

# THEENERGO

 SYNERGY IN SUSTAINABLE ENERGY



**LISTING ON EURONEXT BRUSSELS AND EURONEXT PARIS OF ALL EXISTING SHARES AND THE  
SHARES TO BE ISSUED FOLLOWING THE EXERCISE OF EXISTING WARRANTS**

**Listing Agent**

**Euronext Brussels**



**August 2008**

## TABLE OF CONTENTS

<b>SUMMARY .....</b>	<b>2</b>
<b>1. RISK FACTORS .....</b>	<b>13</b>
<b>2. DISCLAIMERS AND NOTICES.....</b>	<b>19</b>
<b>3. GENERAL INFORMATION AND INFORMATION CONCERNING RESPONSIBILITY FOR THE PROSPECTUS AND FOR AUDITING THE ACCOUNTS .....</b>	<b>21</b>
<b>4. ADMISSION TO TRADING AND LISTING.....</b>	<b>24</b>
<b>5. INFORMATION ABOUT THE SHARE CAPITAL, THE SHARES AND THE CORPORATE PURPOSE.</b>	<b>32</b>
<b>6. MANAGEMENT AND GOVERNANCE .....</b>	<b>47</b>
<b>7. BUSINESS OF THENERGO.....</b>	<b>59</b>
<b>8. MANAGEMENT’S DISCUSSION AND ANALYSIS.....</b>	<b>94</b>
<b>9. FINANCIAL INFORMATION .....</b>	<b>106</b>
<b>10. GLOSSARY .....</b>	<b>144</b>

## SUMMARY

*This summary is to be read solely as an introduction to the Prospectus. The summary contains selected information about Thenergo NV. The summary must be read together with, and is fully qualified by the more detailed information, combined accounts and explanatory notes that appear elsewhere in this Prospectus. It must also be read together with the information provided in the section “1. Risk Factors”. Any decision to invest in the shares must be based on the Prospectus in its entirety. 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. Nobody can be held liable under civil law merely on the basis of the summary or translation thereof, unless the content is misleading, inaccurate or inconsistent when read with other parts of this Prospectus.*

## SUMMARY OF THENERGO

### Overview

Thenergo is an international renewable energy company specialized in decentralized generation of electricity and heat for industrial partners, for third party customers or sales on external power exchanges. The Company is positioned as a multi-fuel green utility company, developing and operating an energy network using feedstocks such as biomass, biogas, natural gas, bio-oils, wood and secondary fuels. The Company is a one-stop provider of innovative, competitive and proven renewable energy solutions applying its in-depth engineering capabilities from initial concept design through to the final selling of electricity.

The energy generation facilities of Thenergo are based on Combined Heat and Power (CHP) technology. In traditional generation facilities, the generated heat that results from the electricity generation process is unused and lost. In a CHP facility, this heat is largely recuperated and used for other applications, thereby increasing the energy efficiency and economical profitability of the installation.

The Company works with agricultural, industrial and public partners using its long-standing and proven experience in designing, engineering, constructing, integrating, operating and financing of renewable energy projects. Thenergo's renewable energy value chain offers tailor-made energy solutions to its customers in the 1MWe to 50MWe project range. The energy is generated in decentralized power units housed on or close to the project partner's operations.

Thenergo's activities include:



## Investment highlights

- ***Strong economical, environmental and political drivers.***

As energy prices have risen substantially over recent years, it has become increasingly important to maximize fuel efficiency in the energy production process. This demand for fuel efficiency is one of Thenergo's most important business drivers. Combined Heat and Power plants allow obtaining higher energy efficiency than traditional facilities. From an environmental perspective and in response to climate change issues, renewable energy providers offer long term sustainable alternatives to traditional electricity suppliers. As such, the growing environmental concerns have become a stronger driver of Thenergo's business. Sustainable energy providers will also become strategically important to countries that traditionally depend on external energy suppliers by allowing governments to decrease dependency on energy imports. Finally, growing awareness to reduce waste volumes drives the development of Thenergo's waste-to-energy business.

The European Union renewed and strengthened its commitment to the Kyoto protocol by a proposal for a new European directive relative to the promotion of renewable energy sources launched on 23 January 2008 (COM(2008) 30), often referred to as the "20/20" directive.

- ***Fully integrated business model.***

Thenergo operates a fully integrated business model, encompassing concept engineering, project financing, feedstock procurement and logistics, operating activities and energy sales management. This integrated approach enables Thenergo to control the different steps in the value chain in order to optimize economic performance and to minimize outsourcing risks and dependencies. As a one-stop provider of clean energy solutions, Thenergo believes it is well positioned to meet the demands of the changing energy market.

Having control over the entire value chain also allows Thenergo to benefit from valuable synergies; for example by-products generated by certain plants in Thenergo's portfolio will in the future be used as fuel for other plants in the portfolio. These synergies will again help to decrease dependency on external providers of feedstock. Other by-products, such as CO<sub>2</sub>, recovered water or ammonia that are not used as fuel for Thenergo plants can be sold to external parties.

Thenergo plans to further develop its integrated model through both organic and external growth. Growth of the project portfolio will further serve Thenergo to increase synergies between the different operational plants.

- ***Diversification throughout the value chain.***

Thenergo's multi-fuel solutions strategy has proven to be a crucial business driver with respect to feedstock cost management as feedstock cost is a critical component in the profitability of each project. As a consequence, Thenergo will continue to build a diversified project portfolio, supported by exhaustive fuel analysis to obtain a wide range of feedstock material. Feedstock for current and future projects comprises natural gas, biogas, bio-oil, woody biomass and secondary fuels.

The acquisition in September 2007 of the Leysen group, a waste management group, allows Thenergo to significantly broaden the **diversity of its feedstocks** and increases the security of supply.

Thenergo also applies **diversification of technology** to its projects in order to tailor the projects to the needs of its clients and optimize the economical productivity.

Thenergo benefits from **energy output diversification** with respect to the sale of electricity, heat and by-products. Thenergo believes the combination of both fixed and variable electricity revenues offers an optimal risk-reward balance.

Thenergo operates multiple CHP plants in Belgium, the Netherlands and Germany and believes that **geographical diversification** is crucial in the renewable energy sector as it significantly decreases dependencies on local market regulations. In this respect Thenergo acquired ENRO at the end of 2007. ENRO is a German CHP developer and operator using biomass and natural gas as fuel.

- ***Partnerships.***

Control over feedstock is pursued by including partners in new projects. For the majority of the projects, Thenergo works together with industrial and public partners who usually take an equity participation in the project. This relationship with the partner is very visible in an on-site project whereby the partner usually

produces organic or non-organic waste which is then used by Thenergo as fuel or feedstock. In this way, Thenergo offers a disposal solution for the partner's waste and at the same time produces electricity and heat for the partner at a predetermined price. Because most projects produce excess electricity, the largest part of Thenergo's electricity production is sold externally on the electricity grid.

On a broader scale Thenergo has also entered into a partnership with Agri Investment Fund (AIF), an investment entity of M.R.B.B., the financial holding company of "Boerenbond".

- ***Positive recurring cash flow and net profit from existing operations.***

Today, Thenergo has 24 projects in operation in three countries. Five of these projects were completed in December 2007 and one in April 2008, one in June 2008 and one in August 2008. All of Thenergo's projects are operating on proven technology. In 2007, cash flow from operating activities, before investments in working capital, was k€ 2,968 and net profit was k€858. Furthermore, only four months of the Leysen group activities and none of the ENRO activities are included in these 2007 figures since the Leysen group was acquired in September 2007 and ENRO in December 2007.

- ***Strong growth potential from diversified pipeline and acquisitions.***

Thenergo currently has 10 sites under construction, of which 7 located in Belgium, 2 in the Netherlands and 1 in Germany. Besides the operational projects and the sites under construction, Thenergo also identified a significant pipeline of future projects to be developed and implemented over the period 2008-2011. This pipeline consists of identified projects for building CHP plants with a diversity of the 5 types of fuels as discussed in section "7.6. Types of fuel". The total amount of identified projects in the pipeline amounts to an electrical capacity of about 432 MWe and a thermal capacity of another 510 MWth. The Company estimates that it will execute a significant part of these identified projects as discussed in section "7.13. Project pipeline going forward". These projects will also further allow diversifying the Company's portfolio with respect to the fuels used.

In 2007, Thenergo made a number of acquisitions that allowed the Company to offer the range of management and engineering skills required to implement a fully integrated and diversified business model. The Polargen, Leysen and ENRO acquisitions are seen in this perspective.

Thenergo will also focus on expanding its footprint to other European countries through organic and external growth. Today, Thenergo has plants operating in Belgium, the Netherlands and Germany. Besides those countries, Thenergo is looking to develop further in Europe through the realization of new projects or through acquisitions.

## SUMMARY OF THE LISTING

<b>Thenergo NV or the Company</b>	Thenergo NV, a public limited liability company ( <i>naamloze vennootschap</i> ), having its registered office at Avenue Louise 505, boîte 2, 1050 Ixelles (Brussels), and registered with the Belgian register for legal entities under the number 0477.032.538 (RPR Brussels).
<b>Listing</b>	<p>The 17,236,007 million existing shares of the Company are already listed on Alternext Paris (symbol ALTHE international code number BE0947217122 for the shares). An application has been made for these existing shares and the shares resulting from the exercise of the warrants to be listed and admitted to trading on Euronext Brussels and on Euronext Paris.</p> <p>The existing shares will be delisted from Alternext Paris upon their admission to listing on Euronext Paris.</p>
<b>Dividend policy</b>	The Company has not paid any dividend for the past few years because it pursued a growth strategy and also because the Company invested in new projects and working capital. Currently, the board of directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the near future.
<b>Security Codes</b>	<p>Shares listed on Euronext Brussels ISIN: BE0947217122 SVM Code: 947217.12 Euronext symbol: THEB</p> <p>Shares listed on Euronext Paris ISIN: BE0947217122 NSC Code: NSCFR0THEPA9 Euronext symbol: THEPA</p>
<b>Key dates</b>	The following dates are all envisaged dates, barring any unforeseen circumstances:
20 August 2008	Expected publication of the Prospectus
22 August 2008	Expected delisting from Alternext Paris
25 August 2008	Expected Listing Date on Euronext Brussels and Euronext Paris

## SUMMARY FINANCIAL INFORMATION

### *Profit & Loss Statement (in €1,000)*

	2007		2006		2005	
<b>Operating income.....</b>	<b>20,987</b>		<b>3,787</b>		<b>1,303</b>	
Revenues.....	20,810	100%	3,738	100%	1,299	100%
Other income .....	177		49		4	
<b>Operating expenses.....</b>	<b>-18,472</b>	<b>-89%</b>	<b>-3,360</b>	<b>-90%</b>	<b>-1,325</b>	<b>-102%</b>
Cost of sales.....	-13,670	-66%	-1,900	-51%	-756	-58%
Payroll expenses .....	-2,334	-11%	-858	-23%	-220	-17%
Other operating expenses.....	-2,468	-12%	-602	-16%	-349	-27%
<b>Recurring Ebitda* .....</b>	<b>2,515</b>	<b>12%</b>	<b>427</b>	<b>11%</b>	<b>-22</b>	<b>-2%</b>
Depreciation and amortisation.....	-1,696	-8%	-362	-10%	-150	-12%
Share based expense .....	-1,880					
<b>Ebit.....</b>	<b>-1,061</b>	<b>-5%</b>	<b>65</b>	<b>2%</b>	<b>-172</b>	<b>-13%</b>
<b>Financial result.....</b>	<b>65</b>		<b>105</b>		<b>-146</b>	
Finance income.....	1,394		378		41	
Finance costs.....	-1,329		-273		-187	
Share of result of associates.....	227		102			
Income tax expense/(income) .....	-1,627		204		-276	
<b>Profit .....</b>	<b>858</b>	<b>4%</b>	<b>68</b>	<b>2%</b>	<b>-42</b>	<b>-3%</b>

\* Recurring Ebitda = Reported EBITDA before share based expense of €1.9 million.

**Balance Sheet (in €1,000)**

	2007	2006	2005
Goodwill .....	59,853	2,841	
Intangible assets .....	7,507	5,219	
Property, plant and equipment .....	38,016	8,385	3,571
Investments .....	9,332	1,328	
Deferred tax assets .....	2,588	244	313
Other non-current assets .....	124		
<b>Non-current assets .....</b>	<b>117,420</b>	<b>18,017</b>	<b>3,884</b>
Trade receivables .....	12,170	6,851	928
Other receivables .....	5,447	1,224	856
Inventories .....	205		135
Other current assets .....	980	280	2
cash and cash equivalents .....	49,825	2,979	447
<b>Current assets .....</b>	<b>68,627</b>	<b>11,334</b>	<b>2,368</b>
<b>Total assets .....</b>	<b>186,047</b>	<b>29,351</b>	<b>6,252</b>
Share capital .....	114,848	3,471	1,681
Retained earnings .....	-1,386	-1,566	-1,450
Share-based payments .....	7,916		
Hedging reserves .....	-152		
Minority interests .....	1,247	3,675	250
<b>Equity .....</b>	<b>122,473</b>	<b>5,580</b>	<b>481</b>
Long-term borrowings .....	24,164	2,539	1,410
Leases .....	12,413	2,560	803
Deferred tax liabilities .....	2,581	1,774	
<b>Non-current liabilities .....</b>	<b>39,158</b>	<b>6,873</b>	<b>2,213</b>
Short-term borrowings .....	6,990	3,820	1,043
Leases .....	885	231	41
Trade payables .....	13,039	7,333	1,395
Other payables .....	2,317	4,716	220
Other current liabilities .....	1,185	798	859
<b>Current liabilities .....</b>	<b>24,416</b>	<b>16,898</b>	<b>3,558</b>
<b>Total equity and liabilities .....</b>	<b>186,047</b>	<b>29,351</b>	<b>6,252</b>

**Cash Flow Statement (in €1,000)**

	2007	2006	2005
<b>Cash flow from operating activities .....</b>	<b>221</b>	<b>-2,080</b>	<b>472</b>
<b>Cash flow from investing activities .....</b>	<b>-37,021</b>	<b>-5,031</b>	<b>-3,066</b>
<b>Cash flow from financing activities .....</b>	<b>83,646</b>	<b>9,643</b>	<b>2,977</b>
Net cash flow for the year .....	46,846	2,532	383
Cash and cash equivalents at the beginning of the year .....	2,979	447	64
<b>Cash and cash equivalents at the end of the year .....</b>	<b>49,825</b>	<b>2,979</b>	<b>447</b>



## SUMMARY MANAGEMENT'S DISCUSSION AND ANALYSIS

### • Profit & Loss Statement

#### *Revenues*

Over 2007, Thenergo's revenues have increased to €20.8 million in 2007 from €3.7 million in 2006 and €1.3 million in 2005. The 2007 revenues increased with a multiplier of x5.6 as compared to the 2006 revenues. This significant increase is caused by both organic and non-organic growth.

#### *Cost of Sales*

The 2007 Cost of sales mainly relate to fuel costs, (mainly natural gas, €2.4 million), project development costs (€5.6 million) and waste management costs (€4.9 million).

#### *Operating expenses*

The 2007 operating expenses mainly relate to payroll expenses (€2.3 million), a non-cash share-based expense (€1.9 million) and other operating costs (€2.5 million).

#### *Recurring EBITDA*

Thenergo's Recurring EBITDA, being the reported EBITDA before the share-based expense, increased to €2.5 million in 2007 as compared to €0.4 million in 2006 and €-0.02 million in 2005. Besides the significant increase in absolute figures, the Recurring EBITDA margin also increased to 12.1% in 2007 compared to 11.4% in 2006 and -1.7% in 2005.

#### *EBIT*

Thenergo's EBIT decreased to €-1.1 million in 2007 as compared to €0.1 million in 2006 and €-0.2 million in 2005. The 2007 decrease is caused by a non-cash share based expense for an amount of € 1.9 million. The EBIT margin therefore decreased to -5.1% in 2007 compared to 1.8% in 2006 and -13.2% in 2005.

#### *Profit*

Thenergo's reported net profit (after share-based expense) increased to €0.9 million in 2007 as compared to €0.1 million in 2006 and €-0.04 million in 2005. This implies a net profit margin of 4.1% in 2007 versus 1.8% in 2006 and -3.2% in 2005. For 2007, these profit figures include the share-based expense of €1.9 million.

### • Balance Sheet

#### *Assets*

Goodwill increased to €59.9 million in 2007 mainly linked to the acquisition of the Leysen Group, which accounts for €53.8 million of goodwill.

Property, plant and equipment assets increased to €38 million in 2007 mainly caused by the 12 new projects that were completed in the course of 2007 and the full consolidation of the Leysen Group.

Intangible assets increased to €7.5 million in 2007 relating to the allocation of €2.7 million to waste service contracts. The 2006 intangible assets of €5.2 million fully relate to development contracts held by Polargen at the time of its acquisition by Thenergo.

Investments increased to €9.3 million in 2007 linked to the ENRO acquisition which in 2007 was accounted for at acquisition cost.

Trade receivables increased to €12.2 million mainly linked to the waste management activities following the acquisition of the Leysen group.

On 31 December 2007 Thenergo held a gross cash position of € 49.8 million compared to €3.0 million at the end of 2006 and €0.4 million at the end of 2005. This cash position is part of the €70 million of funds raised in June 2007 on Alternext Paris.

## **Liabilities**

Share Capital increased to €114.8 million in 2007 mainly linked to the issuance of new shares with respect to the €70 million fund raising transaction on Alternext Paris and share issuances in the context of acquisitions.

Long term borrowings increased to €24.2 million at the end of 2007 linked to the different project financings contracted at project company level for each of Thenergo's CHP project. Long term leases increased to €12.4 million at the end of 2007 also relating to the project financing on project company level whereby leasing is one of the financing options.

Short term borrowings increased to €7.0 million at the end of 2007 linked to the reimbursement schedules of the project financings in the different project companies.

### *Relevant capital structure ratios*

Thenergo believes it has a sound capital structure as can be deduced from the relevant capital structure ratios below:

<b>In €1,000</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Equity.....	122,473	5,580	481
Net debt.....	-5,497 (net cash)	6,170	2,850
Net debt/equity.....	NA (net cash)	111%	593%
Net debt/EBITDA.....	NA (net cash)	15	NA (ebitda=0)

#### **• Cash-Flow Statement**

Cash flow from operations increased to €0.2 million in 2007 compared to -€2.1 million in 2006 and €0.5 million in 2005. The positive cash flow in 2007 is mainly linked to the higher number of operational CHP plants positively contributing to the profitability and cash flow generation of Thenergo. This positive €0.2 million cash flow is reached despite the negative impact of investments in working capital for €2.7 million linked to the initiation of new projects which have not been completed yet.

#### **• Pro forma revenue**

Total 2007 pro forma revenues amount to €54.8 million as compared to the reported revenues of €20.8 million, whereby the full year Leysen group 2007 revenues equal €22.9 million whilst the full ENRO group 2007 revenues equal €15.0 million. The pro forma revenues show an important shift in different geographical split of the revenues, leading to a revenue share of the German activities of 27% of the pro-forma 2007 revenues.

The pro-forma 2007 Recurring EBITDA amounts to €5.5 million as compared to a Recurring EBITDA of €2.5 million based on the reported 2007 financials.

#### **• Outlook for 2008 and beyond**

As in the course of 2007 12 CHP projects were completed, Thenergo expects a higher revenue contribution in 2008 from these plants as not all 2007 completed CHP plants contributed to the 2007 revenues yet. This effect comes on top of the pro-forma 2007 revenues of €54.8 million.

Further, Thenergo expects to be able to develop and implement a significant number of its 432 MWe (see section "8. Management's discussion and analysis") pipeline.

Thenergo will also continue to further pursue profitability and operational leverage and will continue to be very strict with respect to the financial criteria used for evaluating new investments and acquisitions and focus on profitable growth.

With respect to its waste activities, Thenergo expects to use a part of the waste as fuel for Thenergo's own projects. This should decrease dependency on external fuel suppliers and increase the profitability of the concerned projects.

From time to time Thenergo is in discussion with or analysing potential acquisition targets. These targets usually have activities in one or more areas of Thenergo's business model (see section "7.5. Business Model").

## **RISK FACTORS**

*An investment in the shares is subject to several types of risks relating to Thenergo's business and industry and to the shares, as described in the section "1. Risk Factors" herein. Before making any decision to invest in the shares, investors should carefully consider these risks. Such risks include, but are not limited to, the following:*

### ***Thenergo is dependent on the efficient and timely realization of its project portfolio***

The realization of a renewable energy project will impose several challenges on Thenergo regarding technical, financial and organizational elements during the different phases of the project. Any delay or unforeseen obstacle in the realization of the project portfolio could result in additional charges and could have a negative effect on the economics of such project.

### ***There is no assurance that Thenergo will be able to identify and add new projects to the portfolio and receive and maintain the necessary permits and authorizations***

Thenergo will have to be capable of identifying and adding new projects to its portfolio on an ongoing basis and Thenergo will have to obtain and maintain the necessary permits and authorizations to realize these projects. Both require specific skills, knowledge, experience but also public acceptance. Each site will have to meet a series of specific criteria in order to be considered as location of a new project. Certain individuals or organizations could oppose to the construction of a power plant and through their political or legal actions cause delays, make it more difficult or even impossible to obtain the necessary permits. In addition, Thenergo could be adversely affected by subsequent changes to the operating conditions for its renewable energy projects, particularly by subsequent orders restricting the construction, extension or operation of its plants.

### ***Thenergo faces risk relating to sourcing and availability of the necessary feedstock at competitive prices***

Having access to feedstock at competitive prices is an important driver of the profitability of Thenergo's projects. Certain feedstock may become scarce, having an impact on its pricing.

### ***Thenergo is dependent on the connection to the electricity transport and distribution network***

A connection to the electricity transportation or distribution network is required in order to be able to transfer the generated electricity to the electricity grid. Thenergo cannot guarantee that adequate connections to the network will be obtained within the deadlines and at the anticipated costs for projects in its pipeline and this could affect the future growth of Thenergo.

