It involves an amount of €200,000 over a period of 10 years. The second loan was taken out by Arpadis Manage and involves an amount of €2,950,000 over a term of 15 years.
Investments to be made to improve working and safety conditions on the site will be covered by the funds raised on admission to trading on the stock exchange.

4.9.2. Arpadis Custom Processing China Co. Ltd, Nanjing, China

Arpadis Custom Processing recently acquired 1.9 ha of land in Nanjing, for the sum of €450,000, for the construction of a chemical site.
The Nanjing site (Nanjing Chemical Industry Park) also houses the factories of BASF, Celanese, Sasol, etc.
The advantage of this site is that it is already a production centre for chemical products and it has access to commodities, raw materials, railway, waterway and motorway infrastructures, as well as all HSEQ facilities.
Some of the funds raised by the capital increase will be used to build the factory which is expected to be commissioned during the course of 2009.
The investment is valued at around 3 million euros. The group is in discussion with other partner investors.
For the sake of prudence, the consolidated budget prepared by the group for coming years does not include any revenues for this company.

The purpose of this investment is to boost the group's added value development strategy.

The activity carried out on this site falls into two separate categories: production and distribution.
The Nanjing site will produce paints similar to those already produced at Manage and Jodoigne, thus shortening delivery times to customers. The site will also have a pre-mix unit for the food sector as well as a specialist chemical production unit.
Finally, the site will serve as a distribution platform for China for the entire Arpadis Chemicals' product range and will have an R&D laboratory making it possible to verify, approve and produce products manufactured, purchased and sold in China.

4.10. SUPPLIERS

The group's two areas of activity must be analysed separately:

4.10.1. Suppliers for distribution

The chemical industry market is very splintered. There are multinationals as well as small producers or distributors, all active in a wide range of sectors. The diversity of application of the products distributed by the group, whether these are commodities, by-products, semi-finished or finished goods, is worth noticing.

The Arpadis group intends to focus on the distribution of products to which it can bring added value, either by localising its distribution network or by providing a logistical or financial solution tailor-made to the needs of the supplier.

Arpadis tries to ensure that it never competes with its suppliers. As a result, contracts may be restricted geographically.

The Arpadis group currently has around one hundred suppliers, around 20% of which account for 80% of turnover of the distribution branch.

Distribution contracts are entered into on two levels:

- At group level: they involve volumes and prices applicable throughout the Arpadis group, although they might exclude certain territories.
- At subsidiary level: these contracts involve local distribution contracts.

Logistics comprises a significant part of the group's services. Here, the Arpadis group works in partnership with around fifteen transport companies

4.10.2. Suppliers for custom processing

A specific feature of custom processing is that strictly speaking, it does not involve suppliers. In fact, custom processing consists of customised work for the account of a customer which provides the Arpadis subsidiary with the chemical compounds that are to be processed. Therefore, personnel act as the suppliers of the working hours of the company. The stocks managed on site mostly belong to the customers, with the exception of various accessory supplies.
However, the company's customers often temporarily deliver raw materials to the Arpadis subsidiary (Arpadis Coating Services S.A. in this case), by way of invoicing or Arpadis has to source certain raw materials from third party suppliers on behalf of the customer. Whatever the circumstances, the customer is invoiced in full once the processing is complete.

The same procedures will be implemented in relation to the activity recently taken over from SigmaKalon on the Manage site. The main customer, and therefore the company's main supplier, will be the SigmaKalon group.

This subject will be discussed in more detail under the heading 'Customers'.

4.11. CUSTOMERS

Once again, the group's business sectors must be analysed separately.

4.11.1 Distribution.

Given the group's limited gross margins in this sector (on average between 3% and 10% per transaction), the group's policy is to systematically insure trade receivables. The insurance company, Atradius, provides cover of up to 90% of the amount of each receivable, while Ducroire essentially insures receivables from non-OECD countries up to between 90% and 95%.

The group's client base is very diverse. Going by experience, approximately eighty percent of turnover in this sector is generated by 20% of customers. Overall, the distribution arm relies on an active customer base of over 300 names.
Unpaid receivables amounted to €40,936 in 2004, €27,616 in 2005 and €32,305 in 2006, i.e. approximately 0.1% of consolidated turnover.

Although the group's active customers are predominantly based in Europe (Belgium, Netherlands, Germany, France, England), the group's expansion into MENA[7] will generate a political risk. Currently, this region's low contribution to turnover in this sector (less than 5% of turnover) is accounted for by the fact that the network has only recently been extended to this part of the world. It is however set to grow, given that the geographical positioning is part of the added value offered by the Arpadis group network, compared to its competitors.

4.11.2. Custom processing

The customer profile of the custom processing arm is very different to that of the distribution arm. From the risk point of view, any customer default would only affect the costs of the personnel recruited for an order, whereas the risk of distribution companies would also involve the merchandise traded. Moreover, the customers served by the custom processing companies are top class. The group has however decided to resort to credit risk cover.

We must emphasise the concentration of client risk on a limited number of companies, in the case of Arpadis Coatings Services S.A. (basically reliant on two big names in the industry) and Arpadis Manage S.A. (reliant on one customer).
For Arpadis Manage, the contract signed with SigmaKalon will make it possible to ensure that the costs of the site and its personnel, as they exist as at the date of the takeover, are covered. It will however be the responsibility of the Arpadis group to develop the client base in order to diversify client risk and increase profitability, indeed develop production capacity and other activities – within the field of chemicals – on the Manage site.

[7] MENA: Middle East and North Africa

4.12. INVENTORY

4.12.1. Inventory of the distribution arm

Only limited inventory is held by the distribution arm and these represent, at most, a few weeks activity. It is generally stored in warehouses that provide insurance cover for all the goods stored. Nevertheless, Arpadis itself insures the merchandise carried on its behalf and stored in its own warehouses.

Given the nature of the merchandise stored, the risks relate not so much to damage but rather the nature of the raw materials and the consequences for human life and the environment in the event of an accident. All these risks are covered by an insurance policy covering transport, storage and public liability.

4.12.2. Inventory of the custom processing arm

Due to the nature of custom processing, the inventory that Arpadis is likely to store at its production sites does not generally belong to it. It may be, however, that for administrative reasons, these goods are temporarily invoiced to the factory. The period of storage is therefore very limited.

Here again, the inventory risk relates not so much to the period of storage as to the impact on safety and the environment in the event of an accident. We would remind you in this respect that both the group's factories are subject to environmental regulations. The group is therefore subject to certain constraints and regular inspections are organised by the supervisory authority (Regional or Federal).

4.13. LOANS

4.13.1. Investment loans

ING granted Arpadis Custom Processing S.A. an investment loan for the takeover of Schoonjans S.A. It involved an initial amount of €488,000.
This loan falls due on 30/03/2008 and as at 31/12/2006, €133,000 was outstanding.

Two investment loans have been taken out by Arpadis Immo S.A. The first involves the acquisition of offices in Antwerp and was granted by ING in December 1999 for a sum of €372,000 over 15 years at a rate below 6%. The outstanding amount as at 31/12/2006 was +/- €200,000. The second involves the acquisition of bare ownership of the buildings at Manage. It was granted by Fortis in June 2007, in the sum of €200,000, over a term of 10 years.

This category also includes the loan granted by Fortis in March 2007 to Arpadis Manage S.A. to finance the takeover of the site from SigmaKalon in Manage (excluding bare ownership of the buildings).
The transaction comprised transfer of the assets of SigmaKalon S.A. to Arpadis Manage S.A., and not the purchase of a separate legal entity. The loan used to finance this takeover was taken out by Arpadis Manage S.A..

The agreements involve a sum of €2,950,000, over a term of 15 years.
This loan is covered by a mortgage registration of €1,100,000 and guaranteed collateral of €2,145,000 over the land and buildings at Manage.

The weighted average rate of all these long-term loans is below 6% (+/-5.4%).

4.13.2. Operating loans for distribution arm

The majority of operating loans for the distribution arm have been taken out by Arpadis Chemicals N.V.

<table>
<tr><th>Bank</th><th>Amount</th><th>Drawdowns</th><th>Guarantees</th></tr>
<tr><td>ING</td><td>€3,062,000</td><td>Overdraft/straight loan:2,500,000 €
(EURIBOR or LIBOR + 200 PB[8])
Documentary credit: €500,000
Risk cover: €62,000</td><td rowspan="2">- Pledge of current assets: €2,000,000
- Undertakings as regards compliance with financial ratios
- Guaranteed collateral on current assets (€500,000)
- Pledge on credit insurance policy (Atradius / Ducroire)
- Arpadis Group S.A. guarantee</td></tr>
<tr><td>Fortis</td><td>€2,500,000

and
€500,000</td><td>Overdraft: interest: 8.5%
Straight Loan: margin: EURIBOR or LIBOR + 200 PB

Documentary credit</td></tr>
</table>

Each of the following subsidiaries has taken out loans with local banks, details of which are given below:

- Arpadis Polyurethanes NV — €750,000 overdraft/straight loan + €750.000 documentary credit
Conditions: Margin EURIBOR + 200 PB
- Arpadis Duitsland GmbH — €400,000 overdraft/straight loan (EURIBOR + 200 PB)
- Arpadis UK Ltd — £300,000 overdraft/straight loan (LIBOR + 200 PB)
- Arpadis Suisse Sarl — €500,000 overdraft/straight loan (EURIBOR 200 PB)
- Maskem Middle East — USD70,000 overdraft/straight loan
- Maskem Gulf — USD1,750,000 documentary credit
USD600,000 overdraft/straight loan
USD250,000 discounted bills.

All the loans were granted for an unspecified term (annual renewal)

4.13.3. Operating loans for the custom processing arm

Arpadis Manage S.A. has a cash creditline of €1,000,000 granted by Fortis and available for overdraft or as straight loan (EURIBOR + 200 PB). The guarantees given are identical to those of the investment loans referred to above.

Arpadis Coating Services:
€160 000 overdraft - Interest 8.5%/year
€220 000 straight loan (roll-over); EURIBOR + 200 PB

[8] PB: Base points. 1PB = 1 hundredth of a one percent

4.14. INSURANCE

The insurance policies taken out by the group entities are intended to cover various risks associated with the activity, infrastructure or employees. Certain insurance policies cover more than one company at a time. The policies are as follows:

Insured	Insurer	Type of insurance	Risk	Sum insured
All companies of the Arpadis Chemicals division except Arpadis France and Arpadis UK	Delcredere	Credit insurance	Export: Risk of customer default.	Basis = determined on the basis of monthly turnover.
All companies of the Arpadis Chemicals division except Maskem companies	Atradius	Credit insurance	Export: Risk of customer default.	Determined on the basis of annual turnover.
All companies of the Arpadis Chemicals division	Fortis	Marine insurance + public liability		$2,000,000 per means of transport and/or per warehouse

All the group companies are included on the insurance policies covering transport and public liability mentioned above.

They have their own insurance policies for the vehicle fleet, accidents at work or tenant's liability or fire insurance.
Accordingly, the following insurance policies cover certain entities specifically:

Insured: Arpadis Group S.A.:

Insurer	Type of insurance	Risk	Sum insured
Various	Motor vehicle insurance	Company vehicles	Omnium

Insured: Arpadis Chemicals S.A.

Insurer	Type of insurance	Risk
Vivium	Comprehensive	IT equipment
Mercator	Accidents at work (Law)	Employees
Delta Lloyd	Group insurance	Employees –Executives
Arag	Legal assistance	Undertaking
Sundry	Legal assistance	Company vehicles

Insured: Arpadis Immo N.V.

Insurer	Type of insurance	Risk	Sum insured
Axa	Fire	Samberstraat, Antwerp	

Insured: Arpadis Polyurethanes S.A.

Insurer	Type of insurance	Risk
Mercator	Accidents at work (Law)	Employees
Miscellaneous	Motor vehicle insurance	Company vehicles

Insured: Arpadis Coating Services (formerly Schoonjans S.A.)

Insurer	Type of insurance	Risk	Sum insured
Apra	Accidents at work	Employees and manual workers	
Fortis AG	Public liability and legal assistance	Bodily injury and property damage Consequential loss	€1,239,468 per claim 25% of the above capital
Avero	Fire Business interruption,	Building, stocks, production equipment following a fire, explosion etc.	2.498.410 € period of 12 months €966,795

Insured: Arpadis Manage S.A.

Insurer	Type of insurance	Risk	Sum insured
Fortis AG	Fire and special risks Business interruption	Building Contents (for the account of SigmaKalon) Additional cover Total 12 months (30% adjustability)	€62.995.924 €8.365.000 €7,135,992 €78,495,916 €7,300,000
Fortis AG	Accidents at work	Manual workers/Employees/Trainees	Based on salary and limited by a legal scale
Fortis AG	Public liability and legal protection	Bodily injury, property damage and consequential loss	€5,000,000 per claim

4.15. EMPLOYEES

The Arpadis group employs approximately 200 employees, 45 % in distribution and 55 % in custom processing.
This number is set to increase in future.
Given the number of employees on the Manage site, a union is active in the workplace.

4.16. CERTIFICATION

CEBEC

CERTIFICATE

Number : 04058

The quality system of :

ARPADIS
Samberstraat 7-9

B - 2060 ANTWERPEN

Including the implementation meets the requirements of the standard :

ISO 9001:2000

Scope :

Distribution of chemical products.

Report that forms the basis of this certificate :
ARPAD-RAP_C_NA

This certificate is valid until : 14/06/2007

Issued for the first time : 14/06/2004

For SGS S&SC

M. SCHITTECATTE,
Certification Manager.

The CEBEC certificate for quality systems is granted under the conditions as defined in the CEBEC regulations.
Integral publication of this certificate is allowed.

SGS S&SC EESV
Location BRUSSELS
Avenue L. Van Kalkenlaan 9A
B 1070 BRUSSELS

Accredited by
A member of EA
Multilateral Agreement

BELCERT

CEBEC

Arpadis Chemicals S.A. is ISO 9001/2000 certified for all its activities (purchases, logistics, sales). As this company does not have its own warehousing or production, no other certification is necessary.

Since the subsidiaries of Arpadis Custom Processing S.A. are involved in activities using risky substances, they are subject to environmental and, as appropriate, Seveso regulations. Both Arpadis Coatings Services S.A. and Arpadis Manage S.A. are compliant with legislation in force. Investments to improve the quality and safety of the facilities are planned.
Arpadis Group S.A. is a member of the following professional organisations:

- Fedichem
- Fedichem Vlaanderen
- Belgian-Chinese Chamber of Commerce (BCECC)
- VOKA (Antwerp – Waasland)
- E.P.L. (European Petrochemical Luncheon)
- E.P.C.A. (European Petrochemical Association)

Arpadis Manage S.A. (more than 85 employees) is the only subsidiary with an active trade union.

4.17. LITIGATION

No legal action is currently being taken against the Arpadis group.
However, the group has instituted three sets of proceedings but the outcome thereof is not likely to have an adverse effect on the business. These proceedings involve the following companies:

A Russian supplier

For many years, Arpadis has distributed the products of a Russian supplier in given territories. When business relations were terminated unilaterally, Arpadis claimed payment of an indemnity for breach on the basis of Articles 2 and 3 of the Law of 1961 concerning unilateral breach of exclusive licence agreements.
The judgment rejected the claim on the basis that it was not an exclusive contract of unspecified duration. Given that Arpadis and its supplier had been bound by a fixed term contract since 1 May 2002, terminated before expiry, new proceedings were brought on the basis of Article 1134 of the Civil Code. The company is awaiting the ruling of the court of appeal. The action involves an amount of approximately €245,000. There is however a risk that the Russian supplier will in turn take action against Arpadis, for 'vexatious and ill-considered action' and to obtain reimbursement of its legal fees.

An Italian supplier

A Milan-based supplier breached its contractual obligations as regards a delivery to Arpadis. Arpadis was obliged to source supplies elsewhere at a higher price. The compensation claimed amounts to €78,000. For its part, the supplier has taken action against Arpadis before the Milan court seeking a ruling on the absence of a contract between the parties. It is not however claiming any compensation. The jurisdiction of the court remains to be established before the case can be heard.

A French customer

Arpadis and a French customer had entered into a delivery contract for a given volume of Soltrol. The customer failed to take delivery of the merchandise within the allotted time, which generated an additional storage charge. Arpadis is claiming from the customer the costs (including legal fees) which it has incurred as a result of the action of its customer. The amount claimed is +/- €92,500. The submissions of the parties have been filed before the commercial court. The case will be heard by the Antwerp Commercial Court at the beginning of December 2007.

CHAPTER 5: ANALYSIS OF ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

5.1. CONSOLIDATED FINANCIAL STATEMENTS PER 31.12.2006, 31.12.2005 AND 31.12.2004

The consolidated financial statements per 31.12.2004 and 31.12.2005 were approved respectively by the general meeting and were submitted to the National Bank of Belgium in 2005 and 2006 under the former name ‘DPS-Group NV’. The consolidated financial statements as at 31.12.2006 constitute the financial statements as presented to and approved by the general meeting of 4 May 2007.

Unless otherwise indicated, the amounts in this chapter are expressed in thousands of euros.