### ***Thenergo might experience an adverse evolution in the prices of electricity, heat and certificates***

An important part of Thenergo's income growth is envisaged to originate out of the sale of electricity, heat and certificates. Should the sale prices of these products decline, the operations, financial position or results of Thenergo could experience a significant unfavourable impact.

### ***Thenergo may not be able to attract or retain key personnel***

The human capital is an important factor in the development and growth of Thenergo. Thenergo depends upon the contributions of the executive directors, senior management and its highly skilled team of engineers and other employees. Should Thenergo lose executives or employees in key positions, the subsequent loss of know-how and personal business contacts or the inability to attract suitable replacements could have a negative effect on the business activity, financial situation and/or results of Thenergo. It is not guaranteed that Thenergo will be able to keep its executives and employees in key positions under the current terms and conditions.

Furthermore, in order to sustain growth and be successful in the future, Thenergo will have to be capable of attracting, educating, integrating and retaining new qualified employees.

### ***Thenergo might face certain risks which are associated with acquisitions or investments***

It is very likely that Thenergo will pursue external growth through acquisitions, joint-ventures or investments. Difficulties might arise in the realization of the expected synergies, the integration of new activities or personnel, the occurrence of unexpected costs or liabilities. Thenergo has made some acquisitions whereby the sellers provided little or no warranties on the acquired business to Thenergo and for which no detailed due diligence investigation has been conducted.

***Thenergo could be adversely affected by changes in regulations, particularly the decrease of regional, national and international policies in support of renewable energy sources and of biomass energy in particular***

Thenergo operates in a highly regulated environment. If Thenergo fails to comply with these regulations, certain permits or authorizations could be revoked or penalties could be imposed. Also, modifications to current regulations and related compliance costs could have a material impact on the operations, financial position or results of Thenergo. Furthermore, for several years the European Union and its principal member states have adopted policies and subsidies actively supporting renewable energy. The abandonment or reduction of governmental support for renewable energy sources in general or biomass energy in particular could have material negative effects on the operations, financial position or results of Thenergo.

***Risk related to partnerships***

For most of its projects, Thenergo works together with partners who take off the heat, electricity and/or CO<sub>2</sub> produced by the CHP plant and/or secure the feedstock. Insolvency of the partner and interruptions in the cooperation with the partner could result in a long term interruption of the CHP activities or in a complete shut-down of the plant. Also, there is currently an uncertainty as to the rights that Thenergo has on the CHP installations in Belgium built on the sites of several greenhouse agriculturists, as a result of which Thenergo could be considered not to own such CHP installations. In this respect, the greenhouse agriculturist could call upon his right of accession (*recht van natrekking*) and become the owner of the CHP installation. However, in this case, if the CHP plant (e.g. a “Groeikracht”-company belonging to the Thenergo group) acted in good faith, the greenhouse agriculturist will have to pay an indemnity to the CHP plant in accordance with Article 555 of the Belgian Civil Code. Alternatively, if the greenhouse agriculturist does not call upon his right of accession (*recht van natrekking*), the CHP equipment contained in the CHP plants may be used for other CHP projects.

***Risks associated with pollution of the exploited sites***

Soil and/or groundwater contamination presently exists in certain of the sites operated by Thenergo. Thenergo may have to assume liability vis-à-vis the authorities or based on contractual clauses vis-à-vis third parties for soil and/or groundwater contamination not only because it was the polluter, but also as the owner or previous owner of a contaminated site or as the party currently having control over the site.

***The historic trading price of Thenergo’s shares on Alternext Paris may not be indicative of the intrinsic value of the Company***

Prior to the admission to trading and listing on Euronext Brussels and Euronext Paris, there has been no public market for the Company’s shares in Belgium or elsewhere, except in France where since June 2007, the Company’s shares have been admitted to trading on Alternext Paris which is not a regulated market within the meaning of Directive 2004/39/CE of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments. The historic trading price of Thenergo’s shares on Alternext Paris may not be indicative of the intrinsic value of the Company, due to the limited trading volumes of the Company’s shares on Alternext Paris, the fact that, in recent months, some significant purchase transactions have occurred on Alternext Paris, and the auction trading system on Alternext Paris.

## **SUMMARY ADDITIONAL INFORMATION**

### **Share capital**

Before the exercise of any outstanding warrants, the Company's share capital amounted to €115,781,570.92, represented by 17,236,007 shares without nominal value. The capital is fully paid up.

### **Articles of Association**

The restated articles of association of the Company will provide, amongst other things, for specific rules relating to the management of the Company, its shareholders meeting (including provisions in respect of the right to attend and to vote at such meetings) and the Company's liquidation. The entry into force of the restated articles of association is subject to the admission to trading and listing of the existing shares on Euronext Brussels or Euronext Paris.

### **Information available to the public**

Documents disclosed in accordance with applicable laws are available for consultation at the Company's operational office in Antwerp and/or on *www.thenergo.eu*.

## 1. RISK FACTORS

*Before deciding to purchase shares of Thenergo, prospective investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The occurrence of one or more of the risks described below may have a material adverse effect on the Company's cash flows, results of operations and financial condition and endanger the Company's ability to continue as a going concern. Moreover, the Company's share price could fall significantly if any of these risks were to materialize, in which case investors could lose all or part of their investment.*

*Investors should note that the risks discussed below are not the only risks to which the group is exposed. Additional risks and uncertainties, which are not currently known to the Company, which the Company currently believes are immaterial or which are inherent to each company, could likewise impair its business operations or have an adverse effect on the Company's cash flows, results of operations, financial condition, the Company's ability to continue as a going concern and the price of its shares. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's cash flows, results of operations and financial condition, the Company's ability to continue as a going concern or the price of the Company's shares. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Prospectus. Investors should consider carefully whether an investment in the shares is suitable for them in light of the information contained in this Prospectus and their personal circumstances.*

### 1.1 Risks related to the Thenergo's business and industry

#### ***Thenergo is dependent on the efficient and timely realization of its project portfolio***

The growth and value creation of Thenergo is dependent on its current portfolio of realized and operational projects and the profitability of future projects. The realization of a renewable energy project will impose several challenges on Thenergo regarding technical, financial and organizational elements during the different phases of the project. Any delay or unforeseen obstacle in the realization of the project portfolio could result in additional charges and could have a negative effect on the economics of such project. These events include, but are not limited to, interruptions or delay on the construction site due to unfavourable weather conditions, difficulties in connecting to the electricity network, failed deliveries by suppliers or manufacturing or construction faults.

***There is no assurance that Thenergo will be able to identify and add new projects to the portfolio and receive and maintain the necessary permits and authorizations***

In order to assure growth and value creation beyond the current project portfolio, Thenergo will have to be capable of identifying and adding new projects to its portfolio on an ongoing basis. Furthermore, Thenergo will have to obtain and maintain the necessary permits and authorizations to realize these projects. Identifying feasible projects and obtaining the necessary authorizations and permits requires specific skills, knowledge, experience but also public acceptance.

Each site will have to meet a series of specific criteria in order to be considered as location of a new project. These criteria may include, amongst others, the presence of possible end users of power and/or heat and/or CO<sub>2</sub>, the presence of feedstock suppliers, the accessibility of the area, opportunities to connect to the electricity network, the topographical and environmental constraints such as the proximity of human habitation or protected sites and the presence of governmental support mechanisms.

The building and operating of a renewable energy project requires the receipt and maintenance of permits and authorizations. The issuance of these permits is subject to a number of conditions which may be difficult to meet. Thenergo could therefore fail to obtain the required permits or obtain them under onerous incidental conditions only. Certain individuals or organizations could oppose to the construction of a power plant and through their political or legal actions cause delays, make it more difficult or even impossible to obtain the necessary permits.

In addition, Thenergo could be adversely affected by subsequent changes to the operating conditions for its renewable energy projects, particularly by subsequent orders restricting the construction, extension or operation of its plants. Such order may be issued in case of non-compliance of the plants' operation with the permit conditions, the required state of the art or other legal requirements.

Thenergo has until now been able to identify sites with suitable characteristics and obtain the required permits for the profitable realization of its renewable energy projects. However, should Thenergo be unable to do so in the future, this could adversely affect the future growth of Thenergo.

***Thenergo faces risk relating to sourcing and availability of the necessary feedstock at competitive prices***

Having access to feedstock at competitive prices is an important driver of the profitability of Thenergo's projects. Certain feedstock may become scarce, having an impact on its pricing. Such feedstock price increases can impact the profitability of Thenergo's current and future projects or may cause additional costs as a consequence of re-engineering towards other feedstock types.

To date Thenergo experienced no difficulties in acquiring feedstock at competitive prices. Partnerships or long term contracts are in place in order to mitigate such risks.

***Thenergo is dependent on the connection to the electricity transport and distribution network***

A connection to the electricity transportation or distribution network is required to be able to transfer the generated electricity to the electricity grid. Thenergo cannot guarantee that adequate connections to the network will be obtained within the deadlines and at the anticipated costs for projects in its pipeline and this could affect the future growth of Thenergo. However, Thenergo only starts the construction phase of a project, if such connection to the network has been ensured.

***Thenergo may not be able to continue operating projects after the initial contract term***

Many of Thenergo's projects are dependent upon long term contracts with third parties who supply feedstock, who own the land on which the facilities are constructed or who use the heat or CO<sub>2</sub> generated by the project. After the end of the initial term of such contracts, Thenergo will try to renew or replace such contract and thereby extend the operations of the project. It can, however, not be guaranteed that Thenergo will succeed in continuing to operate projects on economical beneficial conditions, which may result in the end of the operations of such projects.

The economics of Thenergo's projects, additionally, also depend on the regulatory regime which guarantees support mechanisms for the project during a certain period. After the end of such period, there is no certainty that such support mechanisms may be extended and it can, therefore, not be guaranteed that Thenergo will succeed in continuing to operate projects on economical beneficial conditions, which may result in the end of the operations of such projects.

***There is no assurance that Thenergo will be able to manage further growth effectively***

Thenergo was founded in 2002 and has grown significantly over the past years resulting in increased complexity of the business activities. This growth must be managed by continuing to expand operational and financial control systems, by managing the extension of supply chains and supplier relationships and by hiring, training and retaining qualified people.

Although Thenergo is continuously making the necessary arrangements to sustain this growth towards the future, no guarantees can be given on whether Thenergo will be able to effectively manage this strain on management, operations and financial resources and to rapidly implement the appropriate internal reporting systems.

***Thenergo might experience an adverse evolution in the prices of electricity, heat and certificates***

An important part of Thenergo's income growth is envisaged to originate out of the sale of electricity, heat and certificates. In 2007, these segments together contributed 25% of the turnover figure. Although Thenergo sells part of its electricity through forwards at a fixed price, it is not insensible to fluctuations in the sale price of these products. Should the sale prices of these products decline, the operations, financial position or results of Thenergo could experience a significant unfavourable impact.

***Thenergo faces competition in its major markets and its financial results will be adversely affected if it is unable to compete effectively***

Several national and international players are active in the field of renewable energy generation, based on biomass but also other renewable energy sources. The renewable energy sector in particular has known significant development and increased competition in recent years. As a consequence, Thenergo faces possible competition on different levels and from different directions.

Firstly, existing or new energy producers in the field of biomass energy could compete directly with Thenergo on a national and international level. Competition focuses primarily on access to available sites, availability of biomass, technology and equipment and the scope and quality of services provided.

Secondly, renewable energy based on other technologies such as solar power, wind power, hydro power and fuel cells could also rapidly gain market share in the renewable energy market. If certain technological developments result in these other forms of renewable energy having clear competitive advantages over biomass energy, the growth of the biomass related industry could slow down.

Thirdly, the demand for electricity produced from renewable energy sources in part depends on its relative costs compared to classic non-renewable energy sources. Technological progress in the exploitation of these sources or the discovery of large deposits could significantly decrease their environmental impact or relative production costs in such a way that would make certain renewable energy sources, such as biomass, less interesting.

Although Thenergo will continuously try to strengthen its competitive position, no assurance can be given that Thenergo will be able to face the increasing competition successfully or that a resulting adverse effect on the Thenergo's operations, financial position or results can be avoided.

***Thenergo may not be able to attract or retain key personnel***

The human capital is an important factor in the development and growth of Thenergo. Thenergo depends upon the contributions of the executive directors, senior management and its highly skilled team of engineers and other employees. Should Thenergo lose executives or employees in key positions, the subsequent loss of know-how and personal business contacts or the inability to attract suitable replacements could have a negative effect on the business activity, financial situation and/or results of Thenergo. It is not guaranteed that Thenergo will be able to keep its executives and employees in key positions under the current terms and conditions.

Furthermore, in order to sustain growth and be successful in the future, Thenergo will have to be capable of attracting, educating, integrating and retaining new qualified employees.

***Thenergo may be faced with deteriorating conditions for the financing of its future projects or the financing in place for its current projects***

Part of the Thenergo's strategy is to fund each project partly with equity and partly with debt. The market conditions for equity and debt financing may fluctuate and may have an impact on the future financing of the projects.

With respect to interest rate risk on current operational projects and projects under construction, on the date of this Prospectus, 10% of the long term debt is based on a variable interest rate.

Other results of deteriorating debt markets could be the request of additional securities and/or covenants as a condition to obtaining the necessary financing from credit institutions. If such deteriorating conditions occur, it might be possible that the overall feasibility of the future project will have to be reviewed resulting in a possible cancellation of the project and the accompanying adverse effects on Thenergo's future growth.

***Thenergo might face certain risks which are associated with acquisitions or investments***

It is very likely that Thenergo will also pursue external growth through acquisitions, joint-ventures or investments in the field of renewable energy and biomass energy in particular. There will be specific risks related to such transactions. Difficulties might arise in the realization of the expected synergies, the integration of new activities or personnel, the occurrence of unexpected costs or liabilities and the general regulatory framework of such transactions. Although Thenergo has already successfully integrated prior acquisitions such as Polargen, Leysen and ENRO, it can not be assumed that the specific risks related to similar future transactions will not materialize and adversely affect Thenergo's operations, financial situation or results. Thenergo has made some acquisitions whereby the sellers provided little or no warranties on the acquired business to Thenergo and for which no detailed due diligence investigation has been conducted. Consequently, the risk that potential future claims or liabilities resulting from such acquisitions by Thenergo will not be covered by appropriate warranties cannot be excluded.

***Thenergo could be adversely affected by changes in regulations, particularly the decrease of regional, national and international policies in support of renewable energy sources and of biomass energy in particular***

Thenergo operates in a highly regulated environment. Every aspect of the group and its projects is required to comply with a series of legal, regulatory and environmental stipulations and administrative practices relating to the development, construction and operation of power plants. If Thenergo fails to comply with these rules and regulations, now or in the



future, certain permits or authorizations could be revoked or penalties could be imposed. Thenergo can also not guarantee that sudden and/or significant modifications to current laws or regulations will not occur in the future. Such changes and related compliance costs could have a material impact on the operations, financial position or results of Thenergo.

Furthermore, the development of renewable energy sources in part relies on the national and international support of such development. For several years the European Union and its principal member states have adopted policies and subsidies actively supporting renewable energy. Although the support for renewable energy has been strong in recent years and the European Union periodically reaffirms its desire to sustain and strengthen that support, these measures may be modified or allowed to lapse in the future.

Even if governmental support for renewable energy prevails, there is a risk that other or new forms of renewable energy may in the future be regarded as superior to biomass energy and as a result receive the benefit of financial incentives that biomass currently enjoys. Such a shift of governmental support or adverse public opinion could reduce the demand for biomass energy.

The abandonment or reduction of governmental support for renewable energy sources in general or biomass energy in particular could have material negative effects on the operations, financial position or results of Thenergo.

#### ***Expansion into new countries may expose Thenergo to new risks***

Besides the countries in which Thenergo is active today, the operations might be extended to other countries. The international deployment of Thenergo will expose the group to different economic, fiscal, legal, regulatory and political frameworks. The possible complexity of these and future rules and regulations could result in delays in project execution and/or costs in order to assure compliance with these rules and regulations. Subsequently, Thenergo could suffer a negative impact on its operations, financial position, results or future growth.

#### ***Risk related to partnerships***

For most of its projects, Thenergo works together with partners who take off the heat, electricity and/or CO<sub>2</sub> produced by the CHP plant and/or secure the feedstock. Many of the partners in Thenergo's current portfolio are greenhouse agriculturists whereby the CHP plant is built on the site of this partner. Insolvency of the partner and interruptions in the cooperation with the partner for whatever reason could result in a long term interruption of the CHP activities or in a complete shut-down of the plant, negatively impacting Thenergo's financials. There is currently an uncertainty as to the rights that Thenergo has on the CHP installations in Belgium built on the sites of several greenhouse agriculturists, as a result of which Thenergo could be considered not to own such CHP installation. In this regard, for each of the CHP projects with respect to Belgium, Thenergo and the relevant greenhouse agriculturist entered into a project agreement/energy supply agreement. This agreement determines that the greenhouse agriculturist will either grant a right to build (*opstalrecht*) to the CHP plant (e.g. a "Groeikracht"-company belonging to the Thenergo group) or sell the parcel of land to the CHP plant on which the CHP installation will be built. Currently, only three rights to build (*opstalrechten*) have effectively been granted to the relevant CHP plant. As a result certain of the CHP plants have built a CHP installation on a parcel of land without having legal title to it, other than the contractual rights under the project agreement/energy supply agreement. In case this latter agreement would be terminated (or even during its term, should it be held that this agreement does not constitute a valid title to build on the greenhouse agriculturist's ground), the greenhouse agriculturist could call upon his right of accession (*recht van natrekking*) and become the owner of the CHP installation. However, in this case, if the CHP plant acted in good faith, the greenhouse agriculturist will have to pay an indemnity to the CHP plant in accordance with Article 555 of the Belgian Civil Code. Alternatively, if the greenhouse agriculturist does not call upon his right of accession (*recht van natrekking*), the CHP equipment contained in the CHP plants may be used for other CHP projects.

To date, Thenergo has experienced no insolvencies nor terminations or suspensions of its cooperation with partners and has the ability to move most of the CHP equipment to other premises and projects in case of long term interruptions.

#### ***There is no assurance that Thenergo is adequately insured***

The nature of Thenergo's business exposes Thenergo to risks related to product or design failure or the operation of the plants including potential environmental damages, interruptions, natural disasters or legal actions. Even though Thenergo subscribed to an extensive range of insurance policies, it can not be guaranteed that these insurance policies will cover any losses or damages resulting from the materialization of the aforementioned risks.

#### ***Risks associated with pollution of the exploited sites***

Soil and/or groundwater contamination presently exists in certain of the sites operated by Thenergo and, in some instances, in areas surrounding the sites operated by Thenergo, and in the future may be discovered at levels that require

remediation over and above actions that are currently underway or presently contemplated. Thenergo may have to assume liability vis-à-vis the authorities or based on contractual clauses vis-à-vis third parties for soil and/or groundwater contamination not only because it was the polluter, but also as the owner or previous owner of a contaminated site or as the party currently having control over the site. Investigation or remediation measures may trigger significant costs, which could have a material impact on the operations, financial position or results of Thenergo.

## **1.2 Risks related to the Company's shares**

### ***The historic trading price of Thenergo's shares on Alternext Paris may not be indicative of the intrinsic value of the Company***

Prior to the contemplated listing on Euronext Brussels and Euronext Paris, there has been no public market for the Company's shares in Belgium or elsewhere, except in France where since June 2007, the Company's shares have been admitted to trading on Alternext Paris which is not a regulated market within the meaning of Directive 2004/39/CE of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments. The historic trading price of Thenergo's shares on Alternext Paris may not be indicative of the intrinsic value of the Company, due to the limited trading volumes of the Company's shares on Alternext Paris, the fact that, in recent months, some significant purchase transactions have occurred on Alternext Paris, and the auction trading system on Alternext Paris.

A number of factors may significantly affect the market price of the shares including, the number of shares held by the public, changes in the operating results of Thenergo and its competitors, changes in the general conditions in the energy industries and general economic and business conditions in the countries in which Thenergo operates. Furthermore, securities markets have experienced significant price and volume fluctuations in recent years. Such fluctuations in the future could have a material adverse effect on the market price of the shares regardless of the operating results or financial condition of the Company.

### ***Shareholders can experience significant future dilution***

Investors may suffer a significant future dilution as a result of the high number of outstanding warrants and future equity financing. The Company currently has 4,587,042 warrants outstanding (of which 4,189,208 warrants have been offered and accepted) and has undertaken to issue 1,943,844 new shares as deferred consideration for the acquisition of the Leysen group, representing together 27.5% of the Company's share capital on a fully diluted basis. Finally, the Company may decide to raise capital in the future through public or private convertible debt or equity securities, or rights to acquire these securities, and exclude or limit the preferential subscription rights pertaining to the then outstanding securities.

### ***Risk related to future sales of shares by the Company's shareholders***

If shareholders sell substantial amounts of the Company's shares, the market price of the shares may fall, even if the business is doing well. These sales might also make it more difficult for the Company to issue or sell equity or equity-related securities in the future with a timing and at a price that the Company deems appropriate.

### ***Significant shareholders***

The Company has a number of significant shareholders, as further outlined in section "5.7. Shareholders". Currently, the Company is not aware that any of its current shareholders have entered into a shareholders' agreement with respect to the exercise of their voting rights in the Company. Nevertheless, to the extent that these shareholders were to combine their voting rights, they could have the ability to elect or dismiss directors, and, depending on how broadly the Company's other shares are held, take certain other shareholders' decisions that require 50% or 75% of the votes of the shareholders that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Alternatively, to the extent that these shareholders have insufficient votes to impose certain shareholders' resolutions, they could have the ability to block proposed shareholders' resolutions that require, or require more than, 50% or 75% of the votes of the shareholders that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Any such voting by these shareholders may not be in accordance with the interests of the Company or the other shareholders of the Company.

### ***Risk related to research and analyst reports***

The trading market for the shares will be influenced by the research and reports that industry or securities analysts publish about the Company or its industry. If one or more of the analysts who cover the Company, or its industry, downgrade the shares, the market price of the shares would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which in turn could cause the market price of the shares or trading volume to decline.

***Risk related to the volatility of the share price***

Numerous factors, in addition to other risk factors described in this Prospectus, may have a significant positive or negative impact on the market price and volatility of the shares, including among others:

- the financial results of Thenergo;
- announcements of technological innovations or new projects or collaborations by Thenergo's competitors or Thenergo itself;
- publicity regarding actual or potential results relating to projects under development by Thenergo's competitors or Thenergo itself;
- developments concerning propriety rights, including patents;
- regulatory developments in Europe;
- litigation; or
- economic, monetary and other external factors.

## **2. DISCLAIMERS AND NOTICES**

### **2.1 Decision to invest**

In making an investment decision regarding the shares, prospective investors must rely on their own examination of Thenergo, including the risks and merits involved as described in the Prospectus. Any summary or description set forth in this Prospectus of legal provisions, corporate structurings or contractual relationships and in general everything set forth in this Prospectus is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions, structurings or relationships. In case of any doubt relating to the contents or the meaning of the information contained in this Prospectus, prospective investors should consult an authorised or professional person specialised in advice on the acquisition of financial instruments. The shares have not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere.

### **2.2 No representation**

No dealer, sales person or other person has been authorised to give any information or to make any representation in connection with the admission to trading and listing on Euronext Brussels and Euronext Paris that is not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised or acknowledged by the Company.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs or that all information contained herein is correct at any time subsequent to the date hereof.

The Company will update the information provided in this Prospectus by means of an addendum hereto if a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus occurs or is noted prior to the commencement of trading on Euronext Brussels and Euronext Paris. Any prospectus addendum is subject to approval by the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances/Commissie voor the bank-, financie- en assurantiwezen*) (the "CBFA") in the same manner as the Prospectus and will be made public as will be determined by the CBFA. Any such addendum will be published in the press in Belgium and France or made available by any other permitted method of distribution.

### **2.3 Certain restrictions on the distribution of this Prospectus**

The distribution of this Prospectus may be restricted by law in certain jurisdictions outside Belgium and France. The Company does not represent that this Prospectus may be lawfully distributed in jurisdictions outside Belgium and France. The Company does not assume any responsibility for such distribution. Neither this Prospectus nor any advertising may be distributed or published in any jurisdiction outside Belgium and France, except in circumstances that will result in compliance with any applicable laws and regulations. This Prospectus has been drawn for the sole purposes of the listing of the Company's shares on Euronext Brussels and Euronext Paris and does not constitute an offer to sell or a solicitation of an offer to buy any of the shares of the Company to any person. Persons in whose possession this Prospectus or any of the shares come, must inform themselves about, and observe any such restrictions.

#### ***Notice to French investors***

This Prospectus has not been and will not be submitted to the clearance procedures of the *Autorité des marchés financiers* (the "AMF"). However, for the purposes of the listing and admission to trading of the Company's shares on Euronext Paris, the Prospectus, the certificate of approval by the CBFA attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive, and the summary in the French language of the Prospectus have been filed with the AMF.

Any publication of this Prospectus, its summary in the French language and any supplements or communication of any type related thereto in France is effected for the sole purpose of the contemplated listing and admission to trading of the Company's shares on Euronext Paris on or soon after the Listing Date. Such publication or communication is not intended to constitute a public offer of the Company's shares in France within the meaning of Article L.411-1 of the *Code monétaire et financier*.

For more information concerning the dual listing of the shares on the regulated markets of Euronext Brussels and Euronext Paris, see section "4.1. Listing and first trading" and how information related thereto will be available, see section "3.4. Available Information".

Prior to any admission to trading on Euronext Paris, a notice has to be published in the French legal gazette called *Bulletin des Annonces Légales Obligatoires*.

## **2.4 Industry data**

Unless otherwise mentioned in the Prospectus, industry data and market size/share data provided in this Prospectus are derived from independent publications by leading organisations, from reports by market research firms and from other independent sources or from the Company's management own estimates, believed by management to be reasonable. When information has been derived from third parties, the Prospectus refers to such third parties.

The information provided by third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company and its advisors have not independently verified any of the abovementioned information.

Certain market share information and other statements in this Prospectus regarding the industry and the Company's position relative to its competitors may not be based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect the Company's best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry. This information from the Company's internal estimates and surveys has not been verified by any independent sources.

Market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of primary data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent to any statistical survey of market information. As a result, prospective investors should be aware that market share, ranking and other similar data in this Prospectus, and estimates and beliefs based on such data, may not be reliable.

## **2.5 Forward-looking statements**

This Prospectus includes forward-looking statements. All statements in this Prospectus that do not relate to historical facts and events are "forward-looking statements". In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "would", "expect", "plan", "anticipate", "believe", "estimate", "continue", "goal", "intention", "objective", "aim", "strategy", "budget", "proposed", "schedule" or the negative of such terms or other similar expressions. By their nature, forward-looking statements are subject to inherent risks and uncertainties, both general and specific, and the predictions, forecasts, projections and other forward-looking statements contained in this Prospectus could be materially different from what actually occurs in the future.

In addition, this Prospectus contains estimates of growth in Thenergo's markets that have been obtained from independent, third party studies and reports. These estimates assume that certain events, trends and activities will occur. Although the Company believes that these estimates are generally indicative of the matters reflected in those studies and reports, these estimates are also subject to risks and uncertainties and investors are cautioned to read these estimates in conjunction with the rest of the disclosure in this Prospectus.

Although the Company believes that its expectations with respect to forward-looking statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations at the date of this Prospectus, it cautions investors that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Some of these factors are discussed under section "1. Risk Factors" and elsewhere in this Prospectus.

The forward-looking statements contained in this Prospectus speak only at the date of this Prospectus or, if obtained from third party studies or reports, the date of the corresponding study or report and are expressly qualified in their entirety by the cautionary statements included in this Prospectus. Without prejudice to its obligations under Belgian law in relation to disclosure and ongoing information, the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur.

### **3. GENERAL INFORMATION AND INFORMATION CONCERNING RESPONSIBILITY FOR THE PROSPECTUS AND FOR AUDITING THE ACCOUNTS**

#### **3.1 Responsibility for the content of the Prospectus**

The Company, represented by its board of directors (see section “6.1. Composition of the board of directors” for an overview of the current board of directors), assumes responsibility for the content of this Prospectus. The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Listing Agents make no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Listing Agents and their advisors.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of the admission to trading of the Company’s shares on Euronext Brussels and Euronext Paris. It contains selected and summarised information, does not express any commitment or acknowledgement or waiver and does not create any right, expressed or implied, towards anyone other than a potential investor. It cannot be used except in connection with the admission to trading of the Company’s shares. The content of this Prospectus is not to be construed as an interpretation of the rights and obligations of Thenergo, of the market practices or of contracts entered into by Thenergo.

#### **3.2 Responsibility for auditing the accounts**

Deloitte Bedrijfsrevisoren BCVBA, a civil company having the form of a co-operative company with limited liability (*Burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid*) organized and existing under the laws of Belgium, and represented by Mr. Gert Vanhees has been appointed as statutory auditor of the Company on 18 December 2006 for a term ending immediately after the closing of the shareholders’ meeting to be held in 2009 that will have deliberated and resolved on the statutory financial statements for the financial year ended on 31 December 2008.

The statutory standalone financial statements of the Company for the year ended on 31 December 2005, 31 December 2006 and 31 December 2007 were prepared in accordance with generally accepted accounting principles in Belgium (“Belgian GAAP”).

The annual standalone statutory financial statements in accordance with Belgian GAAP for the year ended on 31 December 2005 have not been audited.

Following the appointment of a statutory auditor on 18 December 2006, the annual statutory standalone financial statements in accordance with Belgian GAAP for the year ended on 31 December 2006 have been audited by Deloitte Bedrijfsrevisoren, who delivered an unqualified opinion with an explanatory paragraph on the going concern of the Company and with a declaration of abstention with regards to the unaudited annual statutory financial statements of the preceding financial year (ending on 31 December 2005).

The annual statutory financial statements in accordance with Belgian GAAP for the year ended on 31 December 2007 have been audited by Deloitte Bedrijfsrevisoren, who delivered an unqualified opinion.

The consolidated financial statements of the Company for the year ended on 31 December 2005, 31 December 2006 and 31 December 2007 were prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements in accordance with IFRS for the years ended on 31 December 2005 and 31 December 2006 have been audited by Deloitte Bedrijfsrevisoren, who delivered an unqualified opinion.

The consolidated financial statements in accordance with IFRS for the year ended on 31 December 2007 have been audited by Deloitte Bedrijfsrevisoren, who delivered an unqualified opinion. This opinion also includes an explanatory paragraph on the comparative consolidated financial statements for the year ended 31 December 2006, which have been restated following the finalisation of provisional purchase accounting in accordance with IFRS 3 as explained in section “9. Financial information”. The statutory auditor confirms in the explanatory paragraph that this restatement does not affect the nature of the audit opinion that was previously expressed on the consolidated financial statements for the year ended on 31 December 2006.

### 3.3 Approval of the Prospectus

On 19 August 2008, the CBFA approved this Prospectus written in English for the purpose of the admission to trading of the Company's shares on Euronext Brussels in accordance with Article 32 of the Act of 16 June 2006 concerning the public offerings of securities and the admission of securities to trading on a regulated market (*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés/Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt*) (the "Act of 16 June 2006 on the public offerings of investment instruments"). The CBFA's approval does not imply any judgement on merits or the quality of the shares or the Company.

This Prospectus has been prepared in English only. The summary of this Prospectus is also available in French and Dutch. In connection with the admission to trading and listing of the shares of the Company on Euronext Brussels and on Euronext Paris, the English version of the Prospectus is legally binding.

This Prospectus has not been submitted for approval to any supervisory authorities outside Belgium. However, for the purposes of the listing and admission to trading of the Company's shares on Euronext Paris, the Prospectus, the certificate of approval by the CBFA attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive, and the summary of the Prospectus in the French language have been filed with the AMF.

### 3.4 Available information

#### *Prospectus*

The Prospectus is available in English. The summary of the Prospectus is available in Dutch, French and English. The Prospectus, including the summary, will be made available to investors at no cost upon request at the operating seat of the Company (tel: +32 3 292 96 96; 59 Brusselstraat, 2018 Antwerpen, Belgium). Subject to certain conditions, this Prospectus and the summary are also available on the internet at the following websites: [www.thenergo.eu](http://www.thenergo.eu), [www.kbcsecurities.be](http://www.kbcsecurities.be), [www.kbc.be](http://www.kbc.be), [www.dexia.be](http://www.dexia.be). The Prospectus is also available on the Euronext website ([www.euronext.com](http://www.euronext.com)). The certificate of approval by the CBFA attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive and the summary of the Prospectus in the French language will be available on the AMF website ([www.amf-france.org](http://www.amf-france.org)) prior to the admission to trading on Euronext Paris.

Any posting on the internet or any publication of this Prospectus, the summary and any addendum related thereto, does not constitute an offer to sell or a solicitation to buy any of the shares. The electronic version may not be copied, made available or printed for distribution. This Prospectus is valid only if circulated in compliance with applicable laws. Other information on the website of the Company or any other website does not form part of the Prospectus.

#### *Company documents and other information*

The Company must file its (restated and amended) articles of association and all other deeds that are to be published in the annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Brussels (Belgium), where they are available to the public. A copy of the most recently restated articles of association and the corporate governance charter will also be available on the Company's website. The articles of association of the Company are available in the French language at the *Greffe du Tribunal de Commerce de Paris*.

In accordance with Belgian law, the Company must also prepare annual and consolidated audited statutory financial statements. The annual and consolidated statutory financial statements and the reports of the board of directors and statutory auditor relating thereto are filed with the National Bank of Belgium, where they are available to the public. Furthermore, as a company listed on a regulated market, the Company will have to publish an annual financial report, a half-yearly financial report and interim management statements or quarterly reports. A summary of these documents will generally be made publicly available to the Belgian and French financial press in the form of a press release. Copies thereof will also be available on the Company's website.

The Company will also have to disclose price sensitive information, information about its shareholders' structure, and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis à la négociation sur un marché réglementé/Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een gereguleerde markt*), such information and documentation will be made available through press releases, the

financial press in Belgium and France, the Company's website, the communication channels of Euronext Brussels and Euronext Paris or a combination of these media.

In accordance with French law, the Company will post on its website and publish through a press release, on a yearly basis, the amount of the fees it paid to each of its statutory auditors and to the members of their network during such financial year; it will also publish a report relating to its corporate governance rules and internal control. Those documents will be made available on the AMF website.

The Company's website can be found at [www.thenergo.eu](http://www.thenergo.eu) and the Company can be reached at +32 3 292 96 96.



## 4. ADMISSION TO TRADING AND LISTING

### 4.1 Listing and first trading

The 17,236,007 million existing shares of the Company are already listed on Alternext Paris (symbol ALTHE international code number BE0947217122 for the shares). An application has been made for these existing shares and the shares resulting from the exercise of the warrants to be listed and admitted to trading on Euronext Brussels and on Euronext Paris as of the Listing Date which, barring unforeseen circumstances occurring, is expected to be 25 August 2008. The shares are expected to be listed under the symbol “THEB” and international code number BE0947217122 on Euronext Brussels and under the symbol “THEPA” and international code number BE0947217122 on Euronext Paris.

A request for delisting of the existing shares of the Company from Alternext Paris, effective as of the Listing Date, has been made.

The transfer of Thenergo to the regulated markets of Euronext Brussels and Euronext Paris will enable the Company:

- to increase the liquidity of its shares;
- to provide its existing and future shareholders with enhanced protection and guarantees linked to a listing on a regulated market;
- to optimize the Company's ability to raise additional funds in the future;
- to increase Thenergo's visibility towards its partners and clients.

### 4.2 Key information

#### *Working capital statement*

As at the date of this Prospectus, the Company and its board of directors, having made due and careful enquiry, are of the opinion that, taking into account its available cash and cash equivalents and the fully committed credit facilities, the Company has sufficient working capital to finance the current level of investments and the current level of operating expenses for a period of 12 months from the date of the Prospectus.

#### *Capitalisation and indebtedness*

	30/06/2008 Unaudited interim management accounts	31/12/2007 Derived from audited figures	Change
		(in EUR 1,000)	
<b>Equity attributable to the shareholders .....</b>	<b>136,574</b>	<b>122,473</b>	<b>14,101</b>
<b>Financial debt</b>			
Interest bearing borrowings & leases — non current.....	80,735	36,577	44,158
<i>Of which secured and guaranteed .....</i>	<i>73,915</i>	<i>35,380</i>	<i>38,535</i>
<i>Of which non-secured .....</i>	<i>6,820</i>	<i>1,197</i>	<i>5,623</i>
Borrowings & leases — current.....	6,421	7,875	–1,454
<i>Of which secured and guaranteed .....</i>	<i>5,434</i>	<i>3,807</i>	<i>1,627</i>
<i>Of which non-secured .....</i>	<i>987</i>	<i>4,068</i>	<i>–3,081</i>
Cash and cash equivalents .....	32,053	49,825	–17,772
Debt service accounts — cash guarantees .....	231	124	107
Total net financial debt .....	54,872	–5,497	60,369
Gearing (Net financial debt incl. related party/total equity) .....	40%	NA	

### 4.3 Interest of natural and legal persons involved in the admission to trading

KBC Securities NV and Dexia Bank Belgium NV act as Listing Agent for Euronext Brussels (together referred to as "Listing Agents" and each a "Listing Agent") in connection with the admission to trading and listing on Euronext Brussels and Euronext Paris. KBC Bank NV and Dexia Bank Belgium NV also act as credit provider of Thenergo and of project companies in which it participates.

#### **4.4 Intentions of the shareholders**

The existing shareholders have not indicated to the Company their intentions after the admission to trading of the shares on Euronext Brussels and Euronext Paris.

#### **4.5 Financial service**

The financial service related to transactions involving the shares of the Company is ensured in Belgium by KBC Bank NV, free of charge for the shareholders, and in France by Société Générale. Should the Company alter its policy in this matter, any change will be announced in the financial press in Belgium and on the Company's website.

#### **4.6 Liquidity provider agreement**

An agreement for the enhancement of the liquidity of the Company's shares on Euronext Brussels is entered into by the Company and KBC Securities NV. KBC Securities NV will independently from Thenergo NV take up the task as liquidity provider with regards to the shares of Thenergo NV on Euronext Brussels in accordance with article 4107 of Book 1 of the Euronext Rule Book. This entails that KBC Securities NV, for its own account, will be present in the market with both buy- and sell-orders, respecting a certain ordervolume and spread (which are determined by Euronext and which might change from time to time) as determined in the Euronext Trading Announcement(s) regarding the Permanent LP of the "Corporate Broker" profile.

An agreement for the enhancement of the liquidity of the Company's shares on Euronext Paris is entered into by the Company and Amsterdams Effectenkantoor B.V. (AEK B.V.). Amsterdams Effectenkantoor B.V. (AEK B.V.) will independently from Thenergo NV take up the task as liquidity provider with regards to the shares of Thenergo NV on Euronext Paris in accordance with article 4107 of Book 1 of the Euronext Rule Book. This entails that Amsterdams Effectenkantoor B.V. (AEK B.V.), for its own account, will be present in the market with both buy- and sell-orders, respecting a certain ordervolume and spread (which are determined by Euronext and which might change from time to time) as determined in the Euronext Trading Announcement(s) regarding the Permanent LP of the "Corporate Broker" profile and within those limits it has been agreed between the Company and Amsterdams Effectenkantoor B.V. (AEK B.V.) that Amsterdams Effectenkantoor B.V. (AEK B.V.) shall maintain a maximum spread of firm bid and offer prices of 4% for at least 1.500 shares.

#### **4.7 Dividend policy**

The Company has not paid any dividend for the past few years because it pursued a growth strategy and also because the Company invested in new projects and working capital. Currently, the board of directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the near future.

#### **4.8 Taxation in Belgium**

##### ***Introduction***

The following is a summary of certain Belgian tax consequences of the acquisition, ownership and transfer of shares of the Company. It is based on the tax laws and administrative interpretations applicable in Belgium as presently in effect and is subject to changes in Belgian law, including changes that could have a retroactive effect. The following summary does not purport to address all material tax consequences associated with ownership of the shares, and does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the shares.

For the purpose of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (*i.e.*, an individual who has his domicile in Belgium or has the seat of his wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (*i.e.*, a company that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium), or (iii) a legal entity subject to the Belgian tax on legal entities (*i.e.*, a legal entity other than a corporation subject to the corporate income tax, that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium). A non-resident is a person that is not a resident investor.

### ***Dividends***

For Belgian income tax purposes, the gross amount of all distributions made by the Company to its shareholders is generally taxed as a dividend at a rate of 25%, except for the repayment of paid-up capital carried out in accordance with the Belgian Companies Code to the extent that the capital qualifies as “fiscal” capital.

Under certain circumstances, Belgian law provides for a reduction of the withholding tax rate to 15% in respect of dividends paid on shares that are issued to the public after 1 January 1994. Such shares take the form of so-called VVPR Shares or of shares accompanied with a VVPR strip, which can be traded independently from the shares. VVPR Strips are accepted by the tax administration in order to allow sufficient liquidity of the shares. The Company’s existing shares do not qualify as VVPR Shares and there are currently no VVPR strips available for the Company’s shares.

The gross amount paid by the Company to redeem its shares and the gross amount of distributions made by the Company to its shareholders as a result of the Company’s complete or partial liquidation is also generally taxed as a dividend at a rate of 10%, insofar as the payment exceeds the fully paid-up fiscal capital of the Company. No withholding tax is due for redemptions carried out on the central market of Euronext or any other similar regulated stock exchange market.

### ***Non-residents***

Belgian tax law provides for certain exemptions from Belgian withholding tax on Belgian source dividends. If there is no exemption available under Belgian domestic law, the Belgian withholding tax can potentially be reduced for investors who are non-residents pursuant to the bilateral tax treaty concluded between the Kingdom of Belgium and the state of residence of the non-resident shareholder.

### ***Resident individuals***

For resident investors acquiring the shares as a private investment, the dividend withholding tax may constitute their final tax liability. The dividend income must not be declared in the investor’s individual income tax return.

If no withholding tax has been levied by the Company or a professional intermediary in Belgium, the net amount of the dividends must be reported in the investor’s individual income tax return and is taxable at the separate rate of 25% increased with the local surcharges.

For individuals who hold the shares for professional purposes, the dividends received will be taxed at the progressive income tax rates increased with the local surcharges. As the case may be, the withholding tax will be creditable against the income tax due and will be reimbursed to the extent that it exceeds the tax payable, subject to two conditions:

- (i) the taxpayer must own the shares at the time of payment or attribution of the dividends in full legal ownership, and
- (ii) the dividend distribution may not give rise to a reduction in value of, or a capital loss on, the shares. This condition is not applicable if such investor proves that he/she held full legal title to the shares during an uninterrupted period of twelve months prior to the attribution of the dividends.

### ***Companies***

For Belgian resident companies and for companies with their tax residence outside Belgium holding the shares of the Company through a permanent establishment in Belgium, the gross dividend income, including the withholding tax, must be added to their taxable income, which is taxed at the income tax rate of 33.99%. Under certain circumstances lower tax rates may apply for small and middle-sized companies.

In principle, companies are entitled to credit the Belgian withholding tax on dividends against their corporate income tax liability and to claim the reimbursement of the Belgian withholding tax that exceeds this liability, subject to two conditions:

- (i) the company must own the shares at the time of payment or attribution of the dividends in full legal ownership, and
- (ii) the dividend distribution may not give rise to a reduction in value of, or a capital loss on, the shares. This condition is not applicable if such investor proves that he/she held full legal title to the shares during an uninterrupted period of twelve months prior to the attribution of the dividends or if, during that period, the shares never belonged to a taxpayer who was not a resident company or who was not a non-resident company that held the shares through a permanent establishment in Belgium.