5.1.1. Consolodated Balance sheet – Arpadis Group NV

ASSETS	31/12/2006	31/12/2005	31/12/2004
FIXED ASSETS	1,013	6,241	6,160
Start-up costs	8	1	2
Intangible Fixed Assets	24	23	52
Consolidation gains	89	232	212
Tangible Fixed Assets	851	4,475	4,624
Land and Buildings	*260*	*1,501*	*1,557*
Plant, machinery and equipment	*123*	*2,650*	*2,827*
Furniture and vehicles	*424*	*323*	*238*
Leasing and other similar rights		*1*	*2*
Other tangible fixed assets	*44*		
Financial Fixed Assets	41	1,510	1,270
Equity-accounted companies		*125*	*243*
Participating interests		123	191
Amounts receivable		2	52
Other companies	*41*	*1,385*	*1,027*
Shares and interests			
Amounts receivable and cash guarantees	41	1,385	1,027
CURRENT ASSETS	12,375	10,015	11,572
Stocks and contracts in progress	1,216	793	1,351
Goods purchased for resale	*1,216*	*793*	*1,351*
Amounts receivable within one year	10,096	8,363	8,911
Trade debtors	*9,098*	*7,447*	*8,160*
Other amounts receivable	*998*	*916*	*751*
Cash and Cash equivalent	1,029	654	1,023
Prepayments and accrued income	34	205	287
TOTAL ASSETS	**13,388**	**16,256**	**17,732**

LIABILITIES	31/12/2006	31/12/2005	31/12/2004
EQUITY CAPITAL	2,044	-383	-65
Capital	500	500	500
Reserves	1,553	-894	-561
Consolidated reserves	*1,553*	*-894*	*-561*
Translation differences	-9	11	-4
Minority interest	19	25	20
Portion pertaining to third parties	19	25	20
Provisions and deferred taxes		29	80
Provision for liabilities and charges		29	80
Other liabilities and charges		*29*	*80*
AMOUNTS PAYABLE	11,285	16,585	17,697
Amounts payable after more than one year	256	3,523	3,564
Financial Debts	*256*	*2,686*	*2,975*
Subordinated loans		496	496
Leasing and financing liabilities and similar	14	37	90
Credit establishments	242	2,149	2,381
Other loans		4	8
Other amounts payable		*837*	*589*
Amounts payable within one year	11,007	12,941	13,705
Current portion of amounts payable after more than one year falling due within one year	*165*	*430*	*388*
Financial Debts	*4,149*	*8,166*	*7,789*
Credit establishments	4,149	8,165	7,789
Other liabilities		1	
Trade Debts	*5,823*	*3,749*	*4,962*
Suppliers	5,823	3,749	4,962
Advance payments on orders		*4*	*5*
Taxes, wages and salaries and social security	*534*	*334*	*447*
Taxes	178	104	293
Wages and salaries and social security	356	230	154
Other amounts payable	*336*	*258*	*114*
Accruals and deferred income	62	121	428
TOTAL LIABILITIES	**13,388**	**16,256**	**17,732**

5.1.2. Consolidated profit and loss account – Arpadis Group NV

	31/12/2006	31/12/2005	31/12/2004
Sales and services	44,791	39,941	35,173
Turnover	*44,643*	*39,856*	*35,123*
Other operating income	*148*	*85*	*50*
Cost of sales and services	45,428	39,586	34,988
Supplies and goods purchased for resale	*40,876*	*35,256*	*30,847*
Purchases	41,318	34,641	30,860
Increase/decrease in stocks	-442	615	-13
Other goods and services	*1,760*	*2,200*	*1,864*
Wages and salaries, social security and pensions	*2,181*	*1,506*	*1,695*
Deprec. and amort. and amounts written off start-up costs, tangible and intangible fixed assets.	*229*	*496*	*474*
Write downs	*57*	*46*	*-3*
Provisions for liabilities and charges	*-29*	*-24*	*15*
Other operating expenses	*312*	*70*	*71*
Amortisation of consolidation differences	*13*	*36*	*25*
Operating result	-608	355	185
Financial income	986	682	579
Income from current assets	*214*	*13*	*17*
Other financial income	*772*	*669*	*562*
Financial expenses	1,034	1,268	895
Interest and other debt charges	*336*	*455*	*383*
Other financial expenses	*698*	*813*	*512*
Profit on ordinary activities before tax	-656	-231	-131
Extraordinary income	2,879	47	104
Amounts released from provision for diminution in value of tangible and intangible fixed assets			*84*
Capital gains made on disposal of fixed assets	*2,410*	*13*	
Other extraordinary income	*469*	*34*	*20*
Extraordinary expenses	5		9
Capital losses on disposal of fixed assets			*9*
Other extraordinary expenses	*5*		
Profit (loss) for the period before tax	2,218	-184	-36
Tax on profits	103	132	47
Tax	*104*	*133*	*50*
Tax adjustment and amounts released from tax provisions	*-1*	*-1*	*-3*
Profit (loss) for the period	2,115	-316	-83
Share of profit (loss) of equity-accounted companies		2	-23
Profit		*2*	*1*
Loss			
Consolidated profit (loss)	2,115	-314	-106
Minority interest	*-307*	*-3*	*1*
Group share	*2.422*	*-311*	*-107*

5.1.3. Consolidated cash flow statement - Arpadis Group NV

	31/12/2006	31/12/2005	31/12/2004
Cash flows from operating activities			
Profit (loss) for the period	2,422	-311	-107
Non-cash adjustments to operating income			
Amort. and deprec. of tangible and intangible fixed assets	*229*	*496*	*489*
Amortisation of consolidation differences	*13*	*36*	*25*
Correction for amortisation and depreciation of tangible and intangible fixed assets		*-13*	
Write downs	*57*	*46*	*-3*
Changes in translation differences	*-20*	*15*	
Changes in portion pertaining to third parties	*-6*	*5*	
Appropriations to provisions	*-29*	*-51*	69
Other changes in equity capital	*25*	*-24*	
Cash flow	2,691	199	473
Changes in working capital requirement			
Stocks	*-423*	*512*	*-147*
Amounts receivable within one year	*-1,790*	*548*	*-4,900*
Prepayments and accrued income	*171*	*82*	*-216*
Other amounts receivable over one year	*-837*	*248*	*539*
Trade debts	*2,074*	*-1,213*	*3,305*
Advance payments on orders	*-4*	*-1*	*5*
Tax, wages and salaries and social security	*200*	*-113*	*282*
Other amounts payable	*78*	*144*	*87*
Accruals and deferred income	*-59*	*-307*	*261*
Cash flows from operating activities	2,101	99	-311
Investment activities			
Acquisition of start-up costs	*-10*		
Acquisition of intangible fixed assets	*-14*	*-3*	*-16*
Acquisition of tangible fixed assets	*-614*	*-307*	*-632*
Acquisition financial fixed assets	*-41*	*-358*	*-972*
Acquisition of consolidation differences	*130*	*-56*	*-126*
Disposal of tangible fixed assets	*4,025*	*6*	
Disposal of financial fixed assets	*1,510*	*120*	
Cash flows from investment activities	4,986	-598	-1,746
Financing activities			
New loans	*628*	*419*	*2,884*
Repayment of loans	*-7,340*	*-289*	*-181*
Cash flows from financing activities	-6,712	130	2,703
Cash flow	375	-369	646
Cash and cash equivalents at start of year	654	1,023	377
Available assets	*654*	*1,023*	*377*
Cash and cash equivalents at year-end	1,029	654	1,023
Available assets	*1,029*	*654*	*1,023*

5.1.4. <u>Notes to the financial statements closing as at 31.12.2006</u>

5.1.4.1. List of companies included in the consolidation

Name	**Method used**	**Portion of capital held directly and/or indirectly**	**Portion of capital held – legal**	**% change in share of capital in comparison with preceding year**
Arpadis Chemicals NV Samberstraat 7 2060 Antwerp R.P.M. 04765.762.821	Full consolidation	99.86%	99.86%	0%
Arpadis Manage NV Samberstraat 7 2060 Antwerp R.P.M. 0478.934.035	Full consolidation	99.33%	99.33%	0%
Arpaline IT GmbH Nordsternstrasse 65 45329 Essen Germany	Full consolidation	62.50%	62.48%	0%
Arpadis Custom Processing NV Samberstraat 7 2060 Antwerp R.P.M. 0479.928.680	Proportional consolidation	50.00%	50.00%	0%
Arpadis Deutschland GmbH Nordsternstrasse 65 45329 Essen Germany	Proportional consolidation	50.00%	49.30%	0%
Arpadis France SAS 53 Avenue de l’Europe 59223 Ronq France	Full consolidation	100.00%	99.86%	0%
Arpadis Suisse SARL 16, Place de Longemalle 1204 Geneva Switzerland	Full consolidation	99.00%	98.86%	0%
Arpadis UK Ltd Suite 4, The Meadows, Church Road Dodleston, Chester Cheshire CH4 9NG United Kingdom	Full consolidation	85.00%	72.40%	0%
Arpadis Asia Ltd 35/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong	Full consolidation	100.00%	99.86%	99.86%
HBI China Ltd 35/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong	Proportional consolidation	50.00%	49.93%	49.93%
Arpadis Polyurethanes NV	Proportional consolidation	50.00%	49.93%	49.93%

Name	Method used	Portion of capital held directly and/or indirectly	Portion of capital held – legal	% change in share of capital in comparison with preceding year
Samberstraat 7 2060 Antwerp R.P.M. 0880.952.911				
Maskem Europe SA 28 Côte d'Eich L-1450 Luxembourg Grand Duchy of Luxembourg	Full consolidation	39.99%	39.93%	39.93%
Maskem Egypt Ltd 5 National Co. Buildings El Imam El Sharawy St., El Sefarat District, Cairo Egypt	Full consolidation	60.00%	23.96%	23.96%
Maskem Maroc SA 484 Bd Brahim Roudani appt 2 Maârif, Extension 20100 Casablanca Anfa, Morocco	Full consolidation	60.00%	23.96%	23.96%
Maskem Gulf FZCO P.O. Box 18453 Jebel Ali Free Zone Dubai, UAE	Full consolidation	60.00%	23.96%	23.96%
Maskem Algérie Ali Bendali 58 Dergana Wilaya d'Alger Algeria	Full consolidation	60.00%	23.96%	23.96%
Maskem Middle East Company LLC Al-Ghazal Trading Complex 1st Floor – Cabol Street, Al-Rabieh Amman Jordan	Full consolidation	60.00%	23.96%	23.96%
Schoonjans SA Chaussée de Charleroi 115 1370 Jodoigne R.P.M. 0435.097.359	Full consolidation	50.00%	49.99%	49.99%

(*)The percentage holding from a legal viewpoint is obtained from multiplication of direct and indirect interest.

5.1.4.2. List of non-consolidated subsidiaries and non-equity accounted associated companies

None.

5.1.4.3. Consortium

None

5.1.4.4. Consolidation criteria and changes to the scope of consolidation

A. Identification of criteria governing the use of full and proportional consolidation methods and the equity method as well as cases, with evidence, of derogation from these criteria *(by virtue of article 165 of the Royal Decree of 30 January 2001implementing the Belgian Companies Code)*.

All participating interests over 50% that are held either directly or indirectly are consolidated using the full consolidation method.

All participating interests under 50% that are held either directly or indirectly are consolidated using the proportional consolidation method.

All participating interests under 50% but over 20% are consolidated using the equity method. However, it should be noted that Arpadis Chemicals NV holds 40% of Maskem Europe SA. Nevertheless, Arpadis Chemicals NV applies the full consolidation method to the Maskem group on the basis of Arpadis Chemicals NV's right to appoint the members of the board of directors of Maskem Europe SA.

All participating interests under 20% that are held either directly or indirectly are carried at their acquisition value, subject, as the case may be, to write downs.

B. Information making comparison with the consolidated financial statements of the previous year significant if the composition of the consolidated group has changed substantially during the financial year *(by virtue of article 112 of the aforementioned Royal Decree)*.

The scope, as compared to the previous year, has changed as follows. During 2006, Arpadis Group NV sold its 50% participating interest in A4S NV.

5.1.4.5. Valuation rules and methods of calculating fiscal latency

Criteria governing the valuation of various items of the consolidated financial statements, in particular criteria relating to:

- establishment of and adjustments to amortisation and depreciation, write downs and provisions for liabilities and charges and revaluations *(by virtue of article 165, VI.a. of the Royal Decree of 30 January 2001 implementing the Belgian Companies Code)*
- the bases of conversion for amounts which are or which at the outset were expressed in a currency other than that of the consolidated financial statements and for the financial statements of the subsidiaries and associated companies incorporated in accordance with foreign law *(by virtue of article 165, VI.b. of the aforementioned Royal Decree)*.

General rules

The rules of consolidation respect the principles set out in articles 106 and following of the Royal Decree of 30 January 2001 implementing the Belgian Companies Code and various notices of the CNC. The valuation rules used in preparation of the consolidated financial statements are identical to those used for the individual annual financial statements of the consolidating company. There has been no significant departure from the valuation rules in the financial statements of the consolidated subsidiaries.

The consolidated financial statements are closed on the same date as the individual annual financial statements of the consolidating company, that is to say 31 December 2006. With the exception of Arpadis Manage SA (formerly Arpapharm NV), which closes its financial year on 30 September and Arpadis Polyuréthane NV which will only close for the first time on 31 December 2007, the subsidiaries close their financial statements on the same date as the consolidating company. For Arpadis Manage SA, a company which is not significant within the consolidated financial statements, interim financial statements have been prepared as at 31 December 2006.

All amounts receivable and payable and all income and expenditure between the consolidated companies have been eliminated.

The consolidation differences are calculated in relation to the equity capital of the subsidiaries closed as at the date of first consolidation (31 December 2004) or the first day of the financial year during which part or all of the participating interest was acquired.

The results are not significantly affected by income or expenditure chargeable to previous years.

Rules applied to the consolidated financial statements

Conversion of balances in foreign currencies

The balance sheets of the English and Swiss subsidiaries are converted to euros on the basis of the closing rate on the closing date. However, the equity capital shown in those financial statements is stated at the value used on first consolidation. The profit and loss accounts of these subsidiaries are also converted to euros on the basis of the closing rate on the closing date. In this regard, the group believes that the use of the closing rate rather than the average rate over the year has no significant impact. The differences arising out of the use of the closing rate and the historical rate are shown under the liabilities entry 'Translation differences'.

We note however that in 2007, the company plans to change the way it converts currencies and will in future use the average rate for elements of the profit and loss account.

Start-up Costs

The start-up costs are posted during the year in which the expense is incurred or are amortised at a rate of 20% a year.

Expenses relating to admission to trading on the Free Market will be accounted for.

Consolidation differences

Consolidation differences are amortised over 10 years. For the first financial year, amortisation is applied on the basis of a full year.

Intangible Fixed Assets

Intangible fixed assets are recorded at the acquisition price for fixed assets acquired from third parties and at their production cost in the case of internal production in so far as this does not exceed a cautious estimate of the utility value of these fixed assets or future yield for the company. Intangible fixed assets are amortised on a straight line basis over a period of 3 years.

Tangible Fixed Assets

The acquisition price comprises, in addition to the purchase price, any additional expenses such as non-recoverable taxes and transport charges. The land or portion of the land included in the acquisition cost is recorded in the assets, along with the registration fee.

The acquisition cost of tangible fixed assets is subsequently depreciated and/or written down as set out hereunder.

These fixed assets are subject to additional or exceptional depreciation charges where, as a result of their alteration or changes in economic or technological circumstances, their book value exceeds their utility value to the company.

	Method	Percentage depreciation	
		Min.-Max	Additional costs
Buildings	Decreasing straight line	6.67 – 20.00 5.00 – 10.00	6.67 – 100.00 20.00 – 100.00
Plant, machinery and equipment	Straight line	10.00 – 33.33	10.00 – 100.00
Improvements	Straight line	10.00 – 25.00	10.00 – 100.00
Vehicles -	Straight line	10.00 – 25.00	10.00 -100.00
Furniture	Straight line	10.00 -15.00	10.00 -100.00
Office equipment	Straight line	20.00 – 33.33	20.00 -100.00
IT equipment	Straight line	20.00 -33.33	20.00 -100.00
Other tangible fixed assets	Straight line	20.00 – 33.33	20.00 – 100.00

The tangible fixed assets have not been and will not be revalued.

Financial Fixed Assets

Cash guarantees are valued at nominal value. Write downs are recorded in the event of permanent capital losses, in case of any risk of insolvency of the debtor.

Investments in companies outside the scope of consolidation are valued at their acquisition value. Write downs are recorded where there is a permanent capital loss.

Stocks

Supplies, work in progress, finished products and goods for resale are valued at the lower of acquisition value or market value at year-end.

Trade debtors

Amounts receivable are valued at their nominal value. They are written down in the event that there is any doubt as to their recovery.

Amounts receivable are written down where, in the opinion of the board of directors, the realisation value thereof is lower than the book value and if, consequently, there is any doubt as to payment on the due date.

Cash and Cash equivalent

Cash and cash equivalent are valued at nominal value. They will be written down in the event of any solvency problems in relation to the financial establishment.

Cash and cash equivalent are in principle expressed in euros. Where they are expressed in other currencies, they are converted at the closing rate on the balance sheet closing date.

Prepayments and accrued income

Income and expense posted under this item are valued according to the rules whereby each item included in these accounts is charged to the accounting period to which it relates. The charge is made in accordance with the accounting concepts of matching and periodicity.

Debts

The liabilities include no long-term debts which are not subject to interest or which have an unusually low interest rate.

Debts are valued at nominal value.

Provision for liabilities and charges

Provisions for liabilities and charges are established to cover charges, the occurrence of which is clearly defined, certain and likely, but the amount of which is not certain.

Turnover

Income is accounted for when the company can assume with sufficient certainty that the future financial benefits arising out of the transaction will accrue to the company and that the amount can be reliably established.

Income is valued at the value of amounts received or to be received from the contractor and represents amounts to be received as a result of deliveries of goods or provision of services, less discounts, VAT and other sales taxes.

Foreign currencies

The company's financial statements are expressed in euros.

Transactions in currencies other than euros shall be converted into euros using the closing rate on the date of the transaction.

The acquisition price of items of the fixed asset and negotiable securities (current assets) expressed in a currency other than the balance sheet currency are converted at the historical exchange rate in the individual financial statements.

For conversion of balances in foreign currencies, please refer to 'Conversion of balances in foreign currencies' above.

5.1.4.6. Detail of the most significant items

The amounts shown below are those appearing on the consolidated balance sheet and profit and loss account as at 31 December 2006 and are expressed in thousands of euros, unless otherwise indicated.

1. Assets

Start-up Costs EUR (8 (000) EUR)

The start-up costs relate to Maskem Egypt (2 (000) EUR), Maskem Maroc (2 (000) EUR) and Maskem Algérie (4 (000) EUR).