Moreover, if such a company holds, at the time of the dividend distribution, a shareholding of at least 10% in the capital of the Company or a share participation with an acquisition value of at least €1,200,000, then 95% of the gross dividend received may be deducted from the taxable amount (“dividend received deduction”), provided that the shareholding in the Company qualifies as a “fixed financial asset” according to Belgian GAAP, the shareholding has been or will be held during an uninterrupted period of at least one year and that the shares are held in full legal ownership.

The minimum participation requirement does not apply to dividends received by Belgian credit institutions, insurance companies and stock exchange companies. Additionally, the minimum participation, legal ownership, accounting qualification and minimum holding period requirements do not apply to dividends received by Belgian qualifying collective investment companies.

No withholding tax will be due on dividends paid to a resident company provided that at the time of the distribution of the dividend, the resident company has owned at least 15% of the share capital of the Company for an uninterrupted period of at least one year and, provided further, that the resident corporation provides the Company or its paying agent with a certificate as to its status as a resident company and as to the fact that it has owned a 15% shareholding for an uninterrupted period of one year. For those investors owning a share participation of at least 15% in the share capital of the Company for less than one year, the Company will withhold an amount equal to the withholding tax. However, provided the investor certifies its resident status and the date on which it acquired the shareholding, the Company will not transfer this amount to the Belgian Treasury. As soon as the investor has owned the share participation of at least 15% in the capital of the Company for one year, the Company will pay the withheld amount to it. The 15% minimum participation requirement will be reduced to 10% for dividends attributed or paid after 1 January 2009.

#### *Legal entities*

For legal entities subject to the Belgian tax on legal entities, the Belgian withholding tax generally constitutes the final tax on their dividend income.

#### ***Capital gains and losses***

##### *Individuals*

Capital gains realized by individuals subject to Belgian individual income tax upon sale, exchange or other disposal of the shares, will be exempt from income tax, unless the capital gain is the result of speculation or cannot be considered as the result of normal management of a private estate. In such a case, the capital gain is taxable at 33%, to be increased with the local surcharges.

Capital gains realized by individuals subject to the Belgian individuals income tax upon sale, exchange or other disposal of (all or part of) a substantial participation (i.e. more than 25% contingently with any relatives) to a company outside the European Economic Area, will be taxable at 16,5%, to be increased with the communal surcharges.

Losses suffered by private investors upon the disposal of shares are generally not tax deductible. However, losses on speculative transactions or transactions outside the scope of the normal management of a private estate are, under certain conditions, tax deductible from the income received pursuant to similar transactions during five consecutive taxable periods.

Individual residents who hold the shares for professional purposes are taxed at the ordinary progressive income tax rates increased by the communal surcharges on any capital gains realized upon the sale, exchange or other transfer of the shares. In such case, if the shares were held for at least 5 years prior to such disposal, the capital gains tax will be levied at a reduced rate of 16.5%. Losses on shares realized by such an investor are tax deductible and can be carried forward.

## *Companies*

Belgian resident companies and companies with a tax residence outside Belgium holding shares through a permanent establishment in Belgium are generally not subject to Belgian income tax on capital gains realised upon the disposal of the shares.

Conversely, capital losses realised upon the disposal of the shares are generally not tax deductible under Belgian tax law. However, the loss incurred in connection with the liquidation of a subsidiary remains deductible up to the amount of the paid-up share capital.

## *Legal entities*

Resident legal entities subject to the Belgian tax on legal entities are in principle not subject to Belgian income tax on capital gains realised upon the disposal of the shares, unless they would transfer (all or part of) a substantial shareholding (i.e., more than 25%) to a non-resident outside the EEA. Losses incurred by resident legal entities will, as a rule, not be tax deductible.

## ***Tax on stock exchange transactions***

The purchase and the sale and any other acquisition or transfer for consideration in Belgium, through a “professional intermediary”, of existing shares (secondary market) is subject to the tax on stock exchange transactions, generally in the amount of 0.17% of the purchase price, capped at €500 per transaction and per party. Upon the issuance of new shares (primary market), no tax on stock exchange transactions is due.

In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries described in Articles 2, 9° and 10° of the Belgian Act of 2 August 2002 on the supervision of the financial sector and financial services (*Loi relative à la surveillance du secteur financier et aux services financiers*), acting for their own account; (ii) insurance companies described in Article 2, §1 of the Belgian Act of 9 July 1975 on the supervision of insurance companies (*Loi relative au contrôle des entreprises d’assurances*) acting for their own account, (iii) pension funds described in Article 2, 1° of the Act of 27 October 2006 (*Loi relative au contrôle des institutions de retraite professionnelle*) on the supervision of pension funds acting for their own account; (iv) collective investment institutions acting for their own account or (v) non-residents acting for their own account.

## **4.9 Taxation in France**

### ***Introduction***

The following is a general overview of certain French tax rules applicable to the acquisition, ownership and disposal of the Company’s shares by certain French tax residents. All the tax aspects relating to the warrants and to the acquisition of the Company’s shares through the exercise of the warrants are not described in the present summary. This summary is based on the tax laws, tax treaties and administrative interpretations in force in France as of the date of this report, all of which are subject to changes, possibly with retroactive effect. The following summary does not purport to address all material tax consequences associated with the acquisition, ownership and disposal of the Company’s shares, and does not take into account or discuss the tax laws of any country other than France, nor does it take into account the individual circumstances of each investor. In particular this summary does not address the tax treatment of holders of Company’s shares that are subject to special rules, such as partnerships, trusts or regulated investment companies, international organizations, banks or other financial institutions, among others. Prospective investors should consult their tax advisor as to the French and foreign tax consequences of the acquisition, ownership and disposal of the Company’s shares, especially in light of their particular circumstances.

For the purpose of this summary a French tax resident is (i) an individual subject to French personal income tax (i.e. an individual who has his domicile in France under French domestic tax laws or in accordance with the applicable tax treaties), (ii) a company subject in France to corporate income tax (i.e. a company that has its registered office, its main establishment or its place of effective management in France).

### ***Individuals holding the shares in their personal portfolio who do not trade on the stock market on a regular basis***

The following is an overview of French tax rules applicable to individuals who do not trade on the stock market on a regular basis and, accordingly, who are not considered as professional traders. Individuals who engage in professional trading transactions should consult their tax advisor concerning the tax rules applicable in their specific case.

## Dividends

Unless they opt for the *prélèvement forfaitaire libératoire* (see below), French resident individuals must include the dividends in their aggregate income, which is subject to personal income tax. The dividends must be reported under securities income (*revenus de capitaux mobiliers*) for the year in which they are received. In accordance with Article 158, 3 of the French Tax Code (*Code général des impôts* — “*CGI*”), under certain conditions the dividends qualify for (i) a 40% rebate (the “*40% rebate*”) and (ii) an additional allowance calculated on the total securities income for the year, of € 3,050 for married couples who file a joint tax return and for partners in a civil partnership (*pacte civil de solidarité*) governed by Article 515-1 of the French Civil Code (*Code civil*) who file a joint tax return, and €1,525 for single and widowed persons and married couples who file separate tax returns. The expenses incurred by the investors to acquire and retain this income are deductible from the amount of the dividend after the 40% rebate.

Individual shareholders also qualify for the tax credit provided for in Article 200 *septies* of the CGI. The tax credit is equal to 50% of the dividends (before the 40% rebate and the €1,525 or €3,050 tax allowance), capped at €230 per year for married couples who file a joint tax return and for partners in a civil partnership (*pacte civil de solidarité*) governed by Article 515-1 of the French Civil Code (*Code civil*) who file a joint tax return, and capped at €115 per year for single and widowed persons, and married couples who file separate tax returns. The tax credit is deductible from the personal income tax due as for the year in which the dividends are received, net of any tax relief, other tax credits and any withholdings that are not in full discharge of the tax payable. If the amount of the tax credit exceeds the tax payable, the credit will be refunded provided that it amounts to at least €8.

The following social levies (the global rate of which is 11%) are also due on the gross amount of the dividends, *i.e.*, before the 40% rebate and the €1,525 or €3,050 tax allowance, and without any deduction as for the expenses incurred in order to acquire and retain the income:

- *Contribution sociale généralisée* (CSG), at the rate of 8.2%, of which 5.8% is deductible from the basis of assessment for personal income tax for the year of payment;
- *Contribution au remboursement de la dette sociale* (CRDS), at the rate of 0.5% (not deductible from the basis of assessment for personal income tax);
- *Prélèvement social*, at the rate of 2% (not deductible from the basis of assessment for personal income tax);
- *Contribution additionnelle au prélèvement social*, at the rate of 0.3% (not deductible from the basis of assessment for personal income tax).

Since 1 January 2008, for the taxation of dividends which meet the conditions required for the application of the above mentioned 40% rebate, French tax resident individuals can elect for the *prélèvement forfaitaire libératoire* (withholding tax exempting from French personal income tax) provided for in Article 117 *quater* of the CGI. The rate of the *prélèvement forfaitaire libératoire* is of 18%, and applies to the gross amount of the dividends (without any rebate or deduction as for the expenses incurred to acquire and retain the income). Individual investors who elect for the *prélèvement forfaitaire libératoire* do not qualify for the above mentioned €230 or €115 tax credit. The above mentioned social levies (the global rate of which is 11%) are also due on the gross amount of the dividends, but the *Contribution sociale généralisée* (CSG) is not deductible from the basis of assessment for personal income tax for the year of payment. Dividends paid with respect to shares which are acquired within the PEA personal equity plans (see below) may not be subject to the *prélèvement forfaitaire libératoire*. A French individual who only elected for the *prélèvement forfaitaire libératoire* on a portion of the dividends received during the same calendar year cannot benefit from the 40% rebate and the €1,525 or €3,050 tax allowances on the dividends for which no election was made.

Investors should consult their own tax advisors as to the opportuneness and the consequences of the election for the *prélèvement forfaitaire libératoire* on their personal tax position.

The Belgian withholding tax applied in accordance with the provisions of the tax treaty entered into between France and Belgium on March 10, 1964 may be deducted, under certain limits and conditions, from the personal income tax or from the *prélèvement forfaitaire libératoire* due in France.

## Capital gains

In accordance with Article 150-0 A of the CGI, capital gains on the sale of shares are subject to personal income tax at a proportional rate currently set at 18%, from the first euro, when the total sales of marketable securities and the other rights and securities defined in Article 150-0 A of the CGI (excluding capital gains qualifying for deferred taxation and tax-exempt gains, in particular on the sale of shares held in PEA personal equity plans) realised during the calendar year by the fiscal household exceed a certain threshold, currently set at €25,000.

If annual sales of marketable securities, rights and other securities exceed the above mentioned threshold, the following non-deductible social levies (the global rate of which is 11%) are also due:

- *Contribution sociale généralisée* (CSG), at the rate of 8.2%;
- *Contribution au remboursement de la dette sociale* (CRDS), at the rate of 0.5%;
- *Prélèvement social*, at the rate of 2%;
- *Contribution additionnelle au prélèvement social*, at the rate of 0.3%.

In accordance with Article 150-0 D *bis* of the CGI, capital gains on the sale of shares qualify for a one-third rebate for each twelve-month holding period beyond five years, provided that the taxpayer can provide evidence of the holding period and can demonstrate that the shares were held continuously throughout that period. The holding period starts as from 1 January of the year in which the shares were acquired. The capital gains can thus be completely exempted from personal income tax after an 8-year holding period. However, the one-third rebate does not apply for the calculation of the social levies referred to above, which are due on the entire amount of the capital gain even if the gain is exempt from personal income tax.

Under Article 150-0 D 11 of the CGI, any capital losses incurred in a given year may be offset against capital gains of the same type realised in that year and in the next ten years, provided that they concern taxable transactions, which means, in particular, that the total sales of securities realised during the calendar year by the fiscal household must exceed the €25,000 threshold referred to above.

#### *Specific tax rules applicable to PEA personal equity plans*

The Company's shares may be eligible under certain conditions for inclusion in a PEA personal equity plan.

Subject to certain conditions, holders of PEAs are entitled to (i) exemption from personal income tax and social levies on net revenue and net capital gains from PEA investments for the duration of the plan, provided that the revenue and capital gains are reinvested in the plan; and (ii) exemption from personal income tax on the net capital gain realised when the PEA is closed (provided that the plan has been held for over five years) or when funds are withdrawn from the plan (provided that the plan has been held for over eight years). The revenue or capital gains are nevertheless subject to the social levies referred to above (*contribution sociale généralisée*, *contribution au remboursement de la dette sociale*, *prélèvement social* and *contribution additionnelle au prélèvement social*) at the rate in force at the time the revenue was earned or the gains were realised.

PEA revenues also give rise to the 50% tax credit, capped at €115 or €230 (see above). The tax credit is not reinvested in the PEA but is deductible from personal income tax due for the year in which the dividends are received, net of any tax relief, other tax credits and any withholdings that are not in full discharge of the tax payable, in the same way as tax credits on dividends on directly-owned shares.

In principle, capital losses on shares held in PEAs may only be offset against capital gains realised on other shares held in the plan. However, when the PEA is closed, any capital losses may be offset against capital gains of the same type realised on directly-owned shares in the year the plan is closed and the next ten years, subject to certain conditions.

The table below summarises the various taxes that are, in principle, applicable depending on the date on which the PEA is closed.

Duration of the PEA	Prélèvement social <sup>(1)</sup>	CSG	CRDS	Personal income tax	Total
Less than two years.....	2.3%	8.2%	0.5%	22.5%	<b>33.5%</b> <sup>(2)(3)</sup>
Two to five years .....	2.3%	8.2%	0.5%	18.0%	<b>29.0%</b> <sup>(2)(3)</sup>
More than 5 years .....	2.3%	8.2%	0.5%	0.0%	<b>11.0%</b> <sup>(3)</sup>

(1) Including the 0.3% *contribution additionnelle*.

(2) Calculated on the total amount if the aggregate sales of securities and rights during the year exceed the threshold (currently € 25,000).

(3) The amount of the CSG, CRDS and *prélèvement social* (including the *contribution additionnelle*) may vary depending on the timing of the gains.

## *French wealth tax*

Shares held by individuals in their personal portfolio are included in the basis of assessment for French wealth tax (*impôt de solidarité sur la fortune*). As at 1 January 2008, French wealth tax is applicable to individuals who own personal assets, the fair market value of which exceeds €770,000 (the threshold varies each year).

## *Estate duty and gift tax*

Prospective investors should consult their own tax advisors in order to analyse their personal tax position for the case where they receive Company's shares through an inheritance or gift or where they grant the Company's shares to any beneficiary through inheritance or gift. In particular, investors should consult their advisers concerning the applicability of French estate and gift tax to the Company's shares and the availability of, and the conditions for claiming exemption under, the applicable tax treaties.

Where the deceased or the donator is a French tax resident, shares acquired by French resident individuals through an inheritance or gift are subject to estate duty or gift tax in France.

## ***Legal entities subject to corporate income tax in France***

### *Dividends*

#### Legal entities which do not qualify for the parent company regime (*régime des Sociétés mères*)

Legal entities which hold less than 5% of the share capital of the Company do not qualify for the parent company regime provided for in Articles 145 and 216 of the CGI.

Dividends received by these companies are subject to corporate income tax, currently levied at 33 $\frac{1}{3}$ % and increased by the *contribution sociale* surtax at a 3.3% rate applied on the corporate income tax, after deduction of €763,000 (Article 235 *ter* ZC of the CGI).

Certain legal entities may pay corporate income tax at the reduced rate of 15%, up to a maximum amount of €38,120 per twelve-month period, and may qualify for exemption from the 3.3% *contribution sociale* surtax (Articles 219-I-b and 235 *ter* ZC of the CGI).

The Belgian withholding tax applied in accordance with the provisions of the tax treaty entered into between France and Belgium dated March 10, 1964 may be deducted, under certain limits and conditions, from the corporate income tax due in France.

#### Legal entities qualifying for the parent company regime (*régime des Sociétés mères*)

Provided that certain conditions are met (in particular, the parent company must commit itself to retain the shares for at least 2 years), legal entities which hold at least 5% of the share capital of the Company (representing rights to dividends and voting rights) may elect for exemption from corporate income tax on dividends qualifying for the parent company regime (Articles 145 and 216 of the CGI). However, 5% of the dividends received, including the tax credits if any, must be added back to the recipient's taxable income in respect of costs and expenses. For each tax year, the add-back is capped at an amount equal to the actual total costs and expenses incurred by the recipient of the dividends during the period.

### *Capital gains*

#### Standard tax rules

Capital gains realised on the sale of shares are included in the income which is taxed at the standard rate of 33 $\frac{1}{3}$ % (or the reduced rate of 15% up to €38,120 per twelve-month period for companies fulfilling the conditions laid down in Article 219 I-b of the CGI) plus the 3.3% *contribution sociale* surtax, on the basis outlined above.

Capital losses realised on the sale of shares are deducted from the basis of assessment of corporate income tax.

#### Special rules applicable to long-term capital gains

Net capital gains from the sale of shares held for over two years at the time of the sale and which qualify as participating interests (*titres de participation*) benefit from the special tax regime applicable to long-term capital gains (Article 219-I-a



*quinquies* of the CGI). Under this regime, the net gains are exempt from corporate income tax, except for a 5% lump sum added back to the taxable income for costs and expenses.

Article 219 I-a *quinquies* of the CGI defines participating interests (*titres de participation*) as shares that are carried in the balance sheet under this heading, shares acquired in a cash-for-stock or stock-for-stock public tender offer made by the company, and shares qualifying for the parent company regime provided for in Articles 145 and 216 of the CGI provided that they are carried in the balance sheet under participating interests (*titres de participation*) or a related sub-account. Shares in real estate companies (*sociétés à prépondérance immobilière*) are excluded from the long-term capital gains regime.

Long-term capital losses incurred on the sale of participating interests (*titres de participation*) during financial years beginning on or after 1 January 2007 may only be offset against capital gains of the same type realised in the same year. This reduces the 5% lump sum added back to taxable income for costs and expenses.

Prospective investors should consult their own tax advisors as to the qualification of the Company's shares under the long-term regime.

### ***Withholding tax in France***

As the Company is not a resident of France for tax purposes, no French withholding tax (*retenue à la source*) shall apply to revenues from the Company's shares. Prospective investors in the Company's shares should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Company's shares and the receipt of any revenue or income thereon under the laws of their country of residence, citizenship or domicile. The Company is not or shall not be liable for or otherwise obliged to pay any tax, duty, withholding tax or other payment which may arise as a result of the ownership or transfer of any Company's shares or of any payment made by the Company thereunder.

## **5. INFORMATION ABOUT THE SHARE CAPITAL, THE SHARES AND THE CORPORATE PURPOSE**

### **5.1 General**

This Chapter 5 summarises the Company's corporate purpose, share capital and the material rights of its shareholders under Belgian law and the Company's articles of association. It is based on the Company's articles of association that have been amended by the extraordinary shareholders' meeting of 18 August 2008 and that will become effective upon listing of the Company's shares on Euronext Brussels or Euronext Paris.

The Company was incorporated on 20 February 2002 for an unlimited duration. The Company has the legal form of a public limited liability company (*société anonyme faisant ou ayant fait publiquement appel à l'épargne/naamloze vennootschap die een publiek beroep op het spaarwezen doet of heeft gedaan*) organised and existing under the laws of Belgium. Pursuant to the Belgian Company Code, the liability of the shareholders is limited to the amount of their respective committed contribution to the capital of the Company.

The Company's registered office is located at Avenue Louise 505, boîte 2, 1050 Ixelles (Brussels), Belgium (company number 0477.032.538 (Brussels)).

### **5.2 Corporate purpose**

The corporate purpose of the Company is set forth in Article 3 of its articles of association and reads (in translation from the French original) as follows:

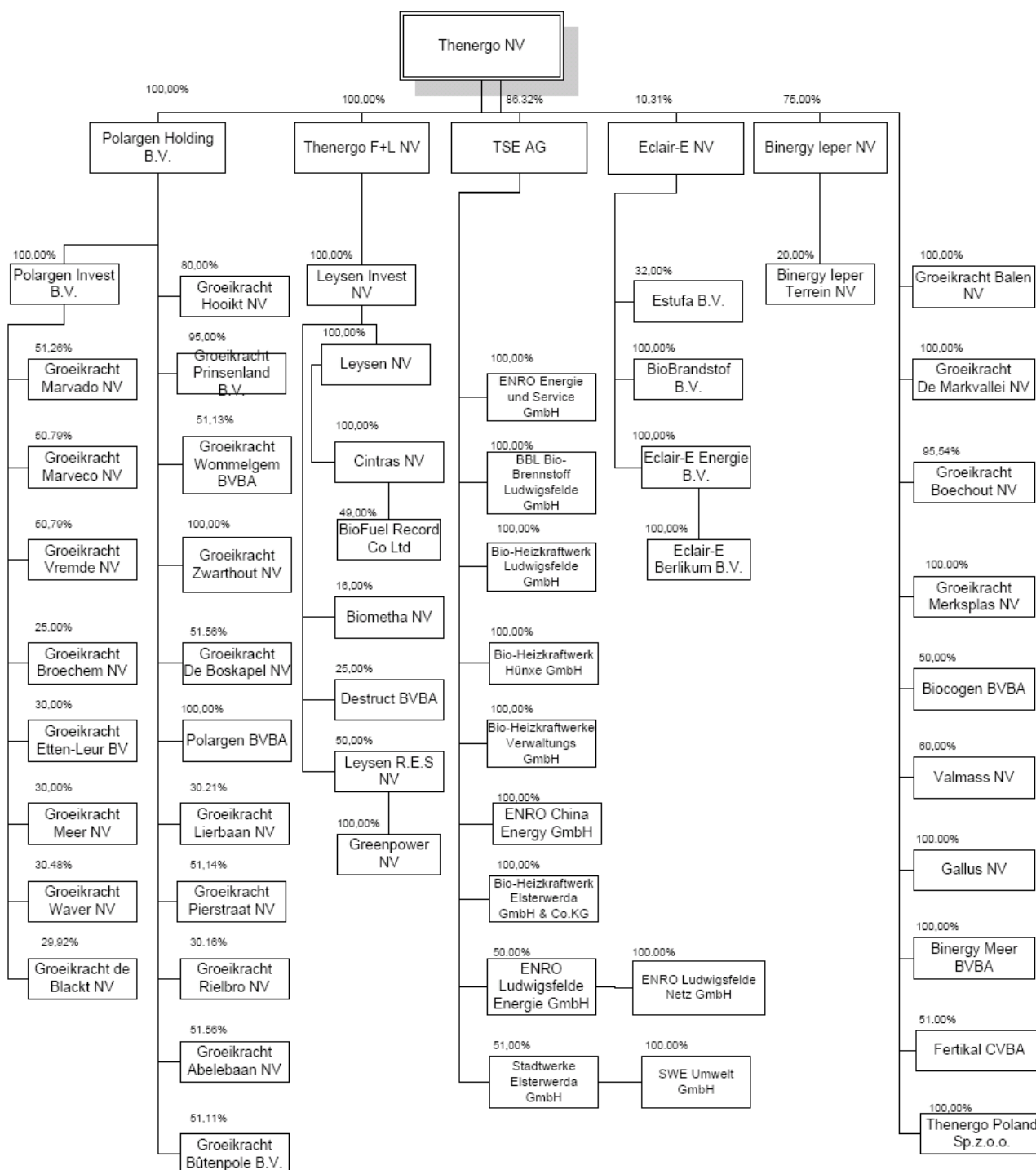
*"The Company has as its corporate purpose:*

*The trade and sale of energy products and the development of energy-related products; feasibility studies for ecologically justified energy projects that allow energy savings, and the development of these projects; the joint development of multiservice and multi-utility (gas, electricity, petroleum, waste, water, cable) projects; consultancy with respect to energy products and other energy services; general trade; the development of energy products, including energy generation; holdings in energy products and new and existing investments; the development of energy products, including construction; the maintenance and operation of these projects; the development and operation of an integrated information, communication and order platform in the energy and services sectors.*

*The company can carry out all commercial, industrial and financial transactions and transactions involving real property or moveables related directly or indirectly to its corporate purpose or in furtherance of this purpose. It can thus, among other things, acquire an interest in any company whose purpose is identical, similar or connected to its own.*

*It can serve as a surety or provide guarantees in favour of these same companies, act as their agent or representative, extend advances and loans, and provide security in the form of a mortgage or otherwise.”*

### 5.3 Group structure



- (1) The percentages mentioned in the above table reflect the Company's direct and indirect shareholding in the respective companies of the Thenergo group.
- (2) With respect to Groeikracht Marveco NV, Groeikracht Pierstraat NV, Groeikracht Vremde NV and Groeikracht Marvado NV, it should be noted that two classes of shares exist which can each nominate candidates for half of the directors. In addition, a revolving chairmanship with a casting vote in the event of a tie exists at the level of the board of directors. Such chairman will alternately be appointed upon nomination by one of the classes of shares. Therefore, even though Thenergo NV holds a majority stake, Thenergo NV may be faced with a chairman it did not propose as a candidate for nomination and therefore the directors appointed upon nomination by Thenergo NV may not be able to veto board resolutions.

<b>Company</b>	<b>Main activities of the company</b>
Thenergo NV .....	The realisation and operation of renewable energy projects and the trade and sale of energy products
All “Groeikracht” companies except Groeikracht Meer NV .....	The management, investment, operating or maintenance of a cogeneration plant (combined heat and power or CHP)
Polargen Holding BV .....	The realisation and operation of renewable energy projects and the trade and sale of energy products
Polargen BVBA .....	Providing of services, such as consulting, engineering, management regarding environmental regulations, energy processes, cogeneration
Thenergo F+L NV .....	Feasibility studies for and development of ecological energy projects and waste disposal/treatment
Leysen NV .....	National and international transport activities
Cintras NV .....	Jatropha and woody bio mass project
Biometha NV .....	Waste to energy project in Komen
Destruct BVBA .....	Destruction of seized counterfeit products and paper
Greenpower NV .....	The management, investment, operating or maintenance of a bio oil cogeneration plant (combined heat and power or CHP)
Biocogen BVBA and Valmass NV .....	The management, investment, operating or maintenance of a biomass cogeneration plant (combined heat and power or CHP)
ENRO Ludwigsfelde Energie GmbH .....	Production of heat for Ludwigsfelde Industrial Project
ENRO Ludwigsfelde Netz GmbH .....	Grid management for industrial estate of Ludwigsfelde
BBL Bio-Brennstoff Ludwigsfelde GmbH .....	Fuel supply for ENRO group, especially for Bio-Heizkraftwerk Elsterwerda GmbH & Co.KG
Bio-Heizkraftwerk Ludwigsfelde GmbH .....	The management, investment, operating or maintenance of a cogeneration plant (combined heat and power or CHP)
Bio-Heizkraftwerk Hünxe GmbH .....	The management, investment, operating or maintenance of a cogeneration plant (combined heat and power or CHP)
Bio-Heizkraftwerke Verwaltungs GmbH .....	The management and representation of partnerships
Bio-Heizkraftwerk Elsterwerda GmbH & Co.KG .....	The management, investment, operating or maintenance of a cogeneration plant (combined heat and power or CHP) using waste wood
Stadtwerke Elsterwerda GmbH .....	Supply of heat for the city of Elsterwerda
Estufa BV .....	Energy project
BioBrandstof BV .....	Fuel supplier for the Eclair-E projects
Eclair-E Berlikum BV .....	Energy project on wood in Berlikum
Binery Ieper NV .....	The management, investment, operating or maintenance of a biogas production & cogeneration plant
Binery Ieper Terrein NV .....	Purchase and leasing of real estate
Binery Meer BVBA .....	The management, investment, operating or maintenance of a biogas production & cogeneration plant
Fertikal CVBA .....	Manure treatment
Groeikracht Meer NV .....	Currently no activities
ENRO Energie und Service GmbH .....	Currently no activities
ENRO China Energy GmbH .....	Currently no activities
Gallus NV .....	Currently no activities
SWE Umwelt GmbH .....	Currently no activities
Leysen Invest NV .....	Holding activities
Leysen R.E.S. NV .....	Holding activities
Thenergo Poland Sp.z.o.o. ....	Holding activities
tse AG .....	Holding activities
Eclair-E Energie BV .....	Holding activities
Eclair-E NV .....	Holding activities
Biofuel Record & Co Ltd	Purchase and sale of jatropha nuts in Thailand

## 5.4 Share capital and shares

On the date of this Prospectus, the Company's share capital amounts to €115,781,570.92, represented by 17,236,007 shares without nominal value. The capital is fully paid up.

The table below provides an overview of the history of the Company's share capital since its incorporation on 20 February 2002. It does not however take into account historic share transfers (for an overview of the shareholding of the Company, see section "5.7. Shareholders"). The overview should be read together with the notes set out below the table.

Date	Transaction	Number of shares issued	Issue price per share (€) (including issuance premium)	Capital increase (€) (including issuance premium)	Share capital (including issuance premium) after transaction	Aggregate number of shares after capital increase
20/02/2002	Incorporation .....	1,000	100.00	100,000	100,000.00	1,000
20/08/2002	Capital increase in cash .....	1,500	100.00	150,000	250,000.00	2,500
05/02/2003	Capital increase in cash .....	1,065	100.00	106,500	356,500.00	3,565
23/05/2003	Capital increase in cash .....	1,490	100.00	149,000	505,500.00	5,055
29/08/2003	Capital increase in cash .....	3,000	100.00	300,000	805,500.00	8,055
21/12/2005	Incorporation of receivables.....	8,754	100.00	875,400	1,680,900.00	16,809
24/02/2006	Capital increase in cash .....	27,694	78.65	2,178,050.00	3,858,950.00	44,503
23/04/2007	Share split of existing shares (x100) .....	0	—	—	3,858,950.00	4,450,300
22/05/2007	Capital increase in cash reserved to Theolia SA <sup>(1)</sup> .....	666,080	8.45	5,628,376.00	9,487,326.00	5,116,380
18/06/2007	Capital increase in cash reserved to qualified investors .....	592,175	8.45	5,003,878.75	14,491,204.75	5,708,555
	Capital increase in cash reserved to AEK (for onward sale to qualified investors) .....	7,691,849	8.45	64,996,124.05	79,487,328.80	13,400,404
24/09/2007	Capital increase in kind <sup>(2)</sup> .....	1,727,862	9.26	16,000,002.12	95,487,330.92	15,128,266
03/12/2007	Capital increase in kind <sup>(3)</sup> .....	556,000	8.81	4,900,000.00	100,387,330.92	15,684,266
03/12/2007	Capital increase in kind <sup>(4)</sup> .....	473,984	9.00	4,265,856.00	104,653,186.92	16,158,250
27/02/2008	Capital increase in kind <sup>(5)</sup> .....	125,376	9.00	1,128,384.00	105,781,570.92	16,283,626
27/05/2008	Capital increase in cash reserved to AIF .....	952,381	10.50	10,000,000.00	115,781,570.92	17,236,007

- (1) This capital increase served the purpose of reimbursing a loan from Theolia S.A. to the Company.
- (2) This capital increase results from a contribution in kind of receivables by the former shareholders of Leysen following the sale of their entire participation in Leysen to the Company.
- (3) This capital increase results from a contribution in kind by the former shareholders of Polargen of 8,820 shares in Polargen.
- (4) This capital increase results from a contribution in kind by former shareholders of ENRO of 1,066,464 shares in ENRO.
- (5) This capital increase results from a contribution in kind by former shareholders of ENRO of 282,096 shares in ENRO.

## 5.5 Warrants

Pursuant to a shareholders resolution on 23 April 2007, the Company created a stock option plan under which 4,587,042 registered warrants have been issued and can be granted to employees, consultants or directors of the Company or third parties (the "Warrants 2007"). Each Warrant 2007 gives right to subscribe to one share in the Company.

A first category of 445,030 warrants (the "Warrants 1") can be offered to all persons rendering professional services to Thenergo as employee, director, consultant or other. All Warrants 1 have been offered (for more information see footnote 2 below the table in this section "5.5. Warrants" of the Prospectus).

A second category of 2,071,006 warrants (the "Warrants 2") can be offered to all persons rendering professional services to Thenergo as employee, director, consultant or other. To date, 2,056,006 Warrants 2 have been offered (for more information see footnote 1 and 2 below the table in this section "5.5. Warrants" of the Prospectus).

A third category of 2,071,006 warrants (the "Warrants 3") has been offered to Amsterdams Effectenkantoor (AEK), upon decision of the board of directors. The Warrants 3 constituted the remuneration of AEK for the €70 million private placement of the Company which took place as part of the listing of the Company on the multilateral trading facility Alternext Paris in June 2007.

The stock option plan specifies that the price of the Warrants 2007 is €0.0001. The Warrants 2007 offered to date, can be exercised at the exercise price specified in the table below.

The exercise price of the 15,000 Warrants 2007 which have not been offered shall be determined by the Chairman of the board of directors upon their allocation, in accordance with the following rules:

- the closing price of the shares on the date before the offer;
- the average closing price of the 30 calendar days before the offer;
- the Chairman of the board can determine a reduction of 10% to 40% on the prices determined according to aforementioned methods (the exercise price, however, may not be lower than the par value of the shares).

The Warrants 2007 can be exercised until 30 June 2012.

The Warrants 2007 vest (i.e. the exercise period starts) as set forth in the table above.

During the exercise period, Warrants 1 and Warrants 2 can only be exercised during the following sub-exercise periods: (i) between the 1<sup>st</sup> and the 31<sup>st</sup> January or between the 1<sup>st</sup> and 30<sup>th</sup> June; or (ii) at any other date or period fixed by the board of directors; or (iii) at any moment in case of (a) an exercise by a beneficiary of 10,000 warrants or more (in which case only those warrants can be exercised) or (b) a change of control in the Company (i.e. in case of transfer of more than 50% of the votes) or (c) the launch of a takeover bid on the shares of the Company or (d) a non-friendly change in the composition of the shareholders. A change in the composition of the shareholders will be considered as non-friendly from the moment the general meeting decides upon the dismissal of a director who is a beneficiary of the Warrants 2007. In the other cases the decision to define a situation as non friendly belongs to the sole discretion of the board of directors.

The Warrants 2007 are transferable.

The board of directors is entitled to decide on the consequences for the non-exercised Warrants 2007 upon dismissal or departure of an employee, director, or proxy holder because of serious cause, or any other reason. However, the board of directors does not possess this discretionary right in case of death of the warrant holder or in case the Warrants 2007 have not yet been exercised, but one or more of the sub-exercise periods for such warrants have already elapsed.

The table below gives an overview of the outstanding warrants of the Company at the date of this Prospectus.

Granting date	Category of warrant	Warrants granted	Date of expiry	Exercise price	Warrants exercised	Vesting of warrants
23/04/07	Warrants 1	273,807	30/06/12	€8.45	0	89,004 after AEK announcement of completion of the raise of €70,000,000 (on or about 14/06/2007)
				€8.45	0	95,799 on 31/12/2007
				€8.45	0	44,502 on 31/12/2008
				€8.45	0	44,502 on 31/12/2009
23/04/07	Warrants 3	2,071,006	30/06/12	€8.45	0	2,071,006 on or about 14/06/2007
06/06/07	Warrants 1	171,223	30/06/12	€8.45	0	68,491 from IPO on Alternext Paris (on or about 14/06/2007)
					0	34,245 from 01/01/2009
					0	34,245 from 01/01/2010
					0	34,242 from 01/01/2011
06/06/07	Warrants 2	1,100,000	30/06/12	€8.45	0	440,000 from IPO on Alternext Paris (on or about 14/06/2007)
					0	220,000 from 01/01/2009
					0	220,000 from 01/01/2010
					0	220,000 from 01/01/2011
05/09/07	Warrants 2	490,000	30/06/12	€8.45	0	70,000 market capitalisation of €163,233,414
					0	70,000 market capitalisation of €213,233,414
					0	70,000 market capitalisation of €263,233,414
					0	70,000 market capitalisation of €313,233,414
					0	70,000 market capitalisation of €363,233,414
					0	70,000 market capitalisation of €413,233,414
					0	70,000 market capitalisation of €463,233,414
21/11/07	Warrants 2	205,716	30/06/12	€8.45	0	68,572 from 01/01/2009
					0	68,572 from 01/01/2010
					0	68,572 from 01/01/2011
29/01/08	Warrants 2	175,000	30/06/12	€8.45	0	70,000 from 29/01/2008
					0	35,000 from 01/01/2009
					0	35,000 from 01/01/2010
					0	35,000 from 01/01/2011
22/04/08	Warrants 2	20,000	30/06/12	€8.45	0	20,000 from 24/04/2010
22/04/08	Warrants 2	35,000	30/06/12	€10.00	0	35,000 from 24/04/2010
22/04/08	Warrants 2	22,290 <sup>(1)</sup>	30/06/12	€10.00	0	8,916 from 24/04/2008
						4,458 from 01/01/2009
						4,458 from 01/01/2010
						4,458 from 01/01/2011
25/07/2008	Warrants 1	-44,834 <sup>(2)</sup>	30/06/12	€8.45	0	-7,417 from 31/12/2008
						-7,417 from 31/12/2009
						-10,000 from 01/01/2009

25/07/2008	Warrants 2	-330,000 <sup>(2)</sup>	30/06/12	€8.45	0	-10,000	from 01/01/2010
						-10,000	from 01/01/2011
						-50,000	from 01/01/2009
						-50,000	from 01/01/2010
						-50,000	From 01/01/2011
						-30,000	market capitalization of €213,233,414
						-30,000	market capitalization of €263,233,414
						-30,000	market capitalization of €313,233,414
						-30,000	market capitalization of €363,233,414
						-30,000	market capitalization of €413,233,414
						-30,000	Market capitalization of €463,233,414

- (1) The board of directors has decided at its meeting of 22 April 2008 to offer 30,290 warrants to certain members of the personnel of Thenergo, 22,290 of these warrants have been accepted by their beneficiaries.
- (2) During its meeting of 25 July 2008, the board of directors has decided to withdraw these Warrants 1 and 2, for which a sub-exercise period has not yet elapsed, granted to Ninety 1 Solutions Comm.V.

## 5.6 Undertaking to issue shares

In September 2007, Thenergo (through its fully owned subsidiary Thenergo F+L NV) acquired the shares in Leysen Invest NV. In accordance with the share purchase agreement dated 24 September 2007, the third tranche of the purchase price to be paid by Thenergo F+L NV to the sellers, which initially consisted of a €20 million claim against Thenergo F+L NV to be contributed by the sellers into the share capital of the Company in consideration of up to 2,159,827 shares of the latter, has not yet been paid and was due at the latest 30 working days following 31 July 2009.

In June and August 2008, the former Leysen shareholders (as sellers) have agreed the following with Thenergo:

- depending on the admission to trading of the Thenergo shares on Euronext Brussels and Euronext Paris, the third tranche of the purchase price for the acquisition of the Leysen Invest NV in September 2007, payable in Thenergo shares at €9.26 per share, will be reduced from €20 million to €18 million implying a reduction of the number of shares to be issued from 2,159,827 to 1,943,844;
- the former Leysen shareholders will increase their shareholding in the Company for an aggregate amount of €2 million before end 2008, either by way of subscription of newly issued shares or purchase of existing shares;
- the issue of the 1,943,844 new shares of the Company as part of the payment of the third tranche to the former Leysen shareholders will take place within 15 working days following the €2 million investment, and hence not later than in January 2009.

## 5.7 Shareholders

The following table reflects the Company's shareholding structure.

Shareholder	Number of shares	Percentage of shares (%)	Number of warrants granted	Percentage of warrants granted (%)
Theolia S.A. ....	4,716,480	27.4	—	—
AEK <sup>(1)</sup> .....	783,990	4.5	1,771,006	42.3
Eureffect Asset Management B.V. and funds managed by Eureffect Asset Management B.V. and subsidiaries of Eureffect Asset Management B.V. <sup>(2)</sup> .....	3,044,620	17.7	300,000	7.2
Former Leysen shareholders <sup>(3)</sup> .....	1,316,970	7.6	—	—
Management <sup>(4)</sup> .....	1,031,452	6.0	1,906,562	45.5
AIF <sup>(5)</sup> .....	952,381	5.5	—	—
Employees of Thenergo <sup>(6)</sup> .....	Unknown to the Company	Unknown to the Company	22,290	0.5
Free Float <sup>(7)</sup> .....	5,390,114	31.3	189,350	4.5
<b>Total</b> .....	<b>17,236,007</b>	<b>100</b>	<b>4,189,208</b>	<b>100</b>

- (1) AEK's participation of 783,990 shares are shares held for own account to the exclusion of shares held in its capacity of liquidity provider. The number of shares held by AEK in its capacity of liquidity provider is subject to daily fluctuations. For informational purposes, the shares held by AEK in its capacity of liquidity provider per 9 June 2008 amounted to 4,923 shares.
- (2) AEK holds 50% of the shares of Eureffect Asset Management B.V. Eureffect Asset Management B.V. together with its wholly-owned subsidiary AEK Suisse Sarl and through Spirit Aim (a fund managed by Eureffect Asset Management B.V.), hold in the aggregate 3,044,620 shares in the Company for the account of third parties: i.e., first, 1,290,257 shares in the Company are held by Eureffect Asset Management B.V. under a contract of discretionary asset management on behalf of clients of Eureffect Asset Management B.V.; in addition, 955,000 shares in the Company are held by Spirit Aim for the account of the participants of the fund; and, finally, 799,363 shares in the Company are held by AEK Suisse Sarl under a contract of discretionary asset management on behalf of clients of AEK Suisse Sarl. Spirit Aim (a fund managed by Eureffect Asset Management B.V.), holds 300,000 warrants in the Company on behalf of participants of the fund.
- (3) The group of Former Leysen shareholders include the following persons: Yves Leysen, Luc Leysen, Guy Leysen, Benjamin Simons, Philippe Winant, Marleen Allaerts and Didier Versmissen, Nico Verbaeten, Peter van de Kerkhof, Beheers- en Advieskantoor Van Vaerenbergh en Co. NV and Willy Van Den Heuvel. Mr Yves Leysen is permanent representative of Centenary BVBA which is a member of the board of directors and of the executive management of the Company. Mr Yves Leysen holds 410,892 shares, Leysen-Large B.V. holds 47,560 shares and Centenary BVBA holds 102,858 warrants, such shares and warrants are already reflected under Management and as such not included in the shares and warrants held by Former Leysen shareholders (for more details, please see section "6.6. Shares and warrants held by directors and executive management").
- (4) Certain members of the board of directors of the Company and certain members of the executive committee of the Company hold shares and/or warrants in the Company. In this table the number set out next to "Management" refers to the aggregate of respectively the shares and the warrants held by such person (for more details, please see section "6.6. Shares and warrants held by directors and executive management"). G.F. Land Beheer B.V. and De Pooter Beheer BVBA are former shareholders of Polargen and also members of the executive management of the Company. Together Mr Gerrit Land (who is the permanent representative of G.F. Land Beheer B.V.) and De Pooter Beheer BVBA hold 556,000 shares (for more details, please see section "6.6. Shares and warrants held by directors and executive management").
- (5) See section "7.20. Recent developments".
- (6) The board of directors has decided at its meeting of 22 April 2008 to offer 30,290 warrants to certain members of the personnel of Thenergo, 22,290 of these warrants have been accepted by their beneficiaries.
- (7) Ninety 1 Solutions Comm. V is at the date of this Prospectus no longer a director or part of the management of the Company. During its meeting of 25 July 2008, the board of directors has decided to withdraw 374,834 warrants, for which a sub-exercise period has not yet elapsed, granted to Ninety 1 Solutions Comm.V. As a result, the remaining 189,350 warrants held by Ninety 1 Solutions Comm. V are mentioned under "free float".

## 5.8 Description of rights and benefits attached to shares

### *Voting rights*

Each shareholder of the Company is entitled to one vote per share. Shareholders may vote by proxy.