Intangible fixed assets (24 (000) EUR)

This item includes IT licences and software installation expenses. Changes in intangible fixed assets are shown in the tables appearing below.

Consolidation gains (89 (000) EUR)

Consolidation gains comprise the difference between the acquisition price of participating interests and the value of the equity capital thereof on first consolidation (31 December 2004), less amortisation carried out over 10 years.

Consolidation differences relate exclusively to the acquisition of Schoonjans SA in 2003.

Tangible fixed assets (851 (000) EUR)

Tangible fixed assets comprise the following:

a. Land and buildings

This item includes only the land and buildings of Schoonjans SA (260 (000) EUR).

The Schoonjans SA buildings are depreciated at a diminishing balance rate of 20%, i.e. 10% on a straight line basis.

b. Plant, machinery and equipment (123 (000) EUR)

This item mainly comprises:

- Plant and equipment of Schoonjans SA (81 (000) EUR);
- Equipment at the group's administration offices in Antwerp (1 (000) EUR);
- Plant and equipment of Arpadis UK Ltd (20 (000) EUR);
- Plant and equipment of Maskem Algérie SPA (19 (000) EUR) and Maskem Middle East LLC (1 (000) EUR).

c. Furniture and vehicles (424 (000) EUR)

The consolidated balance of furniture and vehicles is made up of balances in the following group companies. This item also includes all the office furniture and equipment, computer equipment and equipment in the front office of the registered office. Vehicles belong mainly to NV Arpadis Chemicals.

Company	Amount
Arpadis Group SA	26 (000)
Arpaline IT GmbH	2 (000)
Arpadis Schoonjans SA	9 (000)
Arpadis Chemicals NV	56 (000)
Arpadis France SA	63 (000)
Arpadis Suisse SA	1 (000)
Arpadis Deutschland GmbH	25 (000)
Arpadis UK Ltd	23 (000)
Arpadis Polyurethane NV	14 (000)
HBI China Ltd	1 (000)
Maskem Algérie SPA	52 (000)
Maskem Egypt Ltd	48 (000)
Maskem Gulf FZCO	25 (000)
Maskem Maroc SA	12 (000)
Maskem Middle East LLC	67 (000)
TOTAL	**424 (000)**

d. Other tangible fixed assets (44 (000) EUR)

This item includes basic improvements to the administration offices in Antwerp (44 (000) EUR).

We present below the table of tangible and intangible fixed assets and changes in individual items in 2006.

1) Acquisition value

A	Gross value on opening	Increases	
		Revaluations	Acquisitions/ Creations
Intangible fixed assets	**280**		**14**
Tangible fixed assets	**6,112**		**614**
Land and buildings	1,852		147
Plant, machinery and equipment	3,624		83
Furniture and vehicles	633		384
Leasing and other similar rights	3		
Other tangible fixed assets			
Overall total	**6,392**		**627**

B	Decreases			Gross value at year-end
	By transfer	By disposal	Other	
Intangible fixed assets		**-42**		**252**
Tangible fixed assets		**-155**	**-4,641**	**1,930**
Land and buildings	-60		-1,340	599
Plant, machinery and equipment	-67		-3,284	356
Furniture and vehicles		-155	-17	845
Leasing and other similar rights				3
Other tangible fixed assets	127			127
Overall total		**-197**	**-4,641**	**2,181**

2) Amortisation and depreciation

A	Situation and changes over the year					
Fixed assets that can be amortised or depreciated	Amount at start of year	Appropri ation	Transfer	Diminuti on Disposal s/ Write backs	Other	Amount at year-end
Intangible fixed assets	**257**	**13**		**-42**		**228**
Tangible fixed assets	**1,637**	**213**		**-13**	**-758**	**1,079**
Land and buildings	351	38	-34		-16	339
Plant, machinery and equipment	974	50	-49		-742	233
Furniture and vehicles	310	124		-13		421
Leasing and other similar rights	2	1				3
Other tangible fixed assets			83			83
Overall total	**1,894**	**226**		**-55**	**-758**	**1,307**

B *Breakdown of amortisation and depreciation over the year*			
	Straight line	***Decreasing balance***	***Extraordinary***
Intangible fixed assets	**13**		
Tangible fixed assets	**213**		
Land and buildings	38		
Plant, machinery and equipment	45	5	
Furniture and vehicles	124		
Leasing and other similar rights	1		
Other tangible fixed assets			
Overall total	**221**	**5**	

Summary		
Intangible fixed assets	252	
Amortisation	-228	
Book value	**24**	
Tangible fixed assets Depreciation	1,930 -1,079	
Book value	**851**	

Financial fixed assets (41 (000) EUR)

This item comprises:

- Shares held in Chemizen.Com (3.2%) in the sum of 162 (000) EUR wholly written down in previous years.
- Cash guarantees for leasing of the registered office (15 (000 EUR), the registered office of Arpadis France (3 (000) EUR), the registered office of Maskem Egypt Ltd (1 (000) EUR) and of Maskem Gulf FZCO (3 (000) EUR). A guarantee for VAT (20.000 EUR) in force with Arpadis Chemicals NV. Finally, Maskem Algérie has paid a bid bond of 12 (000) EUR for the Saidal Contract. These guarantees are, due to their nature, valued at their nominal value.

Inventory (1,216 (000) EUR)

Inventory held by Schoonjans SA comprises raw materials for the production of paint. It is valued according to the FIFO system. In case of need, write downs are effected on the basis of age, based on any recommended use by dates of the raw materials.

Stocks in other companies comprise goods purchased for resale as a result of a specific order from a customer. The position of stocks is due to the fact that these goods have been invoiced by the supplier accompanied by a transfer of ownership to Arpadis Groupe SA on one hand while the goods have not been delivered to the customer, on the other.

Stocks held by the companies are as follows:

Company	Amount
Schoonjans SA	127 (000)
Arpadis Chemicals NV	108 (000)
Arpadis Deutschland GmbH	357 (000)
Arpadis UK Ltd	242 (000)
Arpadis Manage SA	1 (000)
Maskem Algérie SPA	246 (000)
Maskem Egypt Ltd	8 (000)
Maskem Gulf FZCO	77 (000)
Maskem Middle East LLC	50 (000)
TOTAL	**1,216 (000)**

Amounts receivable within one year (10.096 (000) EUR)

Net consolidated trade receivables, adjusted by intragroup receivables (in the sum of 128 (000) EUR) amount to 9,098 (000) EUR. They originate primarily from the following consolidated companies:

Company	Amount
Arpadis Group SA	5 (000)
Arpaline IT GmbH	4 (000)
Arpadis Custom Processing NV	148 (000)
Arpadis Chemicals NV	5,238 (000)
Arpadis France SA	335 (000)
Arpadis Suisse SA	435 (000)
Arpadis Deutschland GmbH	407 (000)
Arpadis UK Ltd	762 (000)
Arpadis Polyurethane NV	1,138 (000)
HBI China Ltd	10 (000)
Maskem Algérie SPA	517 (000)
Maskem Egypt Ltd	2 (000)
Maskem Gulf FZCO	59 (000)
Maskem Maroc SA	19 (000)
Maskem Middle East LLC	19 (000)
TOTAL	**9,098 (000)**

Amounts receivable within one year reflect customer payment terms of approximately 74 days. These terms are normal in the trading sector. As indicated earlier, amounts receivable are covered by credit insurance.

Write downs on amounts receivable total 152 (000) EUR of which 99 (000) EUR involve amounts receivable pertaining to Arpadis Chemicals NV and 53 (000) EUR pertaining to Arpadis Suisse SA. Arpadis Chemicals customers are written down upon notification of balances that cannot be recovered under the credit insurance and they represent the deductible not covered by the insurance company. Write downs at Arpadis Suisse generally amount to a 10% reduction in customer balances, in accordance with current accounting rules.

Other amounts receivable (998 (000) EUR) include, principally:

- Amounts receivable from the State in respect of VAT to be recovered in various countries by Arpadis Chemicals NV, Arpadis Deutschland GmbH, Arpadis Suisse SA, Arpaline IT GmbH and Arpadis Manage SA and Arpadis Polyurethane NV in a total of 118 (000) EUR.
- A loan granted (230 (000) EUR) by Arpadis Group SA to Arpadis Custom Processing in order to enable Arpadis Custom Processing to acquire 50% of the shares of Schoonjans SA .
- Amounts to be recovered from the insurance company by Arpadis Chemicals NV in the sum of 14 (000) EUR.
- Interest receivable in the sum of 3 (000) EUR. This interest comes from an advance granted to a third party by Arpadis Chemicals NV (80 (000) EUR) and Maskem Europe SA (94 (000) EUR). Furthermore, there are current accounts totalling 16 (000) EUR with the directors of the following companies:
    - Arpadis Group and Arpadis Chemicals: 10 (000) EUR
    - Maskem Gulf FZCO: 5 (000) EUR
    - Maskem Egypt Ltd 1 (000) EUR

  on which interest has not been calculated.
- An advance to Arpadis China of 80 (000) EUR to cover its working capital requirement.
- A loan to Arpadis Polyurethane of 230 (000) EUR and to DPI, which has been put into liquidation and to which Arpadis Chemicals loaned the sum of 75 (000) EUR. Management is confident that this amount will be recovered.
- A loan of 12 (000) EUR granted to the other shareholder of Maskem Maroc SA. A similar loan of 31 (000) EUR was granted to a shareholder of Maskem Middle East and another of 44 (000) EUR to a shareholder of Maskem Gulf FZCO.
- A current account with Arpadis Immo NV totalling 50 (000) EUR.

- A loan of EUR 91 (000) granted by Arpadis Asia Ltd to the shareholder and local manager to enable him to found Arpadis China Co Ltd. A share transfer agreement exists alongside this loan, whereby the shares of Arpadis China Ltd will be transferred to Arpadis Asia Ltd as soon as possible, taking into account Chinese legislation.
- A loan granted by Maskem Europe SA (40 (000) EUR) to enable the managers to acquire shares of the subsidiaries of Maskem Europe SA.

Company	Amount
Arpadis Group SA	237 (000)
Arpaline IT GmbH	1 (000)
Arpadis Custom Processing NV	2 (000)
Arpadis Chemicals NV	389 (000)
Arpadis France SA	5 (000)
Arpadis Suisse SA	1 (000)
Arpadis Deutschland GmbH	23 (000)
Arpadis Manage SA	1 (000)
Arpadis Polyurethane NV	8 (000)
Arpadis Asia Ltd	91 (000)
Maskem Europe SA	145 (000)
Maskem Algérie SPA	10 (000)
Maskem Egypt Ltd	5 (000)
Maskem Gulf FZCO	47 (000)
Maskem Maroc SA	4 (000)
Maskem Middle East LLC	29 (000)
TOTAL	**998 (000)**

The current accounts essentially concern advance payments granted to enable the companies to engage in their activities. The board of directors is confident that these amounts will be recovered and that they do not constitute financial fixed assets.

Cash and cash equivalent (1.029 (000) EUR)

The consolidated balance of cash and cash equivalent amounts to 1,029 (000) EUR and comprises positive balances of cash of various group companies with reputable financial institutions.

Balances in foreign currencies are converted at the conversion rate on the closing date.

Prepayments and accrued income (34 (000) EUR)

This item includes expenses incurred in 2006 but to be carried over to 2007 and income earned in 2006 but not yet received. This item breaks down as follows:

Company	Amount
Arpadis Group SA	4 (000)
Arpadis Custom Processing NV	2 (000)
Arpadis Chemicals NV	4 (000)
Arpadis France SA	2 (000)
Arpadis Suisse SA	3 (000)
Arpadis Deutschland GmbH	4 (000)
Arpadis UK	7 (000)
Maskem Algérie SPA	4 (000)
Maskem Gulf FZCO	3 (000)
Maskem Middle East LLC	1 (000)
TOTAL	**34 (000)**

2. Liabilities

Capital (500 (000) EUR)

The share capital currently stands at 500 (000) EUR represented by 500 ordinary shares with no nominal value.

Reserves (1,553 (000) EUR)

Consolidated reserves comprise the consolidated profit for the year (2,422 (000) EUR), other changes in equity capital amounting to 25 (000) EUR and consolidated reserves from previous years (-894 (000) EUR), i.e. a total of 1,553 (000) EUR.

The consolidation difference (goodwill) was applied during the first consolidation (31 December 2004) in the sum of 126 (000) EUR following the acquisition by Arpadis Custom Processing NV of 50% of the shares of Schoonjans SA. As at 31 December 2006, 38 (000) EUR has been amortised.

There is no badwill.

Translation differences

Translation differences show a debit balance of 9 (000) EUR. They include differences arising out of application of the closing rate to all elements in foreign currency (mainly GBP, USD and CHF) of the balance sheet and profit and loss account.

Third party interests (19 (000) EUR)

Third party interests comprise, primarily,

Company	Amount
Arpaline IT GmbH	10 (000)
Arpadis Chemicals NV	2 (000)
Arpadis UK Ltd	19 (000)
Maskem Europe SA	-26 (000)
Maskem Algérie SPA	79 (000)
Maskem Egypt Ltd	-8 (000)
Maskem Gulf FZCO	-36 (000)
Maskem Maroc SA	3 (000)
Maskem Middle East LLC	-24 (000)
TOTAL	**19 (000)**

Amounts payable after more than one year (256 (000) EUR)
Amounts payable after more than one year, falling due within one year (165 (000) EUR)

Consolidated amounts payable after more than one year, i.e. 256 (000) EUR comprise financial debts in relation to investment incurred by the various subsidiaries of Arpadis Group SA and Arpadis Chemicals NV. These debts were contracted to finance the acquisition of vehicles and plant and equipment. These loans were granted by reputable financial institutions.

Company	Amounts payable after more than one year	Amounts payable after more than one year falling due within one year
Arpadis Chemicals NV	11 (000)	9 (000)
Arpadis France SA	38 (000)	16 (000)
Arpadis Polyurethane NV	10 (000)	4 (000)
Arpadis Group SA	20 (000)	29 (000)
Arpadis Custom Processing SA	163 (000)	66 (000)
Arpadis UK Ltd		35 (000)
Maskem Gulf FZCO	14 (000)	6 (000)
TOTAL	**256 (000)**	**165 (000)**

The following table shows the split between the short-term and the long-term portion (split into ‘amounts payable after one year, between 1 and 5 years’ and ‘over 5 years’).

Statement of financial debts	***Gross amount***	***< one year***	***1 – 5 years***	***> 5 years***
Amounts payable after one year	256 (000)		256 (000)	-
Amounts payable within one year	165 (000)	165 (000)		
Totals	**421 (000)**	**165 (000)**	**256 (000)**	**-**

Amounts payable within one year (EUR)

(i.) Financial debts with credit institutions (4,149 (000) EUR)

Please refer to the preceding point for amounts due in relation to investment.

Alongside these loans, the following companies have had recourse to demand loans. Current account advances are expressed both in EUR and other currencies.

Company	Debts payable within 1 year
Arpadis Custom Processing SA	78 (000)
Arpadis Chemicals NV	3.328 (000)
Arpadis Polyurethane NV	561 (000)
Arpadis UK Ltd	149 (000)
Maskem Middle East LLC	33 (000)
TOTAL	**4,149 (000)**

(ii) Trade debts - suppliers (5.823 (000) EUR)

Consolidated trade debts are shown after elimination of intragroup liabilities in the sum of 134 (000) EUR. Trade debts also include invoices to be received from services or goods received in 2006 for which the consolidated Arpadis Group has not received the invoice by the end of 2006.

Company	Amount - suppliers	Amount of invoices to be received	Total
Arpadis Group SA	2,262 (000)	235 (000)	2,497 (000)
Arpaline IT GmbH	2 (000)	8 (000)	10 (000)
Schoonjans SA	193 (000)	1 (000)	194 (000)
Arpadis Chemicals NV	3 (000)		3 (000)
Arpadis France SA	105 (000)	10 (000)	115 (000)
Arpadis Suisse SA	7 (000)	173 (000)	180 (000)
Arpadis Deutschland GmbH	784 (000)	28 (000)	812 (000)
Arpadis UK Ltd	667 (000)		667 (000)
Arpadis Polyurethane NV	338 (000)	187 (000)	525 (000)
Arpadis Manage SA		2 (000)	2 (000)

Company	Amount - suppliers	Amount of invoices to be received	Total
Maskem Europe SA	1 (000)		1 (000)
Maskem Algérie SPA	600 (000)	6 (000)	606 (000)
Maskem Egypt Ltd	36 (000)		36 (000)
Maskem Gulf FZCO	112 (000)		112 (000)
Maskem Maroc SA	26 (000)		26 (000)
Maskem Middle East LLC	37 (000)		37 (000)
TOTAL	**5,173 (000)**	**650 (000)**	**5,823 (000)**

(iii.) Wages and salaries and social security (534 (000) EUR)

The consolidated amounts payable in respect of tax, wages and salaries and social security include in particular the estimated amount of tax for 2005 for Arpadis Group SA and its subsidiaries, as well as the provisions and social security charges of these subsidiaries in the sum of 534 (000) EUR. This item breaks down as follows:

Company	Social Security	Tax
Arpadis Group SA	6 (000)	31 (000)
Arpaline IT GmbH		7 (000)
Schoonjans SA	65 (000)	6 (000)
Arpadis Chemicals NV	28 (000)	25 (000)
Arpadis France SA	68 (000)	7 (000)
Arpadis Suisse SA	1 (000)	43 (000)
Arpadis Deutschland GmbH	7 (000)	39 (000)
Arpadis UK Ltd	130 (000)	
Arpadis Polyurethane NV		14 (000)
Arpadis Manage SA		1 (000)
Maskem Algérie SPA	8 (000)	
Maskem Egypt Ltd	31 (000)	1 (000)
Maskem Maroc SA	1 (000)	3 (000)
Maskem Middle East LLC	11 (000)	1 (000)
TOTAL	**356 (000)**	**178 (000)**

(iv.) Other amounts payable (336 (000) EUR)

The other consolidated amounts payable mainly comprise a loan obtained from a third party shareholder by Maskem Europe in the sum of 262 (000) EUR, a current account of 45 (000) EUR in the name of an external consultant to Arpadis Custom Processing SA and a current account of 14 (000) EUR with Arpadis Polyuréthane NV. The company pays no interest on these current accounts.