Voting rights can be suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto of the board of directors of the Company;
- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;



- which entitle their holder to voting rights above the threshold of 3%, 5% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders' meeting, except in the event where the relevant shareholder has notified the Company and the CBFA at least 20 days prior to the date of the shareholders' meeting on which he or she wishes to vote its shareholding reaching or exceeding the thresholds above; as from 1 September 2008, the additional threshold of 7.5% will also become applicable and require shareholder notification; and
- of which the voting right was suspended by a competent court or the CBFA.

Generally, the shareholders' meeting has sole authority with respect to:

- the approval of the annual accounts of the Company;
- the appointment and dismissal of directors and the statutory auditor of the Company;
- the granting of release from liability to the directors and the statutory auditor;
- the determination of the remuneration of the directors and of the statutory auditor for the exercise of their mandate;
- the distribution of profits;
- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other re-organisations of the Company; and
- the approval of amendments to the articles of association.

### ***Rights to attend and vote at shareholders' meetings***

#### *Annual shareholders' meeting*

The annual shareholders' meeting is held at the place determined in the notice convening the shareholders' meeting. The meeting is held every year on the first Wednesday of May at 6 p.m. (Central European Time, GMT+1). If this date is a legal holiday, the meeting is held the next business day at the same time. At the annual shareholders' meeting, the board of directors submits the audited stand-alone and consolidated financial statements and the reports of the board of directors and of the statutory auditor with respect thereto to the shareholders. The shareholders' meeting then decides on the approval of the stand-alone financial statements, the proposed allocation of the Company's profit or loss, the release from liability of the directors and the statutory auditor, and, when applicable, the (re-) appointment or dismissal of the statutory auditor and/or of all or certain directors.

#### *Special and extraordinary shareholders' meetings*

The board of directors, the management committee or the statutory auditor (or the liquidators, if appropriate) may, whenever the interest of the Company so requires, convene a special or extraordinary shareholders' meeting. Such shareholders' meeting must also be convened every time one or more shareholders holding at least 20% of the Company's share capital so demand. Shareholders that do not hold at least 20% of the Company's share capital do not have the right to have the shareholders' meeting convened.

In addition, shareholders that individually or collectively represent at least 5% of the total issued share capital may submit proposals to the board of directors for the agenda of the annual shareholders' meeting. This percentage is in line with article 532 of the Belgian Company Code. The proposals must be submitted to the board of directors of the Company not later than 45 days before such annual shareholders' meeting.

#### *Notices convening the shareholders' meeting*

The notice convening the shareholders' meeting must state the place, date and hour of the meeting and shall include an agenda indicating the items to be discussed as well as any motions for resolutions.

The notice must be published in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) at least 24 days prior to the shareholders' meeting or the registration date (if such date is specified in the convening notices). The notice must also be published in a national newspaper 24 days prior to the date of the shareholders' meeting or the registration date (if

such date is specified in the convening notices). The financial report (consisting of the audited financial statements, the annual report of the board of directors, the annual report of the statutory auditor and fairness statements made by representatives of the Company in relation to the financial statements and the annual report) must be made available to the public at least 15 days prior to the date of the annual shareholders' meeting and not later than 4 months after the end of each financial year.

Convening notices must be sent 15 days prior to the shareholders' meeting to the holders of registered shares, holders of registered bonds, holders of registered subscription rights, holders of registered certificates issued with the co-operation of the Company and to the directors and statutory auditor of the Company. This communication is made by ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfilment of such formality.

#### *Formalities to attend the shareholders' meeting*

All holders of shares, subscription rights, bonds (if any) issued by the Company and all holders of certificates issued with the co-operation of the Company (if any) can attend shareholders' meetings. Only shareholders, however, may vote at shareholders' meetings.

In order to be admitted to attend the shareholders' meeting, holders of dematerialized securities must deposit a certificate of unavailability issued by a participant of Euroclear Belgium for the financial instruments concerned or Euroclear Belgium itself, confirming the number of financial instruments that have been registered in the name of the holder concerned and stating that these financial instruments are blocked until after the date of the shareholders' meeting. The certificate must be deposited at the places indicated in the notice convening the shareholders' meeting at the latest three business days prior to the meeting.

In order to be admitted to attend the shareholders' meeting, holders of registered securities must be registered in the relevant register book and inform, if requested to do so in the convening notice, the Company of their intention to attend the shareholders meeting in accordance with the formalities set forth in the convening notice.

#### *Registration Date*

In accordance with Article 536 of the Belgian Company Code, the articles of association also allow the board of directors to specify a registration date in the notice convening the shareholders' meeting. If the board of directors decides to set a registration date in the notice, only shareholders who hold shares at 24:00 hours (Central European Time, GMT+1) on the registration date may participate and vote with such shares at the shareholders' meeting, regardless of the number of shares that they hold on the actual date of the shareholders' meeting. The specified registration date can be no earlier than 15 calendar days, and no later than five business days, before the date of the shareholders' meeting.

#### *Proxy*

Each shareholder has the right to attend a shareholders' meeting and to vote at the shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. The Company will make a proxy form available, which must be duly completed and deposited at a place and before a date specified in the notice convening the shareholders' meeting at least three business days prior to the meeting.

#### *Quorum and Majorities*

In general, there is no attendance quorum requirement for a shareholders' meeting and decisions are generally passed with a simple majority of the votes of the shares present or represented. However, capital increases (other than those decided by the board of directors pursuant to the authorised capital), decisions with respect to the Company's dissolution, mergers, de-mergers and certain other reorganisations of the Company, amendments to the articles of association (other than an amendment of the corporate purpose), and certain other matters referred to in the Belgian Company Code do not only require the presence or representation of at least 50% of the share capital of the Company but also a majority of at least 75% of the votes cast. An amendment of the Company's corporate purpose requires the approval of at least 80% of the votes cast at a shareholders' meeting, which can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event that the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented.

## ***Dividends***

All shares participate in the same manner in the Company's profits (if any). Pursuant to the Belgian Company Code, the shareholders can in general decide on the distribution of profits with a simple majority vote at the occasion of the annual shareholders' meeting, based on the most recent non-consolidated audited annual accounts, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's board of directors. The Company's articles of association also authorise the board of directors to declare interim dividends subject to the terms and conditions of the Belgian Company Code.

Dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory annual accounts (i.e., the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as prepared in accordance with Belgian accounting rules), decreased with the non-amortised costs of incorporation and extension and the non-amortised costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10% of the Company's share capital.

With respect to registered shares, the right to the payment of any dividend expires five years after such dividend was declared by the board of directors. With respect to book-entry form shares, the issuer of such shares pays any dividends, interest and any other amounts due thereon to Euroclear Belgium which credits, in its turn, the account of the holder of the book-entry form shares with such dividends and interest, in accordance with Article 473 of the Belgian Company Code.

## ***Rights regarding dissolution and liquidation***

The Company can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an extraordinary shareholders' meeting where at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Company's net assets (determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, the board of directors must convene an extraordinary shareholders' meeting within two months as of the date upon which the board of directors discovered or should have discovered this undercapitalisation. At this shareholders' meeting the board of directors needs to propose either the dissolution of the Company or the continuation of the Company, in which case the board of directors must propose measures to redress the Company's financial situation. Shareholders representing at least 75% of the votes validly cast at this meeting have the right to dissolve the Company, provided that at least 50% of the Company's share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that event shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Company. If the amount of the Company's net assets has dropped below €61,500 (the minimum amount of share capital of a public limited liability company (*société anonyme / naamloze vennootschap*), any interested party is entitled to request the competent court to dissolve the Company. The court can order the dissolution of the Company or grant a grace period within which the Company is to remedy the situation.

## ***Form and transferability of the shares***

The shares of the Company can take the form of registered securities or dematerialized securities.

All of the Company's shares are fully paid up and freely transferable, subject to the legal restraints which may apply.

## ***Changes to the share capital***

In principle, changes to the share capital are decided by the shareholders. The shareholders' meeting may at any time decide to increase or decrease the share capital of the Company. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association, as described above in this section.

### ***Capital increases by the board of directors***

Subject to the same quorum and majority requirements, the shareholders' meeting may authorise the board of directors, within certain limits, to increase the Company's share capital without any further approval of the shareholders' meeting. This is the so-called authorised capital. This authorisation needs to be limited in time (i.e., it can only be granted for a renewable period of maximum five years) and in scope (i.e., the authorised capital may not exceed the amount of the

registered capital at the time of the authorisation). On 18 August 2008, the Company's shareholders' meeting authorised the board of directors to increase the share capital of the Company within the framework of the authorised capital with a maximum amount equal to € 115,781,570.92. This authorization is further discussed in section "5.9. Authorised Capital".

#### *Preferential subscription right*

In the event of a capital increase for cash with the issue of new shares, or in the event of an issue of convertible bonds or subscription rights, the existing shareholders have a preferential right to subscribe, pro rata, to the new shares, convertible bonds or subscription rights. These preferential subscription rights are transferable during the subscription period. The shareholders' meeting may decide to limit or cancel this preferential subscription right, subject to special reporting requirements. Such decision by the shareholders' meeting needs to satisfy the same quorum and majority requirements as the decision to increase the Company's share capital.

The shareholders' meeting may also decide to authorise the board of directors to limit or cancel the preferential subscription right within the framework of the authorised capital, subject to the terms and conditions set forth in the Belgian Company Code. On 18 August 2008, the Company's shareholders' meeting granted the board of directors this authorisation within the limits of the authorised capital (see section "5.9. Authorised Capital").

Generally, unless expressly authorised in advance by the shareholders' meeting, the authorisation of the board of directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Company by the CBFA of a public takeover bid on the financial instruments of the Company. The Company's shareholders' meeting granted such express authorisation to the board of directors.

#### *Purchase and sale of own shares*

In accordance with the Company's articles of association and the Belgian Company Code, the Company can only purchase and sell its own shares by virtue of a special shareholders' resolution approved by at least 80% of the votes validly cast at a shareholders' meeting where at least 50% of the share capital and at least 50% of the profit certificates, if any, are present or represented. The prior approval by the shareholders is not required if the Company purchases the shares to offer them to the Company's personnel.

In accordance with the Belgian Company Code, an offer to purchase shares must be made either by way of an offer to all shareholders under the same conditions or on a regulated market. Shares can only be acquired with funds that would otherwise be available for distribution as a dividend to the shareholders. The total amount of shares held by the Company can at no time be more than 10% of its share capital.

On 18 August 2008, the shareholders' meeting authorised the board of directors to redeem a number of shares on or outside a regulated market that cannot be higher than 10% of the Company's share capital at a price per share, in accordance with the provisions of the Belgian Company Code, which can neither be inferior by more than 20% of the lowest closing price over the last 20 trading days preceding the transaction, nor be superior by more than 20% of the highest closing price over the last 20 trading days preceding the transaction. This authorisation also exists with regards to the redemption on or outside a regulated market by direct subsidiaries of the Company in accordance with article 627, first indent of the Belgian Company Code. This authorisation will be valid for a period of 18 months following the publication in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) of the resolutions of the extraordinary shareholders' meeting of 18 August 2008. This authorisation may be renewed, once or more, for a period not exceeding three years by the shareholders' meeting deciding in accordance with the conditions set forth by article 559 of the Belgian Company Code.

The Company may, without prior authorisation of the shareholders' meeting and without limitation in time, in accordance with article 622, §2, second indent of the Belgian Company Code, dispose of its own shares on a stock exchange. The same applies to its direct subsidiaries.

On 30 May 2008, the shareholders' meeting authorised the board of directors, with respect of the conditions set forth by articles 620 et seq. of the Belgian Company Code, to redeem, for the account of the Company, shares of the Company whenever such transaction is deemed necessary in order to preserve the Company of a serious and imminent damage. This authorisation is valid for three years from the publication in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) of the resolutions of the extraordinary shareholders' meeting of 18 August 2008.

## **5.9 Authorised capital**

The board of directors is authorised to increase the Company's share capital up to a maximum amount equal to the amount of the share capital for a period of five years as of the date of publication in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) of the resolutions of the extraordinary shareholders' meeting of 18 August 2008. This authorisation is also valid for capital increases made via the capitalisation of reserves and/or via contribution in kind.

The board of directors is entitled to limit or cancel the preferential subscription right of existing shareholders, even in favour of identified or definable persons other than employees of the Company or its subsidiaries, provided that the conditions set forth in articles 595 et seq. of the Belgian Company Code are complied with.

In addition, the shareholders' meeting authorised the board of directors to increase the outstanding capital as from the date on which the board of directors has been informed by the CBFA of a public takeover bid on the shares of the Company, either by contribution in cash with cancellation or limitation of the preferential subscription rights of the existing shareholders or by contribution in kind in accordance with article 607 of the Company Code. This authorisation was granted on 18 August 2008 for a period of three years as of the date of the publication in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) of the resolutions of the extraordinary shareholders' meeting of 18 August 2008.

## **5.10 Notification of important shareholdings**

### ***Prior to 1 September 2008***

Belgian law, in conjunction with Article 14 of the Company's articles of association, imposes disclosure requirements on any natural person or legal entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisition or transfer, the total number of voting rights directly or indirectly held by such natural person or legal entity, alone, being held (i) for and on behalf of the shareholder by a third party, (ii) by a connected third party, (iii) for and on behalf of a connected third party or (iv) in concert with others, increases above or falls below a threshold of 3%, 5%, or any multiple of 5%, of the total number of voting rights attached to the Company's securities.

Pursuant to Article 5 of the Act of 2 March 1989 on the disclosure of important participations in listed companies and on the regulations in relation to public takeover offers (*Wet op de openbaarmaking van belangrijke deelnemingen in ter beurze genoteerde vennootschappen en tot reglementering van de openbare overnameaanbiedingen*), the Company has exercised its right to reduce the disclosure threshold provided by such Act to 3%.

A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose such fact to the CBFA and to the Company. The documents pursuant to which the transaction was effected must be submitted to the CBFA. When the participation of a shareholder reaches 20%, the notification must indicate in which strategy the relevant acquisition or transfer fits, as well as the number of securities acquired during the period of twelve months before the notification and in which manner such securities were acquired. Such notification is also required if a natural person or a legal entity acquires or transfers control (direct or indirect, *de iure* or *de facto*) over a company that possesses 3% of the voting rights of the Company. The forms required to make such notifications, as well as further explanations may be found on the website of the CBFA ([www.cbfa.be](http://www.cbfa.be)).

The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Company's securities on the next Trading Day, and must mention the shareholder structure as it appears from these notifications in the notes to its statutory financial statements and on its website. Euronext Brussels will publish details of the notifications. Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The CBFA may also impose administrative sanctions.

### ***From 1 September 2008 onwards***

The existing Belgian legislation on notification of important participations will change on 1 September 2008, following the entry into force of the Act of 2 May 2007 on the disclosure of important participations in issuers of which the shares are admitted to trading on a regulated market and on various provisions (*Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan de aandelen zijn toegelaten tot de verhandeling op een gereguleerde markt en houdende diverse bepalingen*) and the Royal Decree of 14 February 2008 on the disclosure of important participations (*Koninklijk Besluit op de openbaarmaking van belangrijke deelnemingen*).

The applicable rules as of 1 September 2008 are described below.

Article 14 of the Company's articles of association and the Act of 2 May 2007 on the disclosure of important participations in issuers of which the shares are admitted to trading on a regulated market and on various provisions, impose disclosure requirements which may be summarized as follows. Any natural person or legal entity which acquires, directly or indirectly, voting right securities of the Company, whether or not representing capital, must notify the board of directors of the Company and the CBFA of the number and the percentage of the existing voting rights he / she / it holds as a result of the acquisition, whether directly, indirectly or by acting in concert with one or several other persons, when the voting rights attached to the voting right securities of the Company reach or exceed 3%, 5%, 7.5% and any multiple of 5%.

A similar notification is required when due to disposals of securities of the Company the number of voting rights falls below one of the above-mentioned thresholds.

A notification is also required when, as a result of events changing the breakdown of voting rights, the percentage of the voting rights attached to the voting right securities of the Company reaches, exceeds or falls below the above-mentioned thresholds, even when no acquisition or disposal of securities has occurred. A notification is also required when natural persons or legal entities enter into, modify or terminate an agreement of action in concert, when as a result thereof, the percentage of the voting rights subject to the action in concert or the percentage of the voting rights of one of the parties to the action in concert reaches, exceeds or falls below the above-mentioned thresholds, even when no acquisition or disposal of securities has occurred.

The notifications made in accordance with the above provisions must be addressed to the CBFA and to the board of directors of the Company within four Trading Days following the day on which: (i) the natural person or legal entity is informed of the acquisition or the disposal or the possibility of exercising voting rights, or, having regard to the circumstances, should have been informed of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; (ii) the shares are admitted for the first time to trading on a regulated market; (iii) the natural person or legal entity is informed of the event changing the breakdown of voting rights; (iv) an agreement of action in concert is entered into, modified or terminated; or (v) the inheritance is accepted by the heir, where applicable under reservation for inventory, for securities acquired by inheritance. In accordance with Article 5 of the Royal Decree of 14 February 2008 on the disclosure of important participations, a natural person or a legal entity should have been informed of a transaction as mentioned above under (i) at the latest on the second Trading Day following the day of the transaction.

The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Company's securities within three Trading Days after receipt, and must mention the shareholder structure as it appears from these notifications in the notes to its statutory financial statements and on its website, as well as an extensive overview at the end of each month in which a change took place.

## **5.11 Public takeover bids**

Public takeover bids on the Company's shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to the supervision by the CBFA. Any public takeover bid must be extended to all of the Company's voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus, approved by the CBFA prior to its publication.

Belgium implemented the European Directive 2004/25/EC of 21 April 2004 on takeover bids by the Belgian Law on public takeover bids (*Loi sur les offres publiques d'acquisition / Wet op de openbare overnamebiedingen*) of 1 April 2007 (the "Belgian Law on public takeover bids") and the Royal Decree of 27 April 2007 on public takeover bids (*Arrêté*

*Royal sur les offres publiques d'acquisition / Koninklijk Besluit op de openbare overnamebiedingen*). The Belgian Law on public takeover bids provides that a mandatory bid will need to be launched if a person, as a result of his own acquisition or the acquisition by persons acting in concert with him or by persons acting for their account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by Royal Decree.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the Company's ability to issue additional shares and merger control, that may apply to the Company and which may make an unsolicited tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Company's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

In addition, the board of directors of Belgian companies may in certain circumstances, and subject to prior authorisation by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the "authorised capital") or through share buy-backs (i.e., purchase of own shares).

In general, the authorisation of the board of directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Company by the CBFA of a public takeover bid on the securities of the Company. The shareholders' meeting can, however, expressly authorise the board of directors to increase the capital of the Company by issuing shares in an amount of not more than 10% of the existing shares of the Company at the time of such a public takeover bid. Such authorisation has been granted to the board of directors of the Company.

The board of directors was granted the authorisation to purchase own shares "to avoid imminent and serious danger to the Company", i.e., to defend against public takeover bids.

## **5.12 Squeeze-out**

Pursuant to Article 513 of the Belgian Company Code, as amended by Article 60 of the Belgian Law on public takeover bids, and implemented by the Royal Decree of 27 April 2007 on public squeeze-out offers, persons or entities acting alone or in concert, and owning, 95% or more of the securities conferring voting rights in a Belgian public company, have the right to acquire all of the securities conferring voting rights or giving access to voting rights in that company following a squeeze-out offer. The shares that are not voluntarily tendered in response to such a squeeze-out offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

A simplified squeeze-out offer is also possible upon completion of a public takeover, provided that it is made on the basis of aforementioned 95% threshold. In such a case, the bidder may require that all minority shareholders sell their securities to the bidder at the offer price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90% of the share capital providing voting rights to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure.

## **5.13 Sell-out right**

Within three months from the end of the acceptance period of a takeover bid, holders of securities conferring (potential) voting rights may require a bidder who, acting alone or in concert, following a takeover bid, owns 95% of the voting capital or 95% of the securities conferring voting rights in a public company, to buy their securities at the price of the bid, upon the condition that the bidder has acquired, through the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

## 6. MANAGEMENT AND GOVERNANCE

*The description of the management of the Company and its corporate governance set out in this section shall, in certain respects, take effect upon completion of the listing of the shares of the Company on Euronext Brussels.*

### 6.1 Composition of the board of directors

The board of directors consists of 6 members, 1 of which is an executive directors and 5 of which are non-executive directors, including 3 independent directors (see section “6.3. Corporate governance” for more details with regards to the independent directors).

Name	Principal function with the Company	Nature of directorship	Initially appointed	Term expires <sup>(1)</sup>
Mr Jacques Putzeys .....	Chairman of the board of directors	Non-executive director <sup>(3)</sup>	30 May 2008	2012 <sup>(2)</sup>
Faracha Equities SA, represented by Mr Jean-Marie Santander.	Vice-Chairman of the board of directors	Non-executive director	27 February 2008	2012
Sofinan BVBA, represented by Mr Norbert Van Leuffel .....	Director	Non-executive director	13 July 2006	2012
Centenary BVBA, represented by Mr Yves Leysen .....	Director	Executive director	8 January 2008	2013
Mr Olivier Dellacherie.....	Director	Independent director	8 January 2008	2013
Mr Stéphane Garino.....	Director	Non-executive director	7 May 2008	2014

- (1) The term of the mandates of the directors will end immediately after the annual general shareholders' meeting held in the year set out next to the directors' name.
- (2) Mr Jacques Putzeys has been coopted during the meeting of the board of directors of 30 May 2008. This mandate has been confirmed during the shareholders' meeting held on 18 August 2008. The expiry of the term mentioned is the remaining period of the director in whose place Mr Jacques Putzeys has been coopted.
- (3) Following the resignation of the former Chief Executive Officer on 09 July 2008, Mr Jacques Putzeys has temporarily taken up a number of additional responsibilities.