<u>Accruals and deferred income (62 (000) EUR)</u>

This item principally comprises charges to be allocated to 2006, i.e.:

Company	Social Security
Arpadis Group SA	13 (000)
Schoonjans SA	3 (000)
Arpadis Chemicals NV	11 (000)
Arpadis Suisse SA	3 (000)
Arpadis UK Ltd	17 (000)
Arpadis Polyurethane NV	1 (000)
Arpadis Asia Ltd	2 (000)
Maskem Algérie SPA	6 (000)
Maskem Gulf FZCO	4 (000)
Maskem Middle East LLC	2 (000)
TOTAL	**62 (000)**

3. Profit and loss account

Sales and services (44 791 (000) EUR)

Turnover for the year totals 44,643 (000) EUR, an increase of 11.6 % over the previous year. The following table gives a breakdown of consolidated turnover by subsidiary. This is not the company's turnover but that arising out of restatement for the purposes of consolidation. The turnover does not include the amount of transport invoiced to customers in the sum of 161 (000) EUR.

In 2006, 26,182 (000) EUR or 64.05% of the group's turnover was generated in Belgium compared to 79.68% in 2005.

Company	2006	2005	% change
A4S NV		919 (000)	-100.00%
Arpadis Cyprus		1,039 (000)	-100.00%
Arpadis Group SA	181 (000)	216 (000)	-16.20%
Arpaline IT GmbH	48 (000)	24 (000)	+100.00%
Schoonjans SA	1,238 (000)	1,207 (000)	2.57%
Arpadis Chemicals NV	26,400 (000)	28,094 (000)	6.03%
Arpadis France SA	1,393 (000)	510 (000)	173.14%
Arpadis Suisse SA	602 (000)	365 (000)	64.93%
Arpadis Deutschland GmbH	6,331 (000)	5,596 (000)	13.13%
Arpadis UK Ltd	3,184 (000)	1,863 (000)	70.91%
Arpadis Polyurethane NV	2,836 (000)		-
Arpadis Manage SA		4 (000)	-100.00%
Arpadis Asia Ltd		19 (000)	-100.00%
Maskem Algérie SPA	2,021 (000)		-
Maskem Egypt Ltd	207 (000)		-
Maskem Gulf FZCO	141 (000)		-
Maskem Maroc SA	39 (000)		-
Maskem Middle East LLC	22 (000)		-
TOTAL	**44,643 (000)**	**39,856 (000)**	**12.01%**

Other operating income amounted to 148 (000) EUR and mainly comprised individual amounts limited to transactions between the various group companies.

Cost of sales and services (45.399 (000) EUR)

Cost of sales and services	2006	2005	% change
Supplies and goods purchased for resale	40,876	35,256	15.94%
Other goods and services	1,760	2,200	-20.00%
Wages and salaries, social security and pensions	2,181	1,506	44.82%
Amortisation and depreciation	229	496	-53.83%
Write downs of trade debtors and stocks	57	46	23.91%
Provisions for liabilities and charges	-29	-24	-20.83%
Other operating expenses	312	70	345.71%
Amortisation of consolidation differences	13	36	-63.89%
TOTAL	**45,399**	**39,586**	**12.76%**

(i) Supplies and goods purchased for resale

Goods purchased for resale represent 90.04% of all operating expenses and 91.56% of turnover thus giving a gross margin of 8.44% in 2006 against 11.54% in 2005. This gross margin is perfectly representative of the margin generally obtained by a trader.

(ii) Other goods and services (1,760 (000) EUR)

Other goods and services fell in 2006 compared to 2005, the main reason being that in 2006, the Arpadis Group sold its participating interest in A4S NV. Operating expenses relating to the activity of A4S NV totalled 698 (000) EUR in 2005. Taking into account these investments, other goods and services increased by 17.18% in 2006 compared to 2005, following the launch of the activities of the Maskem group (Maskem Europe SA, Maskem Egypt Ltd, Maskem Middle East LLC, Maskem Maroc, Maskem Gulf FZCO (Dubai), Maskem Algérie) in Africa and Asia (245 (000) EUR).

Expenses arise principally in relation to Arpadis Chemicals and are fixed charges. These are essentially the costs of leasing the registered office and IT expenses, plus the fixed fee of an external consultant.

(iii) Wages and salaries, social security and pensions (2,181 (000) EUR)

Staff costs increased significantly compared to 2005 as a result of the group's worldwide growth. In 2005, staff costs still included the sum of 173 (000) EUR in relation to A4S NV.

(iv) Depreciation and amortisation (229 (000) EUR)

Depreciation and amortisation charges decreased significantly following the sale of A4S NV. In 2005, amortisation and depreciation charges in respect of A4S NV amounted to 327 (000) EUR, which means that amortisation and depreciation charges for the group's activities have risen slightly.

Amortisation and depreciation include, essentially, amortisation and depreciation on the facilities of Schoonjans SA (70 (000) EUR), Arpadis Chemicals NV (39 (000) EUR) and the Maskem group (40 (000) EUR).

(iv) Write downs of trade debtors and stocks (57 (000) EUR)

Write downs concern trade debtors considered to be unrecoverable. The amount of write downs is limited, due to the fact that the company insures the majority of its amounts receivable.

(v) Other operating expenses (312 (000) EUR)

Alongside direct taxes payable by companies that are included in the other operating expenses, this item contains the sum of 163 (000) EUR in relation to an invoice issued in 2005 by Arpadis Group SA, which was not accepted by the customer in 2006. Finally, other expenses also include the capital loss on the disposal of a vehicle (29 (000) EUR).

(iv) Amortisation of consolidation differences (13 (000) EUR)

Amortisation of consolidation differences concerns amortisation of the consolidation difference arising out of Schoonjans SA.

The year ended with an operating loss of 608 (000) EUR. This loss is to be seen against an operating profit of 355 (000) EUR in 2005.

Financial loss (- 48 (000) EUR)

Financial income increased compared to the previous year from 682 (000) EUR to 985 (000) EUR, mainly as a result of the collection of penalty interest on advances granted at the relevant time to A4S NV in the sum of 204 (000) EUR. Other financial income is made up of discounts received from suppliers for cash payments. In addition, foreign exchange gains of 772 (000) EUR were recorded compared to 669 (000) EUR in 2005

Financial expenses fell slightly, from 1,268 (000) EUR to 1,034 (000) EUR in one year, despite increased recourse to bank lending. Foreign exchange losses totalling 698 (000) EUR were recorded in 2006 against 813 (000) EUR in 2005.

Extraordinary results (2,874 (000) EUR)

Following the sale of the shares held by Arpadis Group SA in A4S NV, it made a consolidated capital gain of 2,287 (000) EUR. Moreover, Arpadis Chemicals NV obtained compensation for breach (469 (000) EUR) following termination of the operating agreement with A4S NV.

Arpadis Group SA sold its entire 15% participating interest in 3DDD NV. At consolidated level, it made, on that occasion, a consolidated capital gain of 123 (000) EUR.

The capital gains made arise out of the fact that A4S NV and 3DDD NV had incurred substantial losses in the past which, on consolidation in previous years, had had a negative impact on the consolidated result. Thus, the value of the two companies mentioned above was far lower than the acquisition value, giving rise therefore to a capital gain on disposal at consolidated level higher than that at an individual level.

The difference in the amount of the capital gain on disposal of the participating interest recorded at consolidated and individual level may be determined as follows:

in (000) EUR	**Individual accounts**	**Consolidated accounts**
Value of the participating interest	625.00	625.00
Write back of profit (loss) posted in consolidation up to 31 December 2005		- 1,911.50
Value of the sale	1,000.00	1,000.00
Capital gain on the sale	**375.00**	**2,286.50**

Finally, extraordinary results include a capital loss that is due to the sale at a loss of certain tangible fixed asserts, primarily vehicles.

Tax on profits (103 (000) EUR)

The tax charge for the financial year comprises the total tax payable on the results of the consolidated companies, that is to say 104 (000) EUR, i.e.:

Company	2006
Arpadis Group SA	7 (000)
Arpaline IT GmbH	3 (000)
Schoonjans SA	12 (000)
Arpadis Chemicals NV	8 (000)
Arpadis France SA	12 (000)
Arpadis Suisse SA	12 (000)
Arpadis Deutschland GmbH	37 (000)
Arpadis Polyurethane NV	14 (000)
TOTAL	**104 (000)**

The accounts also include a positive amount of 1 (000) EUR as an adjustment of tax for previous years.

Distribution of profits

The consolidated net profit for the year amounts to 2,115 (000) EUR compared to a loss of 316 (000) EUR the previous year.

The portion pertaining to third parties is -307 (000) EUR, which means that the group share is 2,422 (000) EUR. The third party share is negative as a result of losses made by the Maskem group companies which are fully consolidated while the third party share is 60% consolidated in the holding company of the Maskem group, Maskem Europe SA.

5.1.4.7. Additional tables and information

1) Composition of the share capital

Categories of shares	***Nominal value***	***Number of shares***			
		At start of 2006	***Created during the course of the financial year***	***Repaid during the financial year***	***At year-end 2006***
Ordinary shares	-	500	-	-	500

2) Changes in consolidated equity capital (in (000) EUR)

	Capital	**Reserves**	**Translation differences**	**Total equity capital**
At 31/12/2005	**500**	**-894**	**11**	**-383**
2006		2,422	-20	2,402
Other changes		25		25
At 31/12/2006	**500**	**1,553**	**-9**	**2,044**

3) Financial investments

The group has a stake in Chemizen.com which was fully written down.

4) Off-balance sheet commitments and rights

Personal guarantees established or irrevocably promised in the consolidation over equity capital, to secure liabilities and commitments, included in the consolidation are:

	Party for which the guarantee has been established or promised	**Party in favour of which the guarantee has been established or promised**	**Amount of the guarantee (in (000) EUR)**
Arpadis Group SA	Arpadis Chemicals	Fortis Bank KBC Bank	1,000 1,000
Arpadis Group SA	Arpadis Suisse SA	Fortis Bank	500
Arpadis Group SA	Arpadis Deutschland GmbH	Fortis Bank	400
Arpadis Group SA	Arpadis UK Ltd	Fortis Bank	375
Arpadis Chemicals NV	Maskem Maroc SA	Supplier	30
		TOTAL	**3,305**

In 2007, Arpadis Chemicals NV further undertook to guarantee commitments with suppliers of the subsidiaries of the Maskem group in the sum of 242 (000) EUR.

	Party for which the guarantee was established or promised	**Amount of the guarantee (in (000) EUR)**
Arpadis Chemicals NV	Maskem Algérie SPA	150
Arpadis Chemicals NV	Maskem Gulf FZCO	77
Arpadis Chemicals NV	Maskem Middle East LLC	15
	TOTAL	**242**

Pledges over goodwill –amount of the charge

The amount of the charge in respect of pledges over goodwill is 4,000 (000) EUR in favour of two Belgian financial institutions.

It should be noted that Arpadis Chemicals NV has also given a power of attorney to pledge the goodwill to two reputable Belgian banks pari passu for a total of 2,000 (000) EUR to guarantee one of the company's lines of credit.

Pledge of other assets –book value of assets pledged

The book values of pledged assets of the Arpadis group companies are as follows:

Company	**Amount**
Arpadis Group SA	22 (000)
Arpadis Custom Processing NV	366 (000)
Arpadis Chemicals NV	24 (000)
Arpadis France SA	53 (000)
Arpadis UK Ltd	21 (000)
Arpadis Polyurethane NV	13 (000)
Maskem Gulf FZCO	21 (000)
TOTAL	**520 (000)**

The Arpadis UK Ltd loan is guaranteed by a pledge over goodwill and a pledge of the insurance policy covering amounts receivable in the UK. The insurance covers a maximum of 85% of amounts receivable.

5) Leasing

Arpadis UK Ltd entered into a leasing agreement to finance vehicles. As at 31 December 2006, the outstanding amount payable is 35 (000) EUR. The full amount is payable in 2007.

6) Directors' remuneration

The total amount of remuneration allocated in 2006 to the directors in respect of their services to the consolidating company, its subsidiaries and associated companies, including the amount of retirement pensions allocated likewise to former directors is 472 (000)EUR.

7) Future tax relief

None.

8) Average number of employees

Consolidating company and fully consolidated companies

	2006	2005
Manual workers		
Staff	21	14
Management personnel		
Other (representatives)		
Total	**21**	**14**
Staff costs		
Wages and salaries and social security	1,103	814
Pensions		
Average number of staff employed in Belgium by the companies concerned	8	10

Consolidating company and proportionally consolidated subsidiaries

	2006	2005
Manual workers	6	4
Staff	8	12
Management personnel		
Other (representatives)		
Total	**14**	**16**
Staff costs		
Wages and salaries and social security	694	692
Pensions		
Average number of staff employed in Belgium by the companies concerned	8	4

9) Summary of liabilities incurred by way of the staff benefits

Contracts with employees make no provision for extralegal undertakings in terms of retirement and other benefits other than those mentioned in the company's annual financial statements.

Employee remuneration upon retirement is covered by monthly employer's contributions to the ONSS [National Social Security Organisation]

Consequently, the company has no undertakings and/or provisions in respect of retirement and other benefits.

5.1.6. Report of the auditor on the consolidated financial statements

5.1.6.1. Report of the auditor on the consolidated financial statements as at 31 December 2006

REPORT OF THE AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF ARPADIS GROUP SA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR CLOSING ON 31 DECEMBER 2006

In accordance with legal and statutory requirements, we are pleased to report to you on the performance of the audit mandate which was entrusted to us. This report contains our opinion on the consolidated financial statements and the required additional statements.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements for the financial year closing on 31 December 2006, prepared in accordance with Belgian accounting principles, with a balance sheet total of EUR 13,388 (000) and a profit and loss account closing with a consolidated profit for the year of EUR 2,115 (000).

The preparation of the consolidated financial statements is the responsibility of the board of directors. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free of material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, and making estimates that are reasonable in the circumstances.

It is our responsibility to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and with the auditing standards applicable in Belgium as published by the Institut des Reviseurs d'Entreprises. These standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

In accordance with these auditing standards, we have taken account of the organisation of the consolidated group in terms of administration and accounting as well as its internal control procedures. We have obtained from the board of directors and management of the company the information and explanations necessary for our audit procedures. We have performed procedures to obtain audit evidence of the amounts appearing in the consolidated financial statements. We have evaluated the appropriateness of valuation and consolidation rules used and the reasonableness of the significant accounting estimates made by the company as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the consolidated group and of its financial performance in accordance with the accounting principles generally accepted in Belgium.

Additional statements

The preparation and the content of the consolidated financial statements are the responsibility of the board of directors.

It is our responsibility to supplement our report with the following additional statements which do not modify our opinion on the consolidated financial statements:

- The consolidated annual management report covers the information required by law and is consistent with the consolidated financial statements. We are, however, unable to express an opinion on the description of the principal risks and uncertainties which the group is facing, of its state of affairs, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the information given does not present any obvious inconsistencies with the information available to us in the context of our audit mandate.

Antwerp, 4 May 2007

Clybouw Reviseurs d'entreprises scprl, Auditors
Represented by André Clybouw, Statutory Auditor approved by the CBFA

5.1.6.2. Report of the auditor on the consolidated financial statements as at 31 December 2005

REPORT OF THE AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF DPS-GROUP NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2005 (free translation of the original in Dutch)

In accordance with legal and statutory requirements, we are pleased to report to you on the performance of the audit mandate which was entrusted to us

We have audited the consolidated financial statements for the financial year closing on 31 December 2005, prepared in accordance with Belgian accounting principles, with a balance sheet total of EUR 16,256 (000) and a profit and loss account closing with a consolidated loss for the year of EUR 314 (000). We have also carried out the specific additional checks required by law.

The preparation of the consolidated financial statements and assessment of the information to be contained in the consolidated management report is the responsibility of the board of directors.

Our audit of the consolidated financial statements was carried out on the basis of auditing standards applicable in Belgium, as laid down by the Institut de Reviseurs d'Entreprises.

Unqualified audit opinion on the consolidated financial statements, with explanatory paragraph

The aforementioned standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

In accordance with these auditing standards, we have taken account of the organisation of the consolidated group in terms of administration and accounting as well as its internal control procedures. We have obtained from the board of directors and management of the company the information and explanations necessary for our audit procedures. We have performed procedures to obtain audit evidence of the amounts appearing in the consolidated financial statements. We have evaluated the appropriateness of valuation and consolidation rules and the reasonableness of the significant accounting estimates made by the company as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements closing on 31 December 2005 give a true and fair view of the financial position of the consolidated group and of its financial performance in accordance with the accounting principles generally accepted in Belgium.

Despite significant losses affecting the group’s financial position, and the fact that consolidated equity capital as at 31 December 2005 was negative, the consolidated financial statements have been prepared on a going-concern basis. The loss for the 2005 financial year was due exclusively to losses incurred by the A4S NV joint venture which, in accordance with the provisions of the law, was consolidated using the proportional method and the share of which in the consolidated loss was EUR 303 (000). A4S NV itself has negative equity capital as at 31 December 2005: the negative impact on the group’s consolidated equity capital at the same date was EUR 1,287 (000). We would draw your attention to the management report where, pursuant to the requirements of Belgian law, the board of directors states that the participation in and amounts receivable from A4S NV have been realised in full. The participating interest in A4S NV was sold with a capital gain of EUR 375 (000). The amounts receivable from A4S NV were repaid and a late interest penalty of EUR 204 (000) was received. On the basis of this fact, occurring after the balance sheet date, the board of directors resolved that adjustments in relation to the valuation or classification of certain balance sheet items in the group’s consolidated financial statements were not necessary as at 31 December 2005 and justified the application of the valuation rules on the assumption of going-concern.

Additional statements

It is our responsibility to supplement our report with the following additional statements which do not modify our opinion on the consolidated financial statements:

- The consolidated annual management report covers the information required by law and is consistent with the consolidated financial statements. We are, however, unable to express an opinion on the description of the principal risks and uncertainties which the group is facing, of its state of affairs, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the information given does not present any obvious inconsistencies with the information available to us in the context of our audit mandate.

Antwerp, 6 July 2006

Clybouw Reviseurs d’entreprises scprl
Auditors
Represented by André Clybouw, banking and company auditor, manager

5.2. INDIVIDUAL FINANCIAL STATEMENTS AS AT 31.12.2006, 31.12.2005 AND 31.12.2004

The individual financial statements as at 31.12.2004 and 31.12.2005 were filed, respectively, with the Balance Sheet Office of the National Bank of Belgium in 2005 and 2006 under the former company name 'DPS-Group NV'. The individual financial statements as at 31.12.2006 comprise the financial statements as approved by the general meeting of 4 May 2007.

The auditor issued an unqualified opinion on the individual financial statements for 2006. The second part of the report includes a separate description of the impact on the assets and liabilities arising for the company out of resolutions of the board of directors, relating in particular to a conflict of interest covered by article 523 (1) of the Belgian Companies Code.

The auditor issued an unqualified opinion on the individual financial statements for 2005. Finally, the auditor issued a qualified opinion on the individual financial statements for 2004, concerning the participating interest in A4S NV.[9]

Unless otherwise indicated, the amounts in this chapter are expressed in euros.

5.2.1. Balance sheet - Arpadis Group S.A.

ASSETS	31/12/2006	31/12/2005	31/12/2004
FIXED ASSETS	922,980	4,650,729	3,990,361
Intangible fixed assets			
Tangible fixed assets	26,115	98,407	54,448
Plant, machinery and equipment	*31*	*54*	
Furniture and vehicles	*26,084*	*98,353*	*54,448*
Financial fixed assets	896,865	4,552,322	3,935,913
Associated undertakings	*896,590*	*4,180,587*	*3,564,315*
Participating interests	865,590	1,515,340	1,515,340
Amounts receivable		2,665,247	2,048,975
Other financial fixed assets	*275*	*371,735*	*371,598*
Shares and interests	211	371,671	371,534
Amounts receivable and cash guarantees	64	64	64

[9] "Financial fixed assets include the sum of EUR 2,298,975 relating to a participating interest in and amount receivable from A4S N.V.. This participating interest is held 50-50 with another shareholder. Furthermore, our company has undertaken with the other shareholder to enable AAS N.V. to dispose of sufficient liquid assets and thus enable A4S N.V. to fulfil at all times its undertakings vis-à-vis the bank, that is to say, a line of credit of EUR 6,942,000. At the end of 2004, A4S N.V. has negative equity capital and there is therefore uncertainty as to whether or not it will continue to trade. Moreover, the auditor of A4S N.V. has confirmed this uncertainty by issuing a qualified opinion as regards this participating interest. Nevertheless, we have recorded no write downs on this participating interest and the associated amount receivable nor any provision for the possible consequences of the matter referred to above.

ASSETS	31/12/2006	31/12/2005	31/12/2004
CURRENT ASSETS	1,198,761	310,744	282,366
Amounts receivable within one year	1,163,976	301,555	276,457
Trade debtors	*5,453*	*234,715*	*215,000*
Other amounts receivable	*1,158,523*	*66,840*	*61,457*
Cash and cash equivalent	31,119	3,578	3,703
Prepayments and accrued income	3,666	5,611	2,205
TOTAL ASSETS	**2,121,741**	**4,961,473**	**4,272,726**

LIABILITIES	31/12/2006	31/12/2005	31/12/2004
EQUITY CAPITAL	1,959,852	1,593,640	1,597,764
Capital	500,000	500,000	500,000
Reserves	1,300,000	50,000	50,000
Statutory reserve	*50,000*	*50,000*	*50,000*
Available reserves	*1,250,000*		
Accrued income	159,852	1,043,640	1,047,764
LIABILITIES	161,889	3,367,833	2,674,963
Amounts payable after more than one year	19,675	48,944	28,485
Financial debts	*19,675*	*48,944*	*28,485*
Credit establishments	19,675	48,944	28,485
Amounts payable within one year	79,041	3,316,641	2,644,954
Amounts payable after more than one year falling due within one year	*29,269*	*30,418*	*17,083*
Financial debts		*3,189,662*	*2,075,658*
Credit establishments		3,189,662	2,075,658
Trade debts	*10,402*	*66,368*	*113,141*
Suppliers	10,402	66,368	113,141
Tax, wages and salaries and social security	*36,920*	*30,193*	*25,223*
Tax	31,202	20,758	15,850
Wages and salaries and social security	5,718	9,435	9,373
Other amounts payable	*2,450*		*413,849*
Accruals and deferred income	63,173	2,248	1,522
TOTAL LIABILITIES	**2,121,741**	**4,961,473**	**4,272,726**

5.2.2. Profit and loss account - Arpadis Group S.A.

	31/12/2006	31/12/2005	31/12/2004
Sales and services	188,261	416,599	360,592
Turnover	*186,000*	*414,415*	*359,000*
Other operating income	*2,261*	*2,184*	*1,592*
Cost of sales and services	470,603	264,304	287,258
Other goods and services	*242,773*	*149,961*	*190,613*
Wages and salaries, social security and pensions	*19,109*	*76,398*	*76,500*
Amortisation and depreciation and amounts written off start-up costs, tangible and intangible fixed assets	*11,742*	*29,208*	*15,135*
Other operating expenses	*196,979*	*8,737*	*5,010*
Operating result	-282,342	152,295	73,334
Financial income	366,971	27,550	-
Income from financial fixed assets	*3*	*3*	
Income from current assets	*203,719*		
Other financial income	*163,249*	*27,547*	
Financial expenses	90,404	177,324	55,899
Interest and other debt charges	*73,716*	*78,169*	*55,901*
Other financial expenses	*16,688*	*99,155*	*998*
Result on ordinary activities before tax	-5,775	2,521	17,439
Extraordinary income	378,540		
Capital gains on disposal of fixed assets	*378,540*		
Extraordinary expenses	374		
Capital loss on disposal of fixed assets	*374*		
Profit (loss) for the period before tax	372,391	2,521	17,439
Tax on profit	6,179	6,645	15,101
Tax	*6,517*	*7,000*	*15,101*
Tax adjustment and amounts released from tax provisions	*-338*	*-355*	
Profit (loss) for the period	366,212	-4,124	2,338
Distributable profit (loss)	366,212	-4,124	2,338

5.2.3. Cash flow statement - Arpadis Group S.A.

	31/12/2006	31/12/2005	31/12/2004
Cash flows from operating activities			
Profit (loss) for the period	366,212	-4,124	2,338
Non-cash adjustments to operating income			
Amortisation and depreciation	*11,742*	*29,209*	*15,135*
Cash flow	377,954	25,085	17,473
Changes in working capital requirement			
Amounts receivable within one year	*-862,421*	*-25,098*	
Prepayments and accrued income	*1,945*	*-3,406*	
Trade debts	*-55,966*	*-46,774*	
Tax, wages and salaries and social security	*6,727*	*4,970*	
Other amounts payable	*2,450*	*-413,849*	
Accruals and deferred income	*60,925*	*726*	
Cash flows from operating activities	-468,386	-458,346	
Investment activities			
Acquisition of tangible fixed assets	*-6,844*	*-73,167*	
Acquisition of financial fixed assets		*-616,410*	
Disposal of tangible fixed assets	*67,394*		
Payment of financial fixed assets	*2,665,247*		
Disposal of financial fixed assets	*990,210*		
Cash flows from investment activities	3,716,007	-689,577	
Financing activities			
New loans		*1,147,798*	
Repayment of loans	*-3,220,080*		
Cash flows from financing activities	-3,220,080	1,147,798	
Cash flow	27,541	-125	
Cash and cash equivalents at start of year	3,578	3,703	
Available assets	*3,578*	*3,703*	
Cash and cash equivalents at year-end	31,119	3,578	
Available assets	*31,119*	*3,578*	

5.2.4. Valuation rules

5.2.4.1. General principles

The valuation rules are established in accordance with the Royal Decree of 30 January 2001 implementing the Belgian Companies Code.

The valuation rules have not been changed in terms of wording or application since the previous financial year.

The profit and loss account has not been materially affected by income or expense chargeable to the previous year.

5.2.4.2. Fixed assets

Depreciation recorded during the financial period:

Assets	Method S *(straightline)* R *(reducing balance)* O *(other)*	Basis NR *(not revalued)* R *(revalued)*	Depreciation rate Principal costs Min. - Max.	Depreciation rate Ancillary costs Min. - Max.
1. Formation expenses				
2. Intangible fixed assets				
Software	S	NR	20,00 - 33,33	50,00 - 100,00
3. Buildings*				
4. Plant, machinery and equipments *				
5. Vehicles*				
Voitures	S	NR	20,00 - 25,00	50,00 - 100,00
Remorques	S	NR	10,00 - 25,00	50,00 - 100,00
6. Office furniture *				
Meubles	S	NR	10,00 - 15,00	50,00 - 100,00
Materiel de bureau	S	NR	20,00 - 33,33	50,00 - 100,00
Ordinateurs	S	NR	20,00 - 33,33	50,00 - 100,00
7. Other tangible fixed assets				

* Including leased assets wich should be disclosed on a separate line.

5.2.4.3. Financial fixed assets

Participating interests have not been revalued during the course of the financial year.

5.2.4.4 Liabilities

The liabilities contain no long-term debts which are not subject to interest or which have an unusually low interest rate.

5.2.4.5. Foreign currency

Assets, liabilities and commitments expressed in foreign currencies are converted to euros at the exchange rate prevailing on the date of recording. Currency translation differences are treated as financial results in the annual financial statements.

5.2.5. Notes to the individual financial statements of Arpadis Group S.A. as at 31/12/2006

5.2.5.1. Statement of intangible fixed assets (item 21 of the assets)

	Codes	Period	Previous period
CONCESSIONS, PATENTS, LICENCES, KNOWHOW, BRANDS AND SIMILAR RIGHTS			
Acquisition value at the end of the period	8052P	xxxxxxxxxxxxxxx	41.519
Movements during the period			
Acquisitions, including produced fixed assets	8022		
Sales and disposals	8032	41.519	
Transfers from one heading to another (+)/(-)	8042		
Acquisition value at the end of the period	8052		
Depreciation and amounts written down at the end of the period	8122P	xxxxxxxxxxxxxxx	41.519
Movements during the period			
Recorded	8072		
Written back	8082		
Acquisitions from third parties	8092		
Cancelled owing to sales and disposals	8102	41.519	
Transfers from one heading to another (+)/(-)	8112		
Depreciation and amounts written down at the end of the period	8122		
NET BOOK VALUE AT THE END OF THE PERIOD	211		

5.2.5.2. Statement of tangible fixed assets (items 22 to 27 of the assets)

	Codes	Period	Previous period
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the period	8192P	xxxxxxxxxxxxxxx	119
Movements during the period			
Acquisitions, including produced fixed assets	8162		
Sales and disposals	8172		
Transfers from one heading to another (+)/(-)	8182		
Acquisition value at the end of the period	8192	119	
Revaluation surpluses at the end of the period	8252P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8212		
Acquisitions from third parties	8222		
Cancelled	8232		
Transfers from one heading to another (+)/(-)	8242		
Revaluation surpluses at the end of the period	8252		
Depreciation and amounts written down at the end of the period	8322P	xxxxxxxxxxxxxxx	65
Movements during the period			
Recorded	8272	23	
Written back	8282		
Acquisitions from third parties	8292		
Cancelled owing to sales and disposals	8302		
Transfers from one heading to another (+)/(-)	8312		
Depreciation and amounts written down at the end of the period	8322	88	
NET BOOK VALUE AT THE END OF THE PERIOD	(23)	31	

	Codes	Period	Previous period
FURNITURE AND VEHICLES			
Acquisition value at the end of the period	8193P	xxxxxxxxxxxxxxx	164.460
Movements during the period			
Acquisitions, including produced fixed assets	8163	6.844	
Sales and disposals	8173	103.246	
Transfers from one heading to another (+)/(-)	8183		
Acquisition value at the end of the period	8193	68.058	
Revaluation surpluses at the end of the period	8253P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8213		
Acquisitions from third parties	8223		
Cancelled	8233		
Transfers from one heading to another (+)/(-)	8243		
Revaluation surpluses at the end of the period	8253		
Depreciation and amounts written down at the end of the period	8323P	xxxxxxxxxxxxxxx	66.107
Movements during the period			
Recorded	8273	11.719	
Written back	8283		
Acquisitions from third parties	8293		
Cancelled owing to sales and disposals	8303	35.852	
Transfers from one heading to another (+)/(-)	8313		
Depreciation and amounts written down at the end of the period	8323	41.974	
NET BOOK VALUE AT THE END OF THE PERIOD	(24)	26.084	

5.2.5.3. Statement of financial fixed assets (item 28 of the assets)

	Codes	Period	Previous period
AFFILIATED ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8391P	xxxxxxxxxxxxxxx	1.515.340
Movements during the period			
Acquisitions, including produced fixed assets	8361	6.250	
Sales and disposals	8371	625.000	
Transfers from one heading to another (+)/(-)	8381		
Acquisition value at the end of the period	8391	896.590	
Revaluation surpluses at the end of the period	8451P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8411		
Acquisitions from third parties	8421		
Cancelled	8431		
Transfers from one heading to another (+)/(-)	8441		
Revaluation surpluses at the end of the period	8451		
Amounts written down at the end of the period	8521P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8471		
Written back	8481		
Acquisitions from third parties	8491		
Cancelled owing to sales and disposals	8501		
Transfers from one heading to another (+)/(-)	8511		
Amounts written down at the end of the period	8521		
Uncalled amounts at the end of the period	8551P	xxxxxxxxxxxxxxx	
Movements during the period (+)/(-)	8541		
Uncalled amounts at the end of the period	8551		
NET BOOK VALUE AT THE END OF THE PERIOD	(280)	896.590	
AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	281P	xxxxxxxxxxxxxxx	2.665.247
Movements during the period			
Additions	8581		
Repayments	8591	2.665.247	
Amounts written down	8601		
Amounts written back	8611		
Exchange differences (+)/(-)	8621		
Other (+)/(-)	8631		
NET BOOK VALUE AT THE END OF THE PERIOD	(281)		
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD	8651		

	Codes	Period	Previous period
OTHER ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8393P	xxxxxxxxxxxxxxx	533.493
Movements during the period			
Acquisitions, including produced fixed assets	8363		
Sales and disposals	8373	371.460	
Transfers from one heading to another (+)/(-)	8383		
Acquisition value at the end of the period	8393	162.033	
Revaluation surpluses at the end of the period	8453P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8413		
Acquisitions from third parties	8423		
Cancelled	8433		
Transfers from one heading to another (+)/(-)	8443		
Revaluation surpluses at the end of the period	8453		
Amounts written down at the end of the period	8523P	xxxxxxxxxxxxxxx	161.822
Movements during the period			
Recorded	8473		
Written back	8483		
Acquisitions from third parties	8493		
Cancelled owing to sales and disposals	8503		
Transfers from one heading to another (+)/(-)	8513		
Amounts written down at the end of the period	8523	161.822	
Uncalled amounts at the end of the period	8553P	xxxxxxxxxxxxxxx	
Movements during the period (+)/(-)	8543		
Uncalled amounts at the end of the period	8553		
NET BOOK VALUE AT THE END OF THE PERIOD	(284)	211	
OTHER ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	285/8P	xxxxxxxxxxxxxxx	64
Movements during the period			
Additions	8583		
Repayments	8593		
Amounts written down	8603		
Amounts written back	8613		
Exchange differences (+)/(-)	8623		
Other (+)/(-)	8633		
NET BOOK VALUE AT THE END OF THE PERIOD	(285/8)	64	
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD	8653		

5.2.5.4. *Information concerning participating interests*

SHARE IN THE CAPITAL AND OTHER RIGHTS IN OTHER COMPANIES

List of both enterprises in wich the enterprise holds a participating interest (recorded in the heading 28 of assets) and other enterprises in which the enterprise holds rights (recorded in the headings 28 and 50/53 of assets) in the amount of at least 10% of the capital issued.