The business address for all directors is at the operating seat of the Company, currently located at 59 Brusselstraat, 2018 Antwerp (Belgium). In addition, Faracha Equities SA has its registered office at Parc d'Activités 75, L8308 Capellen (Grand Duché de Luxembourg); and Sofinan BVBA has its registered office at Leopoldslei 94, 2930 Brasschaat (Belgium); and Centenary BVBA has its registered office at Eglantierlaan 3, 2020 Antwerp (Belgium).

#### ***Chairman of the board of directors: Mr Jacques Putzeys (1950)***

Mr Jacques Putzeys currently works as a consultant in the field of corporate finance. Mr Jacques Putzeys currently is the vice-chairman of the board of directors of Theolia SA. He was the President and CEO of EASDAQ (later NASDAQ Europe), the first European stock market for growth companies until late 1999. He founded EASDAQ in 1995, raised the necessary funding, obtained regulatory approval and was the driving force after the listing of more than 50 companies (of which 15 dual listed with NASDAQ). Mr Jacques Putzeys created the New York branch (total portfolio of US \$ 2 billion) and was the General Manager of Fortis Bank (before ASLK-CGER Bank) New York during five years. He was the President of Bank Nagelmaeckers, one of Belgium's oldest private banks. Mr Jacques Putzeys started his career in KPMG's audit department after graduating from university. He graduated from the KUL (*Katholieke Universiteit Leuven*) where he obtained a degree in economics (*Licenciaat Toegepaste Economische Wetenschappen*).

#### ***Vice-Chairman of the board of directors: Faracha Equities SA, represented by Mr Jean-Marie Santander (1951)***

Mr Jean-Marie Santander (French nationality) has graduated from the *Conservatoire National des Arts et Métiers* (electro mechanics) and holds two degrees of the third cycle in Finance (*Ecole Supérieure des Dirigeants d'Entreprise*) and Management (*Mastère MICA de l'Ecole Internationale des Affaires. Groupe Sup de Co Marseille*). On top of his formation as an engineer, in finance and as a manager, Mr Jean-Marie Santander has principally held the following functions and/or mandates: Security inspector at the APAVE Sud-Est; General Manager of an entity engineering electricity and climate (SMAET-Tunzini) in Morocco; and Chief Executive Officer of an entity promoting real-estate. He has joined Theolia SA in 1998 as Administrative and Finance Director and is today the Chief Executive Officer and



chairman of the board of directors of Theolia SA. Mr Jean-Marie Santander combines a formation as an engineer (strongly reinforced by more than ten years in a controlling organism) and as a finance executive. He also disposes of more than ten years of high-level experience in construction and real-estate promotion.

***Sofinan BVBA, represented by Mr Norbert Van Leuffel (1943)***

Mr Norbert Van Leuffel holds degrees in Accounting and Commercial Sciences and in Management Consultancy. He started his career at KPMG Brussels where he was a member of management. Consequently, Mr Norbert Van Leuffel held functions at General Biscuits/Lu-Brun as International Internal Audit Manager and at Transmarcom as a Director and as Group Administrative and Finance Director. In 1991 he became an independent Consultant/Manager and realised various turn-arounds of companies. In 2006 Mr Norbert Van Leuffel (Sofinan BVBA) was nominated Director and Chairman of the audit committee of the Company. Mr Norbert Van Leuffel currently is a director of Theolia SA and a member of its Audit Committee.

***Centenary BVBA, represented by Mr Yves Leysen (1959)***

Mr Yves Leysen holds a degree in Marketing. In 1980, Mr Yves Leysen joined the family business Leysen Containerdienst where he played a key role in the successful development of the waste collecting business. The family business was sold in 1990 to Watco/Sita. Leysen became the headquarters for the Watco Group for the provinces Antwerp, Limburg and Vlaams Brabant in Flanders. Mr Yves Leysen served for Watco/Sita as General Manager for his area of non-toxic waste activities for 12 years and expanded the company from a turnover of €5 million to a turnover of €130 million. He was involved in bringing solutions to a large range of areas, turned Leysen Containerdienst into a reference company within the group and created the headquarters of Watco/Sita Flanders in Beerse. He left Watco/Sita in 2002. Mr Yves Leysen invested in renewable energy projects and together with partners signed a concession agreement for 20 years with the Port Authority of Antwerp for the installation of at least 38 wind turbines. Mr Yves Leysen brought the biomass to energy and biofuels activities to the Company in 2007.

***Mr Olivier Dellacherie (1960)***

Mr Olivier Dellacherie has a high experience of company management gained in many domains throughout his career both in SMEs and within large international groups. He had managed several companies as CEO or managing director in several domains as industrial distribution, production of equipments, international B2B markets. Mr Olivier Dellacherie started his career as engineering head in a large worldwide electronic industry. Since several years, he has worked in improving corporate governance of Midcaps. He is co-founder of a consulting network helping CEOs to improve efficiency of their companies, especially in term of governance aspects. With a MSc engineering degree in Electronics and trained in Finance and Business management, Mr Olivier Dellacherie is a global director with a high-level practice in company management and corporate governance.

***Mr Stéphane Garino (1972)***

Mr Stéphane Garino is trained as an accountant, auditor and engineer. After seven years of experience in an international auditing and consulting company, he has founded two public limited companies offering management and information services, Risk Management, Business Process Organisation and Disaster Recovery Plan. Hereafter he joined one of the major auditing and consulting companies in Monaco. He now brings in the Company his experience acquired in the area of small and medium-size companies, as well as fast-growing companies. Mr Stéphane Garino currently is a director of Theolia SA and is the chairman of its Audit Committee.

## 6.2 Composition of the Executive Committee

The Company's board of directors has established an Executive Committee on 10 December 2007. The Executive Committee is temporarily presided by the Chairman of the board of directors until a new CEO will be appointed. The Executive Committee is not a *directiecomité/comité de direction* within the meaning of Article 524bis of the Belgian Company Code. The current members of the Executive Committee are:

Name	Function	Year of birth
Carl Malbrain BVBA, represented by Mr Carl Malbrain .....	Interim Chief Executive Officer	1957
Mr Christophe Van Nevel.....	Chief Financial Officer	1969
Belster BVBA, represented by Mr Chris Beliën.....	General Counsel and Company Secretary	1958

Darts BVBA, represented by Mr Davy Ringoot .....	Chief Technology Officer	1972
G.F. Land Beheer B.V., represented by Mr Gerrit Land .....	Business Development Officer	1964
De Pooter Beheer BVBA, represented by Mr Gunter de Pooter.....	Chief Operational Officer	1967
Centenary BVBA, represented by Mr Yves Leysen .....	Business Development Officer	1959

The business address for all members of the Executive Committee is at the operating seat of the Company, currently located at 59 Brusselstraat, 2018 Antwerp (Belgium).

***Interim CEO, CARL MALBRAIN BVBA, represented by Carl Malbrain***

Mr Carl Malbrain is the interim Chief Executive Officer of the Company since August 2008. He will serve as the CEO of the Company until a new and permanent CEO has been appointed. From 2002 until July 2008, Mr Carl Malbrain acted as interim manager and executive consultant for fast growing companies, both start-up and mid-sized companies in various sectors such as waste management, technology, A&E and construction. From 1995 until 2001, Mr Carl Malbrain was the managing director of Biffa Waste Services, a company active in collection, recycling, treatment and final disposal of waste materials. From 1988 until 1995 he held the position of Director General at the Belgium Nuclear Research Centre, a research centre responsible for the development and commercialisation of nuclear energy and nuclear technology in Belgium. Mr Carl Malbrain was, from 1984 until 1988, business development manager and project manager of WasteChem Corp / Nukem, a US engineering and service company active in the nuclear and toxic waste field. Mr Carl Malbrain received the degree of Civil Electro-technical Engineer from the Catholic University of Leuven (K.U.L.) in 1979. He also holds the following degrees: a Bachelor Degree in Physics & Mathematics from the Catholic University of Leuven (K.U.L.), a Master Degree in Nuclear Engineering from the Massachusetts Institute of Technology (M.I.T.), a PhD Degree in Energy Technology & Policy from the Massachusetts Institute of Technology (M.I.T.) and followed MBA Programme in Public & International Finance, at the Sloan School from the Massachusetts Institute of Technology (M.I.T.).

***Mr Christophe Van Nevel***

Mr Christophe Van Nevel is Chief Financial Officer of the Company since January 2008. Previously he was Chief Financial Officer of the Enterprise Business Unit at Belgacom, Belgium's leading telecom operator. Belgacom's Enterprise Business Unit provides integrated telecommunication services to the full range of enterprises, from SMEs to large corporate entities. Until 2006, he was Group Treasurer of Belgacom and Chief Executive Officer of Belgacom's co-ordination centre and in that role was responsible for the group's funding activities, cash management, asset management, risk management and structured finance as well as for financial co-ordination of M&A transactions. In 2004 he was also one of the core team members leading Belgacom's €3.6 billion initial public offering, Belgium's largest initial public offering ever. Before his function as Group Treasurer, Mr Christophe Van Nevel was active in different roles in Belgacom's Treasury Department since 1995 and before joining Belgacom he was account manager (private banking) for a couple of years with a Belgian stock broker and with Citigroup. Mr Christophe Van Nevel holds a degree in Economics (*Toegepaste Economische Wetenschappen*).

***Belster BVBA, represented by Mr Chris Beliën***

Mr Chris Beliën is General Counsel and Company Secretary of the Company since March 2006. Previously he was during one year operating as interim manager in several companies. From 1986 until 2005 Mr Chris Beliën worked for the Mauretus insurance and banking group. In 1986 he started as Manager General Services. In 1993 he became member of the board of directors and joined the Executive Committee of two insurance companies of the group. The same period he worked as internal auditor of the Mauretus Spaarbank. In 1996 Mr Chris Beliën became President of the Executive Committee of the insurance companies. The years following he was occupied with eleven mergers, acquisitions and squeeze outs. In the period from 1986 until 2005 the group grew from 180 up to 450 employees. Before 1986 Mr Chris Beliën was a lawyer and ran his own law firm. Mr Chris Beliën holds a degree in law.

***Darts BVBA, represented by Mr Davy Ringoot***

Mr Davy Ringoot is bio engineer in environmental technologies. From 1998 until 2002 he was a process engineer specialised in organic waste systems. He was process technology manager for environmental projects such as wastewater treatment, water reuse facilities, waste treatment and incineration projects at Betech Engineering. Mr Davy Ringoot

worked as an independent consultant in ECO-technologies from 2002 until 2006, in that capacity he was involved in the following projects: renewable energy & water reuse facility for a US specialty brewer; wastewater treatment project for a petrol refinery in Antwerp; biogas power plant in a paper mill; and several consultancy projects for biogas production, water treatment and gas engine projects. In 2006 Mr Davy Ringoot joined the Company as Chief Technology Officer.

***G.F. Land Beheer B.V., represented by Mr Gerrit Land***

In 2003, Mr Gerrit Land was one of the founders of Polargen, a company now fully controlled by the Company and active in the development of cogeneration projects and energy sales. Before that he worked for 16 years in ABB together with the responsible for the global division for the portfolio of energy services, cogeneration and maintenance and further developed to become directly responsible for managing various European subsidiaries and the development of new markets. He initially started at ABB as a sales engineer. Mr Gerrit Land was trained as an engineer.

***De Pooter Beheer BVBA, represented by Mr Gunter de Pooter***

From 1991 till 1994 Mr Gunter De Pooter worked, respectively, as project engineer at Boelwerf NV and as sales engineer at Leroy Somer. In October 1994, he started working in the decentralized energy production industry at Zantingh Energie Systemen in order to develop the Belgian-Luxembourg CHP market. During his time at Zantingh he realised CHP projects (40 MWe) for clients, active in the energy sector, such as Electrabel and several intermunicipal utility companies. With the privatization of the Belgian energy market Gunter founded Polargen BVBA, specialised in the development of CHP projects. Between 2003 and 2006, Polargen built up a portfolio of CHP installations with a total capacity of 35 MWe. In 2006, the Company acquired a majority stake in Polargen BVBA. This resulted in the complete acquisition of Polargen by the Company in November 2007. Mr Gunter De Pooter has an experienced knowledge and affinity with sustainable development, has a fair share of entrepreneurship and is very experienced in the development and operation of decentralized energy projects. Mr Gunter De Pooter was trained as an engineer.

***Centenary BVBA, represented by Mr Yves Leysen***

For information on Mr Yves Leysen, see section “6.1. Composition of the board of Directors”.

## **6.3 Corporate governance**

### ***Introduction***

On 22 April 2008, the Company’s board of directors adopted a corporate governance charter in accordance with the recommendations set out in the Belgian Corporate Governance Code (the “Corporate Governance Code”). The corporate governance charter describes the main aspects of the corporate governance of the Company. Subject to the admission to trading and listing of the Company’s shares on Euronext Brussels or Euronext Paris, and except as disclosed below, the Company will apply the nine corporate governance principles contained in the Corporate Governance Code.

The board of directors is of the opinion that the Company is justified in not adhering to certain principles of the Corporate Governance Code, considering the nature and the size of the Company. In addition, the Company may also have to deviate from its corporate governance charter on a temporary basis due to specific circumstances.

Such deviations include:

- 1) a deviation to principles 7.5 and 7.7 of the Corporate Governance Code according to which the remuneration and other benefits granted directly or indirectly by the Company or any other entity which is part of its group to the non-executive directors and executive managers should be disclosed on an individual basis in the corporate governance chapter of the annual report;
- 2) a deviation to principle 7.4 of the Corporate Governance Code according to which directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits;
- 3) a deviation to principle 2.3 of the Corporate Governance Code according to which (i) to be considered independent, a director should be free from any business, close family or other relationship with the Company, its controlling shareholders or the management of either that creates a conflict of interest such as to affect that director’s independent judgement and (ii) in assessing independence, the criteria set out in Appendix A of the corporate governance charter should be taken into account;

- 4) a deviation to principle 4.6 of the Corporate Governance Code according to which the mandate of the directors should not exceed four (4) years;
- 5) a deviation to principle 5 of the Corporate Governance Code, according to which the Audit Committee and the Nomination and Remuneration Committee should be composed of at least three members.
- 6) a deviation to principle 1.5 of the Corporate Governance Code, according to which there should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business.

As regards deviation 1), the board of directors has resolved that, considering the fact that the remuneration and other benefits granted to the directors will be disclosed for the board of directors as a whole, such a disclosure on an individual basis would not add any relevant additional information.

As regards deviation 2), the board of directors has resolved that all directors (including those who are independent) may receive warrants in the future and will keep the warrants granted to them prior to the listing of the Company on Euronext Brussels and Euronext Paris, an overview of which is disclosed in section "6.6. Shares and warrants held by directors and executive management".

As regards deviation 3), the board of directors considers Sofinan BVBA, represented by its permanent representative, and Mr Stéphane Garino to be independent directors. The fact that the latter are directors within the board of directors of an associated company (i.e. Theolia) is without prejudice to their independence as (i) they did not receive any mandate from Theolia regarding their function within the Company and (ii) on several occasions, they have shown independence of judgment by supporting points of view likely to be more beneficial to the Company than to Theolia.

As regards deviation 4), the board of directors has resolved that the current directors (who were appointed before the entry into force of the corporate governance charter) remain appointed for a term of five (5) to six (6) years but, in the future, any director will be appointed for a term of no more than four (4) years.

As regards deviation 5), each of the Audit Committee and of the Nomination and Remuneration Committee are currently composed of 2 members and the Company intends to add a third member to each of these committees in the future.

As regards deviation 6), the board of directors has resolved further to the resignation of the former CEO that the chairman of the board would temporarily take up extended responsibilities for certain executive tasks and chair the Executive Committee until the appointment of a new CEO. The Company is currently involved in the recruitment of a new CEO.

The corporate governance charter will be made available on the Company's website ([www.thenergo.eu](http://www.thenergo.eu)), and will be updated in the event of changes to the Company's corporate governance.

## ***Board of Directors***

### *General provisions*

The Company is headed by a governance structure whereby the board of directors is the ultimate decision-making body. The board of directors has the broadest powers to manage and represent the Company, except for those powers reserved to the shareholders meeting by law or the Company's articles of association.

Pursuant to the Company's articles of association, the board of directors must be composed of at least three members. Pursuant to the Corporate Governance Code, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Companies Code and the Corporate Governance Code.

The directors are appointed by the shareholders' meeting for a term of no more than four years. They can also temporarily — until the next shareholders' meeting — be appointed by the remaining directors, in the event an office of director becomes vacant. The shareholders' meeting can dismiss the directors at any time.

The board of directors elects a chairman from among its members. The chairman of the board of directors cannot be the CEO.

In principle, the board of directors will meet at least four times per year.

### *Independent directors*

A director may only be considered an independent director if he or she meets at least the criteria set out in Article 524 of the Belgian Company Code, which may be summarized as follows:

- a) during a term of two years prior to his or her election he or she has not held a position as director, management committee member, daily manager or executive in the Company (or an affiliate of the Company, if any). This requirement does not apply to the re-election of an independent director;
- b) he or she does not own any corporate rights that represent 10% or more of the share capital, the corporate funds or of a category of shares of the Company. If he or she has corporate rights which represent less than 10%, then:
  - i. such rights, taken together with rights in the same Company held by companies over which he or she has control, may not represent 10% or more of the share capital, the corporate funds or of a category of shares of the Company; or
  - ii. the disposal of these shares, or the exercise of the rights attached thereto may not be subject to agreements or unilateral commitments entered into by him or her;
- c) he or she is not the spouse of, is not the unmarried legal partner of, or is not a relative (via birth or marriage) up to the second degree of a person who;
  - i. is a director, management committee member, daily manager or executive in the Company (or an affiliate of the Company, if any); or
  - ii. has a financial interest as set out under (b) above;
- d) he or she does not have a relationship with the Company that is of a nature to prejudice his or her independency.

In considering a director's independence, the criteria set out in the Company's corporate governance charter (reflecting the relevant provisions of the Corporate Governance Code) will be taken into account as well. The board of directors will disclose in its annual report which directors it considers to be independent directors. On 8 January 2008 Mr Olivier Dellacherie was appointed as independent director. In addition the board of directors decided at its meeting of 22 April 2008 to consider Sofinan BVBA (represented by Mr Norbert Van Leuffel) and Mr Stéphane Garino as independent, notwithstanding they do not comply with one of the criteria of the Corporate Governance Charter. The fact that Sofinan BVBA (represented by Mr Norbert Van Leuffel) and Mr Stéphane Garino are considered independent by the board of directors, does not imply that they are independent in accordance with the criteria set forth in article 524 of the Belgian Company Code. Therefore, currently the independent directors of the Company are Mr Olivier Dellacherie, Sofinan BVBA (represented by Mr Norbert Van Leuffel) and Mr Stéphane Garino.

### ***Board committees***

#### *General*

The board of directors has an Audit Committee and a Nomination and Remuneration Committee, in accordance with the Corporate Governance Code. These committees are advisory bodies. The board of directors determines the terms of reference of each committee with respect to the organization, procedures, policies and activities of the committee.

#### *Audit Committee*

The Audit Committee will consist of at least three non-executive directors, a majority of which must be independent. The chairman of the Audit Committee cannot be the chairman of the board of directors of the Company. The composition of the audit committee may deviate from these rules if, in the reasonable opinion of the board of directors, a different composition may bring more relevant experience and expertise to the Audit Committee.

The role of the Audit Committee is to supervise and review the financial reporting, the internal control, the risk management systems and the internal audit process of the Company. In addition, the Audit Committee makes recommendations to the board of directors on the selection and remuneration of the external auditor and monitors the independence of the external auditor.

The Audit Committee should report regularly to the board of directors on the exercise of its functions. It should inform the board of directors about all areas in which action or improvement is deemed necessary in the opinion of the Audit Committee and produce recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review should cover the Company and its subsidiaries as a whole.

In general, the Audit Committee will meet at least three times per year. Its members must at all times have full access to the CFO and to any other employee to whom they may require access in order to carry out their responsibilities.

Currently, the following directors are member of the Audit Committee: Sofinan BVBA (represented by Norbert Van Leuffel) (chairman) and Mr Stéphane Garino.

#### *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee consists of at least three directors. All its members will be non-executive directors and a majority of its members will be independent directors. The board of directors may deviate from these rules if it believes that a different composition will bring more relevant expertise to the Nomination and Remuneration Committee. The CEO shall have the right to attend the meetings of the Nomination and Remuneration Committee in an advisory and non-voting capacity on matters other than those concerning himself.

The role of the Nomination and Remuneration Committee is to make recommendations to the board of directors with regard to the appointment of directors and members of the Executive Committee and to make proposals to the board of directors on the remuneration policy for directors and executive management. The Nomination and Remuneration Committee will in principle meet at least twice per year.

Currently, the following directors are member of the Nomination and Remuneration Committee: Faracha Equities SA (represented by Jean-Marie Santander) (chairman) and Mr Olivier Dellacherie.

#### *Executive management*

The Company's executive management is composed of the CEO and other members of the Executive Committee. The Executive Committee is not a *directiecomité/comité de direction* within the meaning of Article 524bis of the Belgian Company Code.

#### *Chief Executive Officer*

The CEO is appointed, and can be removed, by the board of directors.

The CEO leads and chairs the Executive Committee and is accountable to the board of directors for the Executive Committee's performance.

#### *Executive Committee*

The board of directors has delegated the day-to-day management of the Company as well as certain management and operation powers to the CEO. The CEO is assisted by the Executive Committee.

The Executive Committee is composed of at least 5 members, whether or not directors. Including the CEO (who will act as chairman of the Executive Committee), the CFO, the General Counsel and Company Secretary. It includes all executive directors. Its members are appointed by the board of directors.

As the chief manager of Thenergo, the CEO, with the assistance of Executive Committee, is responsible for:

- examining, analysing and proposing to the Board of Directors strategic business opportunities that can contribute to the further growth of the group;
- executing the decisions of the Board of Directors;
- preparing proposals to the Nomination and Remuneration Committee concerning the appointment, remuneration and evaluation of the members of the management team;
- setting up, chairing and leading the management team;

- managing the members of the management team as they discharge of their individual responsibilities, as determined by the CEO;
- determining the objectives to be achieved by the management;
- communicating with the outside world;
- ensuring the day-to-day management of the Company and accounting to the Board of Directors for such management at regular intervals;
- maintaining a continuous dialogue and interaction with the members of the Board of Directors in an atmosphere of openness and a climate of trust;
- maintaining excellent relationships with important customers, suppliers and the authorities.