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by			Information from the most recent period for which annual accounts are available			
	directly		subsidiaries	Primary financial statement	Monetary unit	Capital and reserves	Net result
	Number	%	%			(+) or (-) (in monetary units)	
Arpadis Chemicals PLC Samberstraat 7 2060 Antwerpen 6 Belgium 0465.762.821				31/12/2006	EUR	1.377.433	-2.803
actions ordinaires	699	99,00	0,00				
Arpadis Manage PLC Zoning Industriel Zone D 5 7170 Manage Belgium 0478.934.035				30/09/2006	EUR	60.733	3.637
ordin sans désignation de valeur nominal	149	99,33	0,00				
Arpadis Custom Processing PLC Samberstraat 7 2060 Antwerpen 6 Belgium 0479.928.680				31/12/2006	EUR	383.986	48.165
actions ordinaires type A	125	50,00	0,00				
Arpaline IT PLLC Nordsternstrasse 65 45329 Essen Germany 111570744				31/12/2006	EUR	30.941	5.151
actions ordinaires	125	50,00	0,00				

5.2.5.5. *Statement of capital and shareholder structure*

STATEMENT OF CAPITAL

Social capital

	Codes	Period	Previous period
Issued capital at the end of the period	100P	XXXXXXXXXXXXXX	500.000
Issued capital at the end of the period	(100)	500.000	

	Codes	Amounts	Number of shares
Changes during the period:			
Structure of the capital Different categories of shares			
ordinaires sans désignation de valeur nominale		500.000	500
Registered	8702	XXXXXXXXXXXXXX	500
Bearer	8703	XXXXXXXXXXXXXX	

Capital not paid	Codes	Uncalled capital	Capital called, but not paid
Uncalled capital	(101)		XXXXXXXXXXXXXX
Capital called, but not paid	8712	XXXXXXXXXXXXXX	
Shareholders having yet to pay up in full			

OWN SHARES	Codes	Period
Held by the company itself		
Amount of capital held	8721	
Number of shares held	8722	
Held by the subsidiaries		
Amount of capital held	8731	
Number of shares held	8732	
Commitments to issue shares		
Following the exercising of CONVERSION RIGHTS		
Amount of outstanding convertible loans	8740	
Amount of capital to be subscribed	8741	
Corresponding maximum number of shares to be issued	8742	
Following the exercising of SUBSCRIPTION RIGHTS		
Number of outstanding subscription rights	8745	
Amount of capital to be subscribed	8746	
Corresponding maximum number of shares to be issued	8747	
Authorized capital, not issued	8751	

Shared issued, not representing capital	Codes	Period
Distribution		
Number of shares held	8761	
Number of voting rights attached thereto	8762	
Allocation by shareholder		
Number of shares held by the company itself	8771	
Number of shares held by its subsidairies	8781	

5.2.5.6. *Statement of liabilities and accruals and deferred income*

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME	Codes	Period
ANALYSIS BY CURRENT PORTIONS OF AMOUNTS INITIALLY PAYABLE AFTER MORE THAN ONE YEAR		
Amounts payable after more than one year, not more than one year		
Financial debts	8801	29.269
Subordinated loans	8811	
Unsubordinated debentures	8821	
Leasing and other similar obligations	8831	
Credit institutions	8841	29.269
Other loans	8851	
Trade debts	8861	
Suppliers	8871	
Bills of exchange payable	8881	
Advance payments received on contracts in progress	8891	
Other amounts payable	8901	
Total amounts payable after more than one year, not more than one year	(42)	29.269
Amounts payable after more than one year, between one and five years		
Financial debts	8802	19.675
Subordinated loans	8812	
Unsubordinated debentures	8822	
Leasing and other similar obligations	8832	
Credit institutions	8842	19.675
Other loans	8852	
Trade debts	8862	
Suppliers	8872	
Bills of exchange payable	8882	
Advance payments received on contracts in progress	8892	
Other amounts payable	8902	
Total amounts payable after more than one year, between one and five years	8912	19.675
Amounts payable after more than one year, over five years		
Financial debts	8803	
Subordinated loans	8813	
Unsubordinated debentures	8823	
Leasing and other similar obligations	8833	
Credit institutions	8843	
Other loans	8853	
Trade debts	8863	
Suppliers	8873	
Bills of exchange payable	8883	
Advance payments received on contracts in progress	8893	
Other amounts payable	8903	
Total amounts payable after more than one year, over five years	8913	

	Codes	Period
AMOUNTS PAYABLE GUARANTEED *(headings 17 and 42/48 of liabilities)*		
Amounts payable guaranteed by Belgian public authorities		
Financial debts	8921	
Subordinated loans	8931	
Unsubordinated debentures	8941	
Leasing and other similar obligations	8951	
Credit institutions	8961	
Other loans	8971	
Trade debts	8981	
Suppliers	8991	
Bills of exchange payable	9001	
Advance payments received on contracts in progress	9011	
Taxes, remuneration and social security	9021	
Other amounts payable	9051	
Total amounts payable guaranteed by Belgian public authorities	9061	
Amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets		
Financial debts	8922	48.944
Subordinated loans	8932	
Unsubordinated debentures	8942	
Leasing and other similar obligations	8952	
Credit institutions	8962	48.944
Other loans	8972	
Trade debts	8982	
Suppliers	8992	
Bills of exchange payable	9002	
Advance payments received on contracts in progress	9012	
Taxes, remuneration and social security	9022	
Taxes	9032	
Remuneration and social security	9042	
Other amounts payable	9052	
Total amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets	9062	48.944
AMOUNTS PAYABLE FOR TAXES, REMUNERATION AND SOCIAL SECURITY		
Taxes *(heading 450/3 of the liabilities)*		
Expired taxes payable	9072	
Non expired taxes payable	9073	17.745
Estimated taxes payable	450	13.457
Remuneration and social security *(heading 454/9 of the liabilities)*		
Amount **due** to the National Office of Social Security	9076	
Other amounts payable relating to remuneration and social security	9077	5.718

ACCRUED CHARGES AND DEFERRED INCOME	Period
Allocation of the heading 492/3 of liabilities if the amount is considerable	
Charges à imputer - IPO	50.000
Charges à imputer - autres	13.172

5.2.5.7. Profit and loss account

	Codes	Period	Previous period
OPERATING INCOME			
Net turnover			
Broken down by categories of activity			
Allocation into geographical markets			
Other operating income			
Total amount of subsidies and compensatory amounts obtained from public authorities	740		
OPERATING COSTS			
Employees recorded in the personnel register			
Total number at the closing date	9086		1
Average number of employees calculated in full-time equivalents	9087	0,3	1,0
Number of actual worked hours	9088	464	1.733
Personnel costs			
Remuneration and direct social benefits	620	23.425	59.669
Employers' social security contributions	621	4.225	14.877
Employers' premiums for extra statutory insurances	622		
Other personnel costs	623	-8.541	1.852
Pensions	624		
Provisions for pensions			
Additions (uses and write-back) (+)/(-)	635		
Amounts written off			
Stocks and contracts in progress			
Recorded	9110		
Written back	9111		
Trade debtors			
Recorded	9112		
Written back	9113		
Provisions for risks and charges			
Additions	9115		
Uses and write-back	9116		
Other operating charges			
Taxes related to operation	640	3.785	8.737
Other charges	641/8	193.194	
Hired temporary staff and persons placed at the enterprise's disposal			
Total number at the closing date	9096		
Average number calculated as full-time equivalents	9097		
Number of actual worked hours	9098		
Charges to the enterprise	617		

5.2.5.8. Taxes and duties

	Codes	Period
INCOME TAXE		
Income taxes on the result of the current period	9134	6.517
Income taxes paid and withholding taxes due or paid	9135	17
Excess of income tax prepayments and withholding taxes recorded under assets	9136	
Estimated additional taxes	9137	6.500
Income taxes on previous periods	9138	
Taxes and withholding taxes due or paid	9139	
Estimated additional taxes estimated or provided for	9140	
In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts, and the estimated taxable profit		
Plus-values sur réalisations d'actions et parts		378.543

	Codes	Period
Status of deferred taxes		
Deferred taxes representing assets	9141	
Accumulated tax losses deductible from future taxable profits	9142	
Other deferred taxes representing assets		
Deferred taxes representing liabilities	9144	
Allocation of deferred taxes representing liabilities		

	Codes	Period	Previous Period
THE TOTAL AMOUNT OF VALUE ADDED TAX AND TAXES BORNE BY THIRD PARTIES			
The total amount of value added tax charged			
To the enterprise (deductible)	9145	12.530	10.000
By the enterprise	9146	54.291	91.000
Amounts retained on behalf of third parties for			
Payroll withholding taxes	9147	23.549	41.000
Withholding taxes on investment income	9148		

5.2.5.9. Off balance sheet rights and commitments

	Codes	Period
PERSONAL GUARANTEES GIVEN OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES	9149	
Of which		
Bills of exchange in circulation endorsed by the enterprise	9150	
Bills of exchange in circulation drawn or guaranteed by the enterprise	9151	
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise	9153	
REAL GUARANTEES		
Real guarantees given or irrevocably promised by the enterprise on its own assets as a security of debts and commitments from the enterprise		
Mortgages		
Book value of the immovable proporties mortgaged	9161	
Amount of registration	9171	
Pledging on goodwill - amount of registration	9181	
Pledging of other assets - Book value of other assets pledged	9191	22.460
Guarantees provided on future assets - Amount of assets involved	9201	
Real guarantees given or irrevocably promised by the enterprise on its own assets as a security of debts and commitments from third parties		
Mortgages		
Book value of the immovable proporties mortgaged	9162	
Amount of registration	9172	
Pledging on goodwill - amount of registration	9182	
Pledging of other assets - Book value of other assets pledged	9192	
Guarantees provided on future assets - Amount of assets involved	9202	
GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE		
SUBSTANCIAL COMMITMENTS TO ACQUIRE FIXED ASSETS		
SUBSTANCIAL COMMITMENTS TO DISPOSE FIXED ASSETS		
FORWARD TRANSACTIONS		
Goods purchased (to be received)	9213	
Goods sold (to be delivered)	9214	
Currencies purchased (to be received)	9215	
Currencies sold (to be delivered)	9216	

INFORMATION RELATING TO TECHNICAL GUARANTEES, IN RESPECT OF SALES OR SERVICES

INFORMATION CONCERNING IMPORTANT LITIGATION AND OTHER COMMITMENTS NOT MENTIONED ABOVE

IF THEREIS A SUPPLEMENTARY RETIREMENTS OR SURVIVOR'S PENSION PLAN IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE, A BRIEF DESCRIPTION OF SUCH PLAN OF THE MEASURES TAKEN BY THE ENTERPRISE TO COVER THE RESULTING CHARGES

contrat - IPO pour un montant de 200.000 Eur dont 50.000 Eur déjà imputé sur l'année en cours et ceci en fonction de l'état d'avancement actuel dans le dossier.

5.2.5.10. *Relationships with associated undertakings*

	Codes	Period	Previous period
AFFILIATED ENTERPRISES			
Financial fixed assets	(280/1)	896.590	4.180.587
Investments	(280)	896.590	1.515.340
Amounts receivable subordinated	9271		991.500
Other amounts receivable	9281		1.673.747
Amounts receivable	9291		
After one year	9301		
Within one year	9311		
Current investments	9321		
Shares	9331		
Amounts receivable	9341		
Amounts payable	9351		
After one year	9361		
Within one year	9371		
Personal guarantees			
Provided or irrevocably promised by the enterprise, as security for debts or commitments of affiliated enterprises	9381	3.525.000	1.000.000
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise	9391		
Other substancial financial commitments	9401		
Financial results			
From financial fixed assets	9421		
From current assets	9431		
Other financial income	9441		
From interest and debts	9461		
Other financial charges	9471		
Gains and losses on disposal of fixed assets			
Obtained capital gains	9481		
Obtained capital losses	9491		
ENTERPRISES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	(282/3)		
Investments	(282)		
Amounts receivable subordinated	9272		
Other amounts receivable	9282		
Amounts receivable	9292		
After one year	9302		
Within one year	9312		
Amounts payable	9352		
After one year	9362		
Within one year	9372		

5.2.5.11. Relationships with directors and managers, individuals or legal entities which directly or indirectly control the company without being directly associated with it or other companies controlled directly or indirectly by such persons.

	Codes	Period
Amounts receivable from these persons	9500	7.500
Conditions on amounts receivable		
Guarantees provided in their favour	9501	
Other significant commitments undertaken in their favour	9502	
Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person		
To directors and managers	9503	
To former directors and former managers	9504	

AUDITORS OR PEOPLE THEY ARE LINKED TO

	Codes	Period
Auditor's fees	9505	1.649
Fees for exceptional services or special missions executed in the company by the auditor		
Other attestation missions	95061	6.250
Tax consultancy	95062	
Other missions external to the audit	95063	
Fees for exceptional services or special missions executed in the company by people they are linked to		
Other attestation missions	95081	
Tax consultancy	95082	
Other missions external to the audit	95083	

Mention related to article 133 paragraph 6 from the Companies Code

5.2.5.12. Social report

Numbers of joint industrial committees which are competent for the enterprise: 207

STATEMENT OF THE PERSONS EMPLOYED

EMPLOYEES RECORDED IN THE STAFF REGISTER

During the period and the previous period	Codes	1. Full-time *(period)*	2. Part-time *(period)*	3. Total (T) or total of full-time equivalents (FTE) *(period)*	3P.Total (T) or total of full-time equivalents (FTE) *(previous period)*
Average number of employees	100	0,3		0,3 (FTE)	1,0 (FTE)
Number of hours actually worked	101	464		464 (T)	1.733 (T)
Personnel costs	102	19.109		19.109 (T)	76.398 (T)
Advantages in addition to wages	103	xxxxxxxxxxxxxxx	xxxxxxxxxxxxxxx	(T)	(T)

At the closing date of the period	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees recorded in the personnel register	105			
By nature of the employment contract				
Contract for an indefinite period	110			
Contract for a definite period	111			
Contract for the execution of a specifically assigned work	112			
Replacement contract	113			
According to gender				
Male	120			
Female	121			
By professional category				
Management staff	130			
Employees	134			
Workers	132			
Other	133			

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period	Codes	1. Temporary personnel	2. Persons placed at the disposal of the enterprise
Average number of employees	150		
Number of hours actually worked	151		
Charges of the enterprise	152		

TABLE OF PERSONNEL CHANGES DURING THE PERIOD

ENTRIES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees recorded on the personnel register	205			
By nature of the employment contract				
Contract for an indefinite period	210			
Contract for a definite period	211			
Contract for the execution of a specifically assigned work	212			
Replacement contract	213			
According to the gender and by level of education				
Male: primary education	220			
secondary education	221			
higher education (non-university)	222			
university education	223			
Female: primary education	230			
secondary education	231			
higher education (non-university)	232			
university education	233			

DEPARTURES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
The number of employees with a in the staff register listed date of termination of the contract during the period	305	1		1,0
By nature of the employment contract				
Contract for an indefinite period	310	1		1,0
Contract for a definite period	311			
Contract for the execution of a specifically assigned work	312			
Replacement contract	313			
According to the gender and by level of education				
Male: primary education	320			
secondary education	321			
higher education (non-university)	322			
university education	323	1		1,0
Female: primary education	330			
secondary education	331			
higher education (non-university)	332			
university education	333			
According to the reason for termination of the employment contract				
Retirement	340			
Early retirement	341			
Dismissal	342			
Other reason	343	1		1,0
Of which the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis	350			

EMPLOYMENT PROMOTION MEASURES

	Codes	Number of employees involved		3. Financial advantage
		1. Number	2. In full-time equivalents	
Measures comprising a financial profit*				
Priority employment plan (in order to encourage the recruitment of job seekers belonging to high-risk groups)	414			
Half-time early retirement under col. Agreements	411			
Total career interruption	412			
Reduction in work duties (part-time career interruption)	413			
Social Maribel operation	415			
Structural reduction of the social security contributions	416	1	1,0	499
Professional transition program	417			
Service jobs	418			
Employment-training agreements	503			
Apprenticeship contracts	504			
First job agreement	419			
Other measures				
Youth training	502			
Successive employ~~ment contracts~~ concluded for specific periods	505			
Early retirement under collective agreements	506			
Reduction of personal social security contributions to poorly paid employees	507			

Number of employees who are subject to one or more measures in support of employment opportunities

	Codes	1. Number	2. In full-time equivalents
total for the period	550	1	1,0
total for the preceding period	550P	1	1,0

INFORMATION WITH REGARD TO TRAINING RECEIVED BY EMPLOYEES DURING THE PERIOD

Total number of training projects as at company expense	Codes	Male	Codes	Female
Number of participating employees	5801		5811	
Number of training hours	5802		5812	
Costs for the company	5803		5813	

INFORMATION ON EDUCATIONAL OR TUTORIAL ACTIVITIES OF EMPLOYEES IN COMPLIANCE WITH THE LAW OF SEPTEMBER 5TH 2001 CONCERNING THE IMPROVEMENT OF EMPLOYMENT RATE

Educational or tutorial activities	Codes	Male	Codes	Female
Number of employees practising	5804		5814	
Number of hours spent on these activities	5805		5815	
Number of employees attending these activities	5806		5816	

5.2.6. Commentary on the annual financial statements (taken from the management report)

5.2.6.1. Fixed assets

The investments made are intended to improve the company's organisation and boost its development.

Financial fixed assets:
The participating interest in A4S N.V. was sold in 2006, realising a capital gain. This sale was accompanied by full write off of all advances granted to A4S N.V.
In addition, it was decided to sell the participating interest in 3DDD. This sale generated no capital gain or loss on the disposal of financial fixed assets.

5.2.6.2. Stocks

The company does not hold stocks since the company's object is the provision of services.

5.2.6.3. Trade debtors

There are no outstanding amounts receivable from trade debtors at year-end.

Suppliers with a negative balance, amounting to EUR 50,000, have been transferred to trade debtors.

There has been no need to establish a provision for doubtful customers.

There are no trade debtors over one year.

5.2.6.4. Other amounts receivable

Advances of EUR 459 k and EUR 692 k have been granted, via the current account, to Arpadis Custom Processing and to Arpadis Chemicals, respectively.

5.2.6.5. Cash and cash equivalent

Cash and cash equivalent total EUR 31,119. This arises out of a demand credit which was unused at year-end.

5.2.6.6. Equity capital

The fully paid up capital amounts to EUR 500,000
Accrued income amounts to EUR 159,852 and available reserves total EUR 1,250,000.
The statutory reserve is at the legal minimum, i.e. 10% of the capital.
Equity capital at year-end totals EUR 1,959,852

5.2.6.7. Liabilities

The company has used only the sum of EUR 48,944 in bank loans, in the form of an investment loan.

5.2.6.8. Trade debts

These debts relate to the company's activity. No debts are payable after more than one year.

CHAPTER 6: CORPORATE GOVERNANCE

6.1. BOARD OF DIRECTORS

6.1.1. Composition (articles 12 and 13 of the articles of association)

The ARPADIS GROUP shall be managed by a board of directors, composed of at least three members, who may or may not be shareholders. These are appointed for a maximum period of six (6) years by the general assembly, which may revoke or suspend their appointment at any time.

Departing directors may be re-elected.

Whenever a legal entity is appointed director, that person is required to designate a permanent representative, appointed by its board of directors in accordance with article 61(2) of the Belgian Companies Code, and charged with carrying out this mission on behalf of and for the account of the legal entity.

If for any reason the number of directors falls below the minimum number provided for by law or by the articles of association, those directors whose term of office has come to an end shall remain in office until such time as the general assembly appoints a replacement.

If a position on the board of directors becomes vacant, the remaining directors are entitled to make a temporary appointment until the general assembly appoints a new director. The appointment will be placed on the agenda of the next general assembly. Any director thus appointed by the general assembly shall complete the term of office of the director he replaces.

The current members of the board of directors of the ARPADIS GROUP are:

1) *Laurent Abergel*, resident at Kwikstaartlaan 14 , 2610 Wilrijk (National Registration No. 700609-31950)

   - Born on 9 June 1970 in Antwerp – Civil Status: Married - 3 children

   - Education: Université Paris Dauphine (France): Maîtrise Sciences et Gestion (MSG) - Option Finance (09/1993) [Degree in Science and Management – Finance Option]

   - Professional experience:
     1993-1999: DIAMCHEM S.A.: Founder and Managing Director
     1999 - present: ARPADIS GROUP: Founder and Managing Director
     A4S: Joint venture with Noord Natie Terminals: warehousing at the port of Antwerp
     3DDD Pharma: Marketing of generic medicines. Chairman of the Board of Directors.

   - Other directorships:
     Various directorships within the Arpadis Group companies:
       - Arpadis Immo S.A. (RPM 438.210.168): Managing Director
       - Arpadis Chemicals S.A. (RPM 465.762.821): Managing Director
       - Arpadis Manage S.A. (RPM 478.934.035): Chairman
       - Arpadis Polyuréthane S.A. (RPM 880.952.911): Partner
       - Arpadis Custom Processing S.A. (RPM 479.928.680): Managing Director

     L.A. Investment (RPM 465.551.401): Managing Director
     BATYO N.V. (RPM 462.659.217): Managing Director

2) *JNaveau Management S.A.* with registered office at Rue du Paradis, 89 - 1400 Nivelles, corporation No.479.626.002, the permanent representative of which is *Jean Naveau*, resident at Rue du Paradis, 89, 1400 Nivelles (National Registration No. 40121-06162)

- Born on 21 January 1954 – Civil Status: Married - 4 children

- Education:
  Ingénieur Chimiste de l'Université de Liège (1977) [Graduate in chemistry from the University of Liege]
  PetroFina MBA, organised by the University of Louvain (1994)

- Professional experience:
  1977-1979: Assistant at the faculty of Applied Sciences
  1977-1997: PetroFina S.A.:
  - Process Engineer - Fina Research S.A: building of pilot units and management of pilot facilities
  - Manager of a research team carrying out research into elastomers - Fina Researche S.A.
  - Senior Technical Manager - Fina Research S.A.
  - Development and implementation of a new Business Model for the chemical division of PetroFina in partnership with Mc Kinsey.
  - Market and Sell General Manager - Petrofina S.A.
  1997-2001: Haltermann N.V.: Managing Director- Member of the Board of Directors.

- Other directorships:
  - JNaveau Management S.A. (RPM 479.626.002): Managing Director
  - Luyten S.A. (RPM 449.936.775): Director
  - Arpadis Custom Processing S.A. (RPM 479.928.680): Managing Director

3) *Xavier Carré*, resident at Rue du Château St Donat, 1, 59118 Wambrechies (France)

- Born on 12 July 1967 – Civil status: Married - 4 children

- Education: Diplôme humanités supérieures: Bac G3 [Higher Humanities Diploma]

- Professional experience:
  1988-1992: Deltichim (Trading chemical products): Purchase-sale, logistics and prospecting
  1992-1997: Langlois Chimie (Klöckner group): Director of Sales
  1997 - present: Arpadis Group: Director – Sales Manager Arpadis Chemicals – Chairman and CEO Arpadis France.

- Other directorships:
  - Arpadis Chemicals S.A. (RPM 465.762.821): Director
  - Arpadis Immo S.A. (RPM 438.210.168): Managing Director
  - Arpadis France: Chairman and CEO

4) *Geert Wouters*, resident at Herentsesteenweg 102, 3012 Leuven (National Registration No. 691018-10501)

- Born on 18 October 1969 – Civil Status: Married - 2 children

- Education: Graduate, Accountancy and Tax

- Professional experience:
  1991-1993: Fortis: Credit Department: monitoring of mortgage loans
  1993-2002: Deutsche Bank Ag:
  - Trade Finance Department: co-management of the Back-office
  - Trade Finance Department: Relationship Manager

- Corporate Banking: Relationship Manager
2002 to present: Arpadis Group S.A.: Director of Finance and Administration

- Other directorships:
Arpadis Coatings Services S.A. (RPM 435.097.359): Director

5) *Saurin Parikh* resident at Hagedoornlaan, 5, 2020 Antwerp (National Registration No. 700618-36129)

- Born on 18/06/1970 – Civil Status: Married - 2 children

- Education: Antwerp International School

- Professional experience:
1988: Diarough N.V. (diamonds industry): Director and manager of diamond processing subsidiaries.
Acquisition of Teemane Manufacturing Company (Botswana), the joint venture between De Beers and the Government of Botswana. Creation of a factory in Matane (Quebec).

- Other directorships:
Diarough N.V: Managing Director

6) Arnold Alscher, resident at Speckmannstrasse 27, 22391 Hamburg (Germany)

- Born on 5 September 1944 – Civil Status: Married, 3 children

- Education: 1973 University of Cologne doctorate in Organic Chemistry and student of Economic Sciences

- Professional experience:

  1974: Institute of Organic Chemistry, University of Cologne: Assistant
  1975: IMB San Jose (California): Chemist
  1976-1990: Rütgerswerke Ag, Duisburg (Germany):
  - Chemist
  - Manager of the production and development department in the subsidiary Fabrik Weyl (Mannheim)
  - Sales manager VfT GmbH Essen (Sales arm of Rütgers Tar Chemistry Division)
  - Managing Director of Vft GMBH, Director of Rütgers Tar Chemistry Division and manager of the R&D department
  1991-2001: Haltermann Ag, Hamburg (Germany):
  Chairman of the Executive Committee and Chairman of various group subsidiaries (USA, Belgium)
  2002-2005: Enro Ag: CEO and Chairman of the Board of Directors.
  2005: Barfeld GmbH, Mülheim, Ruhr (Business Consulting & Executive search): Partner

- Other directorships:
Barfeld GmbH

7) Jean-Marie Vlassembrouck, resident in 1400 Nivelles, Chemin de Stoisy 37

- Born on 6 January 1948 – Civil Status: Married, 3 children

- Education: Degree in Economic and Financial Sciences

- Professional experience:

1973-1977: The Boots Company Benelux: Product Manager - Sales Manager
1977-1981: Cordis Dow: Manager Quality Assurance, Regulatory and Medical Affairs (Europe and the Middle East)
1981-1989: 3M Europe: Manager Regulatory/Industry Affairs Health Care, Europe
1988-1991: Chairman of EUCOMED (European Confederation of Medical Devices)
1989 to present: Baxter World Trade S.A.:

- Director Governmental Affairs Europe
- Vice-President Public Affairs Europe
- Managing Director Baxter Benelux
- Vice-President Global Industry Affairs BioScience

1996-1998: Chairman of EUCOMED
1997 to present: Chairman PPTA Europe (Plasma Protein Therapeutics Association)

▪ Other directorships:

JNaveau Management S.A.: (RPM 479.626.002): Director

Their terms of office come to an end on closure of the General Assembly in 2013.

None of the directors have been involved in bankruptcy proceedings or been subject to any criminal or administrative sanction.

6.1.2. Chairmanship

The board of directors shall select a chairman from among its members. In the event of impediment, he shall be replaced by the most senior director.

The company's current chairman is Laurent Abergel

6.1.3. Powers (article 16 of the articles of association)

The board of directors is vested with powers to accomplish all acts that are necessary or useful for the realisation of the company purpose, except those reserved by law to the general assembly.

The board of directors may delegate to a representative, who need not necessarily be a shareholder or director, all or some of its powers for special and specific matters.

The board of directors may create, from among members of the board of directors and under its responsibility, one or more management committees. The composition and tasks of these management committees will be established by the board of directors.

6.1.4. Representation (article 16 of the articles of association)

Subject to the general power of representation of the board of directors as a board, the ARPADIS GROUP shall be validly represented in all its acts, against third parties and before the courts, both as claimant and defendant, by two directors acting together or by one managing director acting alone or, within their remit, by the persons responsible for day-to-day management or by a special representative appointed by the board of directors.

If a management committee is set up in accordance with article 524(1) of the Belgian Companies Code, the ARPADIS GROUP shall be validly represented in its acts and before the courts, by two members of the management committee acting together; the latter shall not have to justify to any third party any prior decision taken by the management committee.

6.1.5. Functioning of the Board of Directors

6.1.3.1. Meetings (article 14 of the articles of association)

The board of directors shall meet upon the call of the Chairman, whenever so required in the interests of the company. It must meet upon the request of two directors or one managing director.

Notices of meetings shall indicate the place, date, time and agenda for the meeting and shall be sent at least two clear days before the meeting by letter, fax, e-mail or by any other written means.

The board of directors shall select a chairman from among its members. In the event of impediment, the most senior director shall replace him.

In exceptional circumstances, where the meeting notice period referred to above is inappropriate, said period may be shorter. If necessary, notice of a meeting may be given by telephone, in addition to the methods referred to above.

The validity of the notice of the meeting may not be questioned if all directors are present or duly represented and indicate their agreement as regards the agenda.

Board meetings can validly be held by video- or telephone conference. In such case, the meeting will be considered to have been held at the registered office provided that at least one director has taken part in the meeting from that location.

6.1.3.2. Deliberations (article 15 of the articles of association)

The board of directors may only deliberate where the majority of its members is present or represented. Directors unable to attend meetings may vote by correspondence. In order to determine this quorum, directors who are unable to participate in the deliberations of the board of directors pursuant to article 523 of the Belgian Companies Code shall not be counted.

If the quorum is not reached, a new meeting of the board of directors will be called with the same agenda and such meeting shall validly deliberate and pass resolutions if at least two directors are present or represented.

Any director may grant a proxy to another director by letter, fax, e-mail or by any other similar technical means, to represent him at a meeting of the board of directors and vote in his place. The content of the proxy form shall be determined by the board of directors. A director may only be represented by another director.

Any director who is unable to attend a meeting may cast his vote by letter, fax, e-mail or any other similar technical means.

The board of directors may only validly discuss items not appearing on the agenda if all the directors are present or represented and they decide unanimously to discuss those matters.

Decisions shall be taken by majority vote. Blank or spoiled votes shall not be counted. In the event of a tied vote, the chairman shall have the casting vote.

Any director who, directly or indirectly, has an interest of a financial nature conflicting with a resolution falling within the powers of the board of directors must comply with the provisions of article 523 of the Belgian Companies Code. In such circumstances, the director may not take part in the deliberations of the board of directors in relation to these transactions or these decisions, or take part in any vote.

In exceptional cases, duly justified by urgency or the interests of the company, and if the law so permits, the decisions of the board of directors may be taken by unanimous consent of directors expressed in writing. This procedure may not be followed for approval of the annual financial statements, use of the authorised capital or any other case excluded under the articles of association.

The written proposal and the consent of the directors expressed in writing shall be inserted into the special register referred to in article 14.

6.1.3.3. Remuneration (article 18 of the articles of association)

The office of director shall not be remunerated, unless the general assembly decides otherwise.

6.1.3.5. Committees (article 17 of the articles of association)

The board of directors may transfer its powers to a management committee, except as regards the company's general policy and those actions reserved by the Belgian Companies Code to the board of directors.

6.1.3.5. Corporate Governance

The Company conforms to the provisions of the Code Buysse, applicable to companies admitted to trading on the Free Market.

6.1.6. Remuneration

In 2006, directors were granted total remuneration of €87,140.93, including salaries, bonuses and benefits in kind (comprising in particular group insurance in the sum of €8,257.97 and vehicle expenses in the sum of €16,860).
This remuneration is not received in respect of the duties of a director but in respect of duties as an executive. The office of director is not remunerated.

6.1.7. Shares held by directors

cf. Table in Chapter 3.

6.1.8. Share allocation plan in favour of directors

None

6.1.9. Agreements entered into with directors

As at 31/12/2006 there are no agreements between the group companies and any of the directors. From 01/01/2007, relations between the group and 3 of its directors will be governed by agreements providing for the remuneration of those individuals within the framework of their office within the group. The office of director remains, for its part, unremunerated. Total annual remuneration of €552,000 is planned for all management contracts.

6.2. MANAGEMENT

6.2.1. Functioning (article 17 of the articles of association)

The board of directors may transfer its powers to a management committee, except as regards the company's general policy and those actions reserved by the Belgian Companies Code to the board of directors.

The management committee shall comprise at least three members who need not necessarily be directors and who shall be appointed by the board of directors. If a legal entity is appointed as member of the management committee, it shall designate a permanent representative in accordance with article 61(2) of the Belgian Companies Code, to perform this task in the name of and for the account of the legal entity.

The board of directors shall determine the period of office of members of the management committee. Should the number of members of the management committee, for any reason whatsoever, fall below the minimum threshold set by the articles of association, the members of the management committee whose period of office has come to an end shall remain in office until such time as the board of directors appoints a replacement.

The board of directors may appoint a chairman from among the members of the management committee. Meetings of the management committee shall be called by the chairman or by two of its members. The provisions of the articles of association relating to notice, deliberations and minutes of meetings of the board of directors shall similarly apply to the management committee.

If a member of the management committee, whether directly or indirectly, has an interest of a financial nature conflicting with a resolution or transaction falling within the powers of the management committee, he must comply with the provisions of article 524(b) of the Belgian Companies Code. In such case, the member of the management committee may not participate in deliberations of the management committee in relation to these transactions or resolutions or take part in voting.

The office of member of the management committee is not remunerated, unless if otherwise decided by the board of directors.

The board of directors is responsible for supervising the management committee. The latter shall regularly report on its task to the board of directors, in such manner as determined by the board of directors.

The board of directors or, if a management committee has been set up and the board of directors has not reserved the right to delegate day-to-day management, the management committee, may delegate day-to-day management of the company to one or more directors who shall be known as managing directors, and/or to one or more persons who shall be known as directors, who need not be shareholders.

Any person responsible for day-to-day management may delegate to a representative, who need not necessarily be a shareholder or a director, all or some of his powers for special and specific matters.

6.2.2. Composition of the Management Committee

The company has not set up a Management Committee within the meaning of article 524(a) of the Belgian Companies Code.

6.3. LOANS AND GUARANTEES GRANTED OR ESTABLISHED IN FAVOUR OF THE BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

None

6.4. OPTIONS GRANTED AND EXERCICED, CONCERNING CORPORATE OFFICERS AND EMPLOYEES

None

6.5. LINKS BETWEEN THE ARPADIS GROUP AND THE OTHER COMPANIES ASSOCIATED WITH IT THROUGH ITS DIRECTORS OR MANAGERS

None

CHAPTER 7: RECENT DEVELOPMENTS AND FUTURE PROSPECTS

7.1. Recent developments

Since closure of the financial statements on 31/12/2006, the group has undergone restructuring as follows:
- Incorporation of the real estate subsidiary Arpadis Immo by means of a contribution in kind to the capital of the ARPADIS GROUP on 17/09/2007
- An increase in the capital of the Arpadis Group by means of a contribution in kind of the minority shareholding of Arpadis Custom Processing formerly belonging to L.A.-Investment S.A on 17/09/2007.
- Increase in the capital of the ARPADIS GROUP by means of a contribution in kind of the minority shareholding in MASKEM Europe S.A, formerly belonging to L.A. Investments S.A. on 17/09/2007

Cf. Chapter 3 for further details.

The group has also made the following acquisitions:
- SigmaKalon Manage under the control of Arpadis Manage S.A.
- A piece of land in China

Cf. Chapter 4 for further details

The following companies have been incorporated:
- Arpadis Manage S.A.
- Arpadis Chemicals Germany Gmbh
- Arpadis Israël
- The branch of Arpadis France in Saint-Rémy en Provence
- Polylink Logistics Ltd in China

Cf. Chapter 4 for further details.

The individual profit and loss accounts as of 30/06/2007, show the trend in the evolution of the group during 2007, following to the above mentionned changes. It must be stated that these figures are based on internal accounts that have not yet been audited. The consolidated accounts showed below are given only for information purposes, they do not apply certain consolidation rules such as those related to intra-group invoicing, to the depreciation of consolidation differences or to minority interests.

1. *Distribution arm*

The achievements of this arm generally depend upon the seasonal fluctuations of the market, which has been slowing down during the first semester of 2007. The losses incurred by Arpadis Chemicals Germany and the subsidiaries of the MENA region in particular result from the lag in the start of their activities. It can reasonably be expected that the group will perform better in distribution during the second semester of the year, compared to the net result before taxes of the first semester of €174.000. This result takes into account the percentage of the participating interest in the subsidiaries, that has increased during second semester of the year.

2. *Custom processing arm*

Arpadis Manage contributes to the losses of this arm during the first half of 2007. Actually, only 3 months of activity have been accounted for, since the take-over took place end of March 2007. The factory has reached its break-even point during the second half of 2007. This shouls allow the company to limit its loss to 350.000 €. Arpadis Coating Services on the other hand continues to perform well.

INDIVIDUAL PROFIT AND LOSS ACCOUNTS AND CONSOLIDATED STATEMENTS ON 30/06/2007
(not audited - for information purposes only)

	Europe					MENA					Asia			Custom Processing		Consolidated
	Chemicals + FR + CH	DE	UK	Polyurethanes	Chemicals Germany	Marocco	Algeria	Egypt	Dubai	Jordan	HBI	Polylink	China	Coating Services	Manage	
	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07	actual YTD 07
Turnover	***13.424.017,47***	***7.711.817,94***	***2.060.085,14***	***8.327.579,11***	***310.779,12***	***201.340,63***	***1.527.380,00***	***283.762,59***	***1.336.594,47***	***71.252,12***	***209.105,01***	***55.768,56***	***966.736,08***	***1.297.416,00***	***3.218.934,89***	***29.965.238,84***
Sales revenue	13.222.920,41	7.712.477,32	2.060.085,14	8.327.579,11	307.183,36	201.340,63	1.527.380,00	271.223,02	1.314.925,42	71.252,12		55.768,56	948.335,21	1.297.416,00		***26.447.398,87***
Other operating income	201.097,06	-659,38	0,00	0,00	3.595,76	0,00		12.539,57	21.669,04		209.105,01		18.400,87		3.218.934,89	***16.089.789,26***
Expenditures	***12.601.510,18***	***7.077.497,98***	***1.820.353,74***	***7.989.603,36***	***299.602,80***	***168.290,87***	***1.273.090,00***	***261.870,50***	***1.268.785,23***	***23.392,40***	***0,00***	***52.922,74***	***897.000,81***	***521.655,00***	***0,00***	***24.164.330,05***
Cost of goods sold	12.773.046,35	7.077.497,98	1.848.020,80	7.989.603,36	299.602,80	175.740,51	1.273.090,00	261.870,50	1.268.785,23	49.426,50		52.922,74	897.000,81	532.744,00		***24.383.086,04***
inventory change	-171.536,17		-27.667,06			-7.449,64				-26.034,11				-11.089,00		
Gross margin	**822.507,29**	**634.319,96**	**239.731,40**	**337.975,75**	**11.176,32**	**33.049,76**	**254.290,00**	**21.892,09**	**67.809,24**	**47.859,72**	**209.105,01**	**2.845,82**	**69.735,27**	**775.761,00**	**3.218.934,89**	***5.800.908,79***
Service costs	466.123,07	89.173,18	42.728,27	0,00	26.844,99	8.689,91	49.110,00	13.244,60	44.928,56	1.910,07	6.247,74	*1.015,66*	*42.748,10*	272.870,00	1.737.652,33	***2.652.363,26***
Personnel expenses	313.097,33	357.726,67	69.697,99	20.946,67	62.813,36	8.442,47	85.540,00	11.597,12	45.797,65	49.633,09	21.501,34	*2.445,10*	*40.644,34*	380.577,00	1.497.100,68	***2.592.735,77***
Depreciations & amortisations	27.233,54	10.614,00	9.225,47	3.243,57	1.434,64	1.388,49	7.390,00	2.949,64		2.546,76		305,26	967,79	55.568,00	78.000,00	***182.716,33***
Other operating expenses	10.710,34	35.014,83		1.557,10		165,71	21.380,00					142,29	5.102,19	1.741,00	134.895,98	***179.337,90***
Operating profit	**5.343,01**	**141.791,28**	**118.079,67**	**312.228,41**	**-79.916,67**	**14.363,17**	**90.870,00**	**-5.899,28**	**-22.916,98**	**-6.230,21**	**181.355,92**	**-1.062,49**	**-19.727,15**	**65.005,00**	**-228.714,10**	***193.755,52***
Financial income	***261.508,11***	***2.198,72***		***114.974,03***	***469,45***	***3.044,94***									***49,07***	***321.839,85***
Financial costs	***349.671,02***	***18.755,06***		***285.345,24***		***1.193,31***		***0,00***	***1.012,71***	***636,69***			***3.330,50***	***10.163,00***	***5.325,64***	***520.739,13***
Result from ordinary activities	**-82.819,89**	**125.234,94**	**118.079,67**	**141.857,20**	**-79.447,22**	**16.214,80**	**90.870,00**	**-5.899,28**	**-23.929,68**	**-6.866,90**	**181.355,92**	**-1.062,49**	**-23.057,65**	**54.842,00**	**-233.990,67**	***-5.143,75***
Extraordinary income	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***
Extraordinary costs	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***	***0,00***
Profit before taxes	**-82.819,89**	**125.234,94**	**118.079,67**	**141.857,20**	**-79.447,22**	**16.214,80**	**90.870,00**	**-5.899,28**	**-23.929,68**	**-6.866,90**	**181.355,92**	**-1.062,49**	**-23.057,65**	**54.842,00**	**-233.990,67**	***-5.143,75***

7.2. PROSPECTIVE FINANCIAL STATEMENTS

7.2.1. Prospective balance sheet

(Thousand Euros)	Achieved	Forecast		
	31.12.2006	31.12.2007	31.12.2008	31.12.2009
ASSETS				
FIXED ASSETS	**1.013**	**6.016**	**7.013**	**6.510**
I. START UP COSTS	8	163	125	86
II. INTANGIBLE FIXED ASSETS	24	24	21	19
III. CONSOLIDATION DIFFERENCES	89	71	53	35
III. TANGIBLE FIXED ASSETS	851	5.717	6.773	6.329
IV. FINANCIAL FIXED ASSETS	41	41	41	41
CURRENT ASSETS	**12.375**	**17.552**	**24.779**	**29.687**
V. AMOUNTS RECEIVABLE > ONE YEAR	0	0	0	0
VI. INVENTORY	1.216	1.623	2.501	3.172
VII. AMOUNTS RECEIVABLE WITHIN ONE YEAR	10.096	15.056	21.944	26.168
trade receivables	*9.098*	*14.056*	*20.944*	*25.168*
other receivables	*998*	*1.000*	*1.000*	*1.000*
VIII. SHORT TERM INVESTMENTS	0	0	0	0
IX. CASH	1.029	833	290	297
X. PREPAYMENTS AND ACCRUED INCOME	34	40	45	50
TOTAL ASSETS	**13.388**	**23.568**	**31.792**	**36.197**

The main changes in the assets involve the following items:

- Intangible fixed assets: the increase in this item arises out of the expenses of the IPO
- Tangible fixed assets: the increase in this item is accounted for by the acquisition of the Manage facility, the incorporation of Arpadis Immo into the group, investment in land in China.
- Inventory: changes are in line with changes in purchases of goods for resale.
- Trade debtors: the change is proportional to the change in turnover.

(Thousand Euros)	Achieved	Forecast		
	31.12.2006	31.12.2007	31.12.2008	31.12.2009
LIABILITIES				
EQUITY CAPITAL	**2.044**	**6.136**	**7.405**	**9.032**
I. CAPITAL	500	4.180	4.180	4.180
II. ISSUING PREMIUM	0	0	0	0
IV. RESERVES	1.553	1.956	3.225	4.852
VI. TRANSLATION DIFFERENCES	-9	0	0	0
VII. PROVISIONS AND DEFERRED TAXES	0	0	0	0
VIII. MINORITY INTERESTS	**19**	**19**	**19**	**19**
AMOUNTS PAYABLE	**11.325**	**17.413**	**24.368**	**27.145**
VIII. AMOUNTS PAYABLE AFTER ONE YEAR	256	3.191	2.676	2.161
IX. AMOUNTS PAYABLE WITHIN ONE YEAR	11.007	14.152	21.617	24.904
current portion of long term debt	*165*	*515*	*515*	*515*
suppliers	*5.823*	*7.777*	*11.979*	*15.193*
financial debts	*4.149*	*4.000*	*6.500*	*7.000*
taxes, wages, salaries & social security	*534*	*1.560*	*2.323*	*1.897*
other amounts payable	*336*	*300*	*300*	*300*
X. ACCRUALS AND DEFERRED INCOME	62	70	75	80
TOTAL LIABILITY	13.388	23.568	31.792	36.196

The principal changes in the liabilities concern the following items:

- Capital: the increase in this item arises out of the contribution in kind of various participating interests as well as the funds raised on admission to trading on the stock exchange.
- Amounts payable after more than one year: the increase in this item is accounted for by the granting of bank loans financing the acquisitions.
- Trade debts: the change in this item is in line with the change in purchases of goods for resale and other goods and services.
- Tax, wages and salaries and social security: the change in this item is proportional to the number of staff employed by the group.

7.2.2. Prospective profit and loss account

(Thousand Euros)	Achieved	Forecast		
	31.12.2006	31.12.2007	31.12.2008	31.12.2009
PROFIT AND LOSS ACCOUNT				
SALES AND SERVICES	**44.791**	**68.970**	**102.769**	**123.497**
turnover	*44.643*	*68.970*	*102.769*	*123.497*
other operating income	*148*	*0*	*0*	*0*
SUPPLIES	40.876	54.557	84.059	106.614
OTHER GOODS AND SERVICES	1.760	6.269	6.030	5.231
WAGES AND SALARIES	2.181	6.371	9.488	7.747
DEPRECIATION	242	437	498	555
AMORTIZATION	57	0	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	-29	0	0	0
OTHER OPERATING CHARGES	312	183	91	30
OPERATING RESULT	**-608**	**1.153**	**2.603**	**3.320**
FINANCIAL INCOME	986	625	17	19
FINANCIAL CHARGES	-1.034	-1.158	-668	-836
EXTRAORDINARY INCOME	2.879	0	35	35
EXTRAORDINARY CHARGES	-5	0	-35	-35
EARNINGS BEFORE TAXES	**2.218**	**620**	**1.952**	**2.503**
TAXES	-103	-217	-683	-876
NET RESULT	**2.115**	**403**	**1.269**	**1.627**
Minority interests	***-307***	***0***	***0***	***0***
Part of the group	***2.422***	***403***	***1.269***	***1.627***

7.2.3. Prospective cash flow statement

(Thousand Euros)	Achieved	Forecast		
	31.12.2006	31.12.2007	31.12.2008	31.12.2009
FORECASTED CASH FLOW STATEMENT				
CASH FLOW FROM OPERATING ACTIVITIES				
Net Result	2.422	403	1.269	1.627
Depreciation, Amortization, Provisions	270	437	498	555
Translation differences		*9*		
Cash Flow = a	***2.692***	***849***	***1.767***	***2.182***
Changes in inventory	-423	-407	-878	-671
Changes in amounts receivable within one year	-1.790	-4.960	-6.888	-4.224
Changes in trade debts	2.070	1.954	4.202	3.213
Changes in other amounts payables	-559	990	763	-426
Changes in accruals and deferred income/charges	112	2	0	0
Changes in working capital = b	***-590***	***-2.421***	***-2.800***	***-2.108***
Cash flow from Operating activities = A ***(A = a+b)***	***2.102***	***-1.572***	***-1.033***	***74***
INVESTMENT ACTIVITIES				
Costs related to IPO		-200	0	0
Acquisition of fixed assets	4.986	-5.240	-1.495	-52
Cash Flow from investment activities = B	***4.986***	***-5.440***	***-1.495***	***-52***
FINANCING ACTIVITIES				
Capital increase		3.680	0	0
New Loans	-6.712	3.136	1.985	-15
Cash Flow from financing activities = C	***-6.712***	***6.816***	***1.985***	***-15***
Change in cash =A+B+C	**376**	**-196**	**-543**	**7**
Cash at the beginning of the year	*654*	*1.029*	*833*	*290*
Cash at the end of the year	*1.029*	*833*	*290*	*297*

7.2.4. Assumptions

7.2.4.1. Principles used

The financial statements as at 31/12/2006 are prepared on the basis of the Belgian rules.

The business plan and the prospective financial statements arising therefrom have been prepared by the management of the ARPADIS GROUP for the financial years 2007 to 2009, on the basis of various hypotheses described in point 7.2.4.2.

On the basis of accounting legislation in force, the annual consolidated financial statements for the financial years 2007, 2008 and 2009 will be prepared in accordance with Belgian accounting principles. In so far as the law makes application of IAS/IFRS standards compulsory, the company will adopt them.
If European rules make companies listed on the Free Market of Euronext Brussels subject to financial reporting in accordance with IAS/IFRS as of 2007, the company will prepare financial information for investors in accordance with these standards.

7.2.4.2. Hypotheses used as regards operations

Consolidated turnover was determined on the basis of the budget of each entity considered separately.
The significant increase is justified by:

- extension of the distribution network into the MENA countries: expected turnover for these entities is approximately 9.2 million euros for 2007 (i.e. approximately 4.5 million euros taking into account the percentage participation) while it was negligible for 2006;
- the acquisition of the Manage site which will contribute up to 8.7 million euros to consolidated turnover;
- Arpadis Chemicals Germany, created in 2007, which will contribute more than 10 million euros;
- the increased contribution of Arpadis Polyurethanes S.A., created in 2006, which will have reached cruising speed in 2007, with annual turnover of 12.8 million compared to 5.5 million in 2006;
- the approval of certain products in France will also make it possible to record a significant increase in turnover.

The cost structure has also been prepared by the addition of costs budgeted for each of the entities considered individually bearing in mind:

- normal margins on the distribution of chemical products
- the fact that the Manage entity records hardly any purchases of goods for resale (custom processing)
- the number of persons employed/to be recruited per entity to realise the projected turnover.
- Investments made in 2007 which account for a doubling of amortisation and depreciation charges

The fall in the financial result (i.e. financial expenses) recorded in 2007 compared to 2006 arises out of loans contracted to finance the various investments (cf. below).

The tax rate taken into account is 35%.

The consolidated profit is carried over in full.

As regards the balance sheet, the group has planned the following investments in 2007:

- IPO expenses up to€ 200.000 and depreciated over 5 years;
- Acquisition of the Manage site and investment to improve safety standards totalling +/- 4 million euros. These investments are financed by a bank loan of 3 million euros and 1 million euros from the funds raised on admission to trading on the stock exchange.

- The acquisition of a piece of land in China for €450,000 where building is planned at the end of 2007, and throughout 2008, representing an additional investment of 1.5 million euros. These investments will be financed by means of a bank loan of 1 million euros and 1 million euros in funds raised on admission to trading on the stock exchange;

We note, in addition, that integration of the real estate subsidiary Arpadis Immo into the group gives rise to an increase in fixed assets (office building in Antwerp) in the sum of approximately €800,000.

Changes in stocks in 2007 are proportional to changes in purchases of goods for resale; amounts receivable are proportional to turnover and trade creditors are proportional to the sum of purchases of goods for resale and other goods and services.

The company's capital will be increased by 2 million euros if all the shares of this Offering are subscribed.

The company's long-term indebtedness increases through increased recourse to bank borrowing to finance acquisitions while short-term financial liabilities increase in proportion to the increase in the working capital requirement.

7.2.5. Auditor's report on the prospective financial statements

(free translation of the original French report)

1. *Our mission statement*

We have checked the forecasts of Arpadis Group S.A. as mentioned in the prospectus.

The forecasts, including the assumptions, have been made under the responsibility of the board of directors of the company. Our mission is to issue a report related to the audit of these forecasts.

It shouls be noted that the assumptions can not be qualified by an auditor, who cannot insure their validity nor their realisation.

Our opinion only states if the method used for the forecasts is conform the the accounting method used in the preparation of the last annual accounts.

2. Our work

In accordance with the auditing standards applicable in Belgium relative to the audit of prospective financial information, our work consisted of collecting information from the Management, to make a mathematical analysis of the accounts and to notice that the assumptions have been applied correctly.

Before interpreting the prospective financial information, it should be noted that the group has recently set up its forecasting system.

The turnover results from an estimate made by the managers of the subsidiaries on the one hand, and by the Managers of Arpadi Group, on the other hand. The significant increase of the consolidated turnover is based on the following items and future developments:

- The acquisition af assets and the manufacturing agreement with a third party in 2007 (SigmaKalon)
- The recent establishment of new subsidiaries with new activities and products (Arpadis Polyuréthanes S.A.)
- The extension of the commercial network in other continents than Europe (the "Maskem" group)

These elements have been translated in the budget by a turnover that reaches 40% of the consolidated turnover and generates 50% of the expected net profit. An important internal growth rate has been applied on the traditional activities of the group.

The general expenses, the wages and salaries have been assessed company by company based on the fixed and variable expenses of the last fiscal years and adaptd according to the expected evolution mentioned above.

The realisation and the reliability of the forecasts largely depend on the development of the activities started during the first half of 2007.

Dispite the all the cautions, it can not be assured that the the actual results will be in lign with the expectations and that the differences will not be significant. The risk factors as explained in this prospectus and the way Arpadis manages these risks should also be born in mind while interpreting the forecast.

Finally, Management has reviewed its operating results downwards because of the delay in the acquisition of the factory of Manage, and considering that trading activity is characterised by seasonal fluctuations where the first quarter of the year traditionally shos lower results than the other quarters. Nevertheless, the group has not adapted its projections for 2008 and 2009, thus incorporating accelerating effect in the forecasts.

3. Our opinion

We can not guarantee the assumptions used in the establishment of the prospective accounts.

Based on our audit of the data on which these assumptions are based, and with all reserve about the importance of the activities to be developed and the risks related to the internal growth rate, no other significant element has been brought to our knowledge whereby we should conclude that the assumptions do not form a fair base for the establishement of the prospective statements. We can however state that they have been rationally established and that they to not contain any obvious contradiction with our information.

Antwerp, September 10, 2007-10-02

Clybouw Reviseurs d'entreprises scprl, Auditors
Represented by André Clybouw, Statutory Auditor approved by the CBFA

7.3. SUMMARY OF THE KEY FIGURES

(in thousands of €)	2004	2005	2006	2007	2008	2009
Turnover	35,123	39,856	44,643	68,970	102,769	123,497
% gross margin	12.3%	11.7%	8.7%	20.9%	18.2%	13.7%
EBITDA	696	909	-338	1,590	3,101	3,875
Operating result	185	355	-608	1,153	2,603	3,320
Cash Flow	393	218	2,357	840	1,767	2,182
Net profit (loss)	-106	-314	2,115	403	1,269	1,627
Fixed assets	6,160	6,241	1,013	6,016	7,013	6,510
Equity capital	-65	-383	2,044	6,136	7,405	9,032
Net financial liabilities	10,129	10,628	3,541	6,873	9,401	9,379
Balance sheet total	17,732	16,256	13,348	23,658	31,792	36,197