In addition, the CEO must enable the Board of Directors and the Chairman to exercise their responsibilities as directors. The CEO must therefore:

- prepare proposals on topics for which decision-making belongs to the Board of Directors;
- meet the Chairman of the Board of Directors at regular intervals, consult him/her and involve him/her in strategic projects from the outset;
- provide the Board of Directors with all the possible relevant information it needs to exercise its powers.

In general, the Executive Committee meets every 2 weeks.

#### **6.4 General information on directors and members of the Executive Committee**

##### ***Litigation statement***

Except as may be described below, no director or member of the Executive Committee of the Company or, in the case of legal entities being director or member of the Executive Committee, none of their permanent representatives, has for at least the previous five years:

- been convicted in relation to fraudulent offences;
- held an executive function as a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation;
- been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

##### ***Conflicts of interest***

To the Company's knowledge no conflicts of interests of a general nature exist at the level of the board of directors and of the Executive Committee. However, Mr Putzeys, Mr Jean-Marie Santander (permanent representative of Faracha Equities SA), Mr Norbert Van Leuffel (permanent representative of Sofinan BVBA) and Mr Stéphane Garino have a mandate within the board of directors of Theolia SA, which is at the date of this Prospectus the Company's major shareholder.

Article 523 of the Belgian Company Code provides for a special procedure within the board of directors in the event of a possible personal financial conflict of interest of one or more directors with one or more decisions or transactions by the board of directors. In the event of a conflict of interest, the director concerned must inform his or her fellow directors of his or her conflict of interest before the board of directors deliberates and takes a decision in the matter concerned. The minutes of the meeting of the board of directors must contain the relevant statements by the conflicted director, and a description by the board of directors of the conflicting interests and the nature of the relevant decision or transaction. The

minutes must also contain a justification by the board of directors for the decision or transaction, and a description of the financial consequences thereof for the Company. The relevant minutes must be included in the statutory annual report of the board of directors. The conflicted director must also notify the statutory auditor of the conflict. The statutory auditor must describe in its annual statutory audit report the financial consequences of the decision or transaction that gave rise to the potential conflict.

In case of non-compliance with the foregoing, the Company may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach.

The procedure does not apply to decisions or transactions in the ordinary course of business at customary market conditions. It also does not apply to transactions or decisions between companies of which one holds (directly or indirectly) at least 95% of the voting financial instruments of the other, and transactions or decisions between companies whereby at least 95% of the voting financial instruments of both companies are (directly or indirectly) held by another company.

The Company has during the financial years 2005, 2006 and 2007, applied this procedure in a number of cases. The most recurrent conflicts of interest relate to the approval and entering into of management agreements with directors, the approval of the remuneration of the directors, the approval and/or amendment of the terms and conditions of stock option plans and the granting of stock options to directors.

### ***Directorships and memberships outside the Thenergo group***

Over the five years preceding the date of this Prospectus, the following directors and members of the Executive Committee hold or have held the following main directorships (apart from their directorship of the Company and its subsidiaries) or memberships of administrative, management or supervisory bodies and/or partnerships:

<b>Name</b>	<b>Current</b>	<b>Past</b>
Mr Jean-Marie Santander (permanent representative of Faracha Equities SA) ..	<ul style="list-style-type: none"> <li>— Chief Executive Officer of Theolia SA</li> <li>— Manager (gérant) of SARL Ferme Eolienne Plaine du Montoir 1</li> <li>— Manager (gérant) of SARL Ferme Eolienne Plaine du Montoir 2</li> <li>— Manager (gérant) of SARL Ferme Eolienne de Saint Michel Chef</li> <li>— Manager (gérant) of SARL Ferme Eolienne de Bazoches</li> <li>— Chief Executive Officer of SA Ventura</li> <li>— Chairman of SAS Colibri Holding</li> <li>— Director of the Mandarine Group</li> <li>— Chairman of Best Partners SA</li> </ul>	<ul style="list-style-type: none"> <li>— Manager (gérant) of Centrener (bureaux)</li> <li>— Member of the supervisory board of Somupaca</li> <li>— Director of Granit SA</li> <li>— Director of H2O-Innovation Inc.</li> <li>— Director of Naseba</li> <li>— Director of AB Fenêtres</li> <li>— Director of Compores Inc.</li> <li>— Director of Granit SA</li> <li>— Director of H2O-Innovation Inc.</li> <li>— Chairman of APS Consulting</li> <li>— Director of Naseba</li> <li>— Director of AB Fenêtres</li> </ul>
Mr Jacques Putzeys .....	<ul style="list-style-type: none"> <li>— Director of Theolia SA</li> <li>— Director of Value Development SA</li> <li>— Chairman of Spectra Advisory SAM</li> <li>— Member of the board of SRL APS Risk</li> </ul>	
Mr Norbert Van Leuffel (permanent representative of Sofinan BVBA).....	<ul style="list-style-type: none"> <li>— Director of Theolia SA</li> <li>— Manager of Sofinan BVBA</li> </ul>	<ul style="list-style-type: none"> <li>— Delegated director of Somatec CV</li> </ul>
Mr Yves Leysen (permanent representative of Centenary BVBA) .....	<ul style="list-style-type: none"> <li>— Manager of Centenary BVBA</li> <li>— Delegated director of GMMC NV</li> <li>— Director of Vleemo NV</li> <li>— Director of Horsten International NV</li> <li>— Chairman of the board of Polders Investeringsfonds NV</li> <li>— Director of Brebuild NV</li> <li>— Director of NIDA NV</li> </ul>	
Mr Olivier Dellacherie.....	<ul style="list-style-type: none"> <li>— Associated Partner in Gouvernance Entreprises SARL</li> </ul>	<ul style="list-style-type: none"> <li>None</li> <li>— Associated Partner in Gouvernance &amp; Structures SARL</li> <li>— Director of AB Fenêtres Groupe SA</li> </ul>
Mr Stéphane Garino.....	<ul style="list-style-type: none"> <li>— Director of Theolia SA</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
Mr Carl Malbrain (permanent representative of Carl Malbrain BVBA).	<ul style="list-style-type: none"> <li>— Manager of Carl Malbrain BVBA</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>



Mr Chris Beliën (permanent representative of Belster BVBA) .....	— Manager of Belster BVBA	— CEO of Mauretus NV — Director of Nateus NV — Director of Ethias Bank NV — CEO of Audi NV — CEO of Belgacom Services NV — Chairman of Belgacom Invest NV — Director of Finbel SA NV — Manager of Belgacom Development SARL — Chairman of Belgacom Finance SA — Director of Skynet NV
Mr Christophe Van Nevel....		
	None	
Mr Davy Ringoot (permanent representative of Darts BVBA) .....	— Manager of Darts BVBA	None
Mr Gerrit Land (permanent representative of G.F. Land Beheer B.V.) ..	— Managing Director of R&W BV — Managing Director of G.F. Land Beheer BV	None
Mr Gunter de Pooter (permanent representative of De Pooter Beheer BVBA) .....	— Manager of De Pooter Beheer BVBA	None

## 6.5 Remuneration of directors and executive management

The remuneration described in this chapter does not include the stock option plan 2007 (for more information see section “5.5. Warrants” and section “6.6. Shares and warrants held by directors and executive management”).

### *Directors*

Upon recommendation of the Nomination and Remuneration Committee, the board of directors determines the remuneration of the directors to be proposed to the shareholders’ meeting. The shareholders’ meeting decides on the remuneration of the directors.

The total remuneration payable to directors for their services as directors amounted to €73,500 in 2007. For 2008, the shareholders’ meeting of 7 May 2008 approved a budget of €200,000 for the board remuneration for 2008 and granted the power to the chairman of the board of directors to determine the individual remuneration of the members of the board of directors. At the shareholders’ meeting of 18 August 2008 this budget for board remuneration was increased with €221,000 up to €421,000.

### *Executive management*

The remuneration of the members of the Executive Committee is determined by the board of directors based on recommendations made by the Nomination and Remuneration Committee.

The cash remuneration package of the CEO per 2008 is a fixed annual management fee of €375,000. The annual management fee is paid out in equal instalments on a monthly basis. Following the resignation of the former Chief Executive Officer on 09 July 2008, the last instalment was paid end July.

In addition, in the first quarter of 2008 the CEO received an amount of €50,000 pursuant to a special bonus “Market Capitalization” plan.

The total remuneration and benefits of the other members of the Executive Committee, including the interim CEO, is expected to amount to approximately €1,333,000 in 2008 (gross amount, including fringe benefits but excluding stock based compensation).

Upon termination of certain of the employment agreements and/or consultancy agreements with the management of Thenergo, the relevant manager will be entitled under certain circumstances to severance pay or a termination fee.

## 6.6 Shares and warrants held by directors and executive management

### Shares and warrants held by directors

The table below provides an overview of the number of shares and warrants of the Company held by members of the board of directors.

Name	Shares	Warrants
Mr Jacques Putzeys (the warrants are held by Value Development, which is a management company controlled by Mr Jacques Putzeys).....	None	402,419
Faracha Equities SA, represented by Mr Jean-Marie Santander.....	None	332,419
Sofinan BVBA, represented by Mr Norbert Van Leuffel .....	None	282,419
Centenary BVBA, represented by Mr Yves Leysen (410,892 shares are held by Mr Yves Leysen and 47,560 shares are held by Leysen-Large B.V., a company in which Mr Yves Leysen is a partner).....	458,452	102,858
Mr Olivier Dellacherie.....	4,000	102,858
Mr Stéphane Garino.....	None	None

### Shares and warrants held by executive management

The table below provides an overview of the number of shares and warrants of the Company held by members of the Executive Committee.

Name	Shares	Warrants
Carl Malbrain BVBA, represented by Mr Carl Malbrain .....	None	None
Mr Christophe Van Nevel.....	None	210,000
Belster BVBA, represented by Mr Chris Beliën (the shares are held by Mr Chris Beliën).....	10,000	229,405
Darts BVBA, represented by Mr Davy Ringoot.....	3,000	244,184
G.F. Land Beheer B.V., represented by Mr Gerrit Land (the shares are held by Mr Gerrit Land) .....	278,000	None
De Pooter Beheer BVBA, represented by Mr Gunter de Pooter.....	278,000	None
Centenary BVBA, represented by Mr Yves Leysen (410,892 shares are held by Mr Yves Leysen and 47,560 shares are held by Leysen-Large B.V., a company in which Mr Yves Leysen is a partner).....	Cfr. supra	Cfr. supra

## 6.7 Statutory auditor

Deloitte Bedrijfsrevisoren BCBVA, a civil company having the form of a co-operative company with limited liability (“*burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid*”) organized and existing under the laws of Belgium, represented by Mr. Gert Vanhees, has been appointed as statutory auditor of the Company on 18 December 2006 for a term ending immediately after the closing of the shareholders’ meeting to be held in 2009 that will have deliberated and resolved on the statutory financial statements for the financial year ended on 31 December 2008.

The annual remuneration of the statutory auditor for the performance of its three year mandate for the audit of the Belgian statutory financial statements (GAAP accounts) of the Company amounts to €30,180 (excluding VAT) for the first financial year (ending on 31 December 2006) and €43,000 (excluding VAT) for each of the second (ending on 31 December 2007) and the third financial year (ending 31 December 2008), subject to scope changes and indexation for 2008.

The remuneration for the audit of the Thenergo 2006 annual accounts and the review of the consolidated accounts at 31 December 2006, prepared in accordance with IFRS, was €57,205. The remuneration for the audit of the Thenergo 2007 annual accounts and the review of the consolidated accounts at 31 December 2007, prepared in accordance with IFRS, was €125,950. The board of directors has agreed an audit fee at the same level of 2007 for both the Belgian GAAP and IFRS accounts of the Company for 2008, subject to scope changes compared to the 2007 fee basis and indexation.

The Audit Committee has, in accordance with Article 133 of the Belgian Company Code, approved that the statutory auditor of the Company provides additional services in the framework of the offering referred to in section “7.20. Recent Developments” outside the scope of the services entrusted to the statutory auditor by law, including but not limited to the delivery of a comfort letter.

## 6.8 Transactions with affiliated companies

The Company develops, designs, builds, finances and operates sustainable energy projects using biomass, biogas, waste-to-energy and cogeneration on behalf of its project partners.

For each project, the Company sets up a new company (alone or together with its project partners); takes over or participates in an existing company for the implementation of the Project (the “Project Company”).

Between the Project Company and the Company (or a member of the Group) an agreement is entered into (the “Project Management Agreement”), whereby the Company (or a member of the Group) provides the concept engineering of the Project, the designing, the building (through outsourcing to established engineering contractors), the financing, application for permits and grants & incentives, etc.

Every Project Company further concludes a management agreement with the Company (or a member of the Group) (the “Management Agreement”).

Parties agree in the Management Agreement that all the operational tasks of the Project Company, such as administration, finance, technical assistance, maintenance, profitability, product planning, trading of electricity and related certificates, etc.) are managed by the Company (or a member of the Group). The idea behind this business model is to relieve its partners (often greenhouse owners) of all administration, allowing them to concentrate on market gardening or other core business activities.

Contracts, such as energy supply agreements, warmth supply agreements, building right agreements, supply agreements, etc., are also concluded with the project partners (who mostly are co-shareholder in the Project Company).

Financing within the Thenergo group is frequently done through intercompany- loans as to provide short time financing awaiting the final approval for bank financing or as to provide long-term financing through the granting of subordinated loans.

For more detailed information regarding related parties transactions, see note 33 of the annual accounts 2007, established according to IFRS-rules (see section “9.2. Notes to the financial statements 2005-2006-2007”).

## **6.9 Relations with significant shareholders**

The Company has no current relations with its main shareholder Theolia SA. The agreement entered into between the Company and Theolia SA in May 2007 regarding the acquisition of the shares of the group Sodetrex SA by the Company has not been implemented. After performing an audit of the group Sodetrex SA, the board of directors of the Company has decided not to continue with the aforementioned acquisition.

The Company concluded an industrial partnership agreement with Agri Investment Fund (AIF). Following the strategic investment by the AIF, a new CHP project will be initiated in collaboration with the Company (see section “7.20. Recent developments”).

AEK assisted the Company in the recently announced transaction with AIF (see section “7.20. Recent developments”) and acts as liquidity provider for the shares of the Company on Alternext Paris since 14 June 2007. This role as liquidity provider will continue for Euronext Paris upon transfer of the existing shares from Alternext Paris to Euronext Brussels and Euronext Paris. After the listing of the Company on Alternext Paris in June 2007, AEK had the right to organise an additional capital increase of € 30 million at agreed terms and conditions. AEK and the Company have agreed to cancel this right. At the date of this Prospectus, AEK still has the right to underwrite up to € 13 million in a potential future capital increase.

The Company has no knowledge of any shareholders’ agreement.

## 7. BUSINESS OF THENERGO

### 7.1 Overview

Thenergo is an international renewable energy company specialized in decentralized generation of electricity and heat for industrial partners, for third party customers or sales on external power exchanges. The Company is positioned as a multi-fuel green utility company, developing and operating an energy network using feedstocks such as biomass, biogas, natural gas, bio-oils, wood and secondary fuels. The Company is a one-stop provider of innovative, competitive and proven renewable energy solutions applying its in-depth engineering capabilities from initial concept design through to the final selling of electricity.

The energy generation facilities of Thenergo are based on Combined Heat and Power (CHP) technology. In traditional generation facilities, the generated heat that results from the electricity generation process is unused and lost. In a CHP facility, this heat is largely recuperated and used for other applications, thereby increasing the energy efficiency and economical profitability of the installation.

The Company works with agricultural, industrial and public partners using its long-standing and proven experience in designing, engineering, constructing, integrating, operating and financing of renewable energy projects. Thenergo's renewable energy value chain offers tailor-made energy solutions to its customers in the 1MWe to 50MWe project range. The energy is generated in decentralized power units housed on or close to the project partner's operations.

Thenergo's activities include:

#### ***Project development***

An initial phase of each project encompasses project analysis and concept engineering. A proper project development ensures optimization of the feedstock and the project's future economic performance.

Thenergo has extensive experience and skills in a broad range of renewable energy technologies and has a comprehensive understanding of technology applications and efficiencies. The Company's projects are based on proven and reliable technologies using alternative green energy sources to replace conventional fossil fuels.

The Company further manages the complex authorization process, entailing environmental and safety compliance of proven control and operating technologies and brings extensive knowledge of best practices in permitting, compliance and emissions control technology to the individual projects.

For the site construction and installation Thenergo uses experienced subcontractors.

#### ***Financing***

Thenergo finances or co-finances partner projects, partly with its own funds and partly through external debt. Thenergo also brings financial and debt-structuring know-how to the individual projects.

#### ***Fuels and Logistics***

As a pioneer in multi-fuel solutions, Thenergo expects to benefit from the shift to replace conventional fuels by alternative/renewable energy sources.

Through its in-house fuel and logistics management activities, Thenergo pursues procuring long-term fuel security at best possible tariffs. Today, Thenergo focuses on five principal feedstock fuels:

- *Biogas* — a renewable substitute for natural gas
- *Bio-oil* — a “dense”, renewable and flexible fuel
- *Natural gas* — a clean and flexible transition fuel
- *Woody biomass* — a high volume green energy source for local cogeneration
- *Secondary (recovered) Fuels* — a clean energy solution for recycled industrial and municipal waste

Feedstock such as livestock manure can also become a valuable by-product post energy production. As a recycled fuel, it can be reintegrated as clean fuel or sold as green fertilizer pellets.

### ***Operational Management***

Thenergo, as an operator, is contracted by its project companies to assume overall operational and maintenance responsibilities.

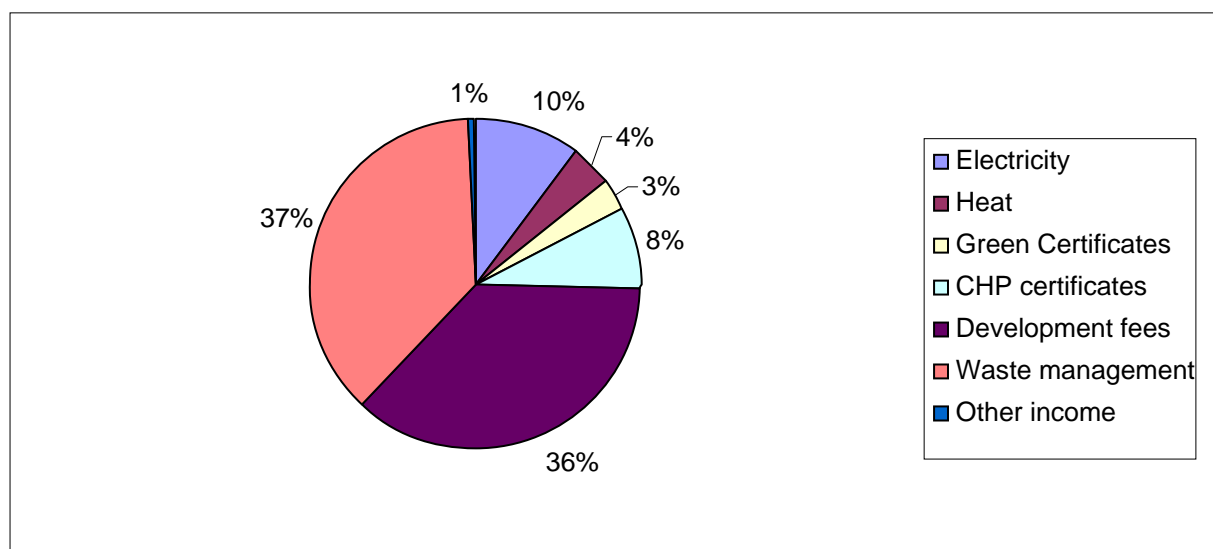
### ***Energy Portfolio Management (EPM)***

Energy Portfolio Management is based on Thenergo's in-house monitoring system and on an internet based trading system from which Thenergo can access European energy markets to trade electricity. The combination of both platforms allows Thenergo to deliver at lower energy costs to partners while maximizing revenues from matching peak loads and demands for energy.

Green and CHP certificates are contracted on a bilateral basis.

Since Thenergo has access to its own energy production facilities and does not take open positions, this activity does not result in speculative risks.

The different types of Thenergo's revenues are graphically shown in the chart below (for more information see section "8.3. Profit & loss — Revenues" and section "9.2. Notes to the financial statements 2005-2006-2007 — Note 4"):



## **7.2 Strategy**

### ***Drivers of Thenergo's strategy***

Today, the renewable energy sector benefits from broad support from an economical, environmental and political angle.

- As energy prices have risen substantially over recent years, it has become increasingly important to maximize **fuel efficiency** in the energy production process. This demand for fuel efficiency is one of Thenergo's most important business drivers. Combined heat and Power plants allow obtaining higher energy efficiency than traditional facilities.
- From an environmental perspective and in response to **climate change issues**, renewable energy providers offer long term sustainable alternatives to traditional electricity suppliers. As such, the growing environmental concerns have become a stronger driver of Thenergo's business.
- Sustainable energy providers will also become strategically important to countries that traditionally depend on external energy suppliers by allowing governments to **decrease dependency on energy imports**.

- Finally, growing awareness to **reduce waste volumes** drives the development of Thenergo's waste-to-energy business.

These drivers and considerations have been key to developing Thenergo's business strategy, as described below.

### ***Fully integrated business model***

Thenergo operates a fully integrated business model, encompassing concept engineering, project financing, feedstock procurement and logistics, operating activities and energy sales management. This integrated approach enables Thenergo to control the different steps in the value chain in order to optimize economic performance and to minimize outsourcing risks and dependencies. As a one-stop provider of clean energy solutions, Thenergo believes it is well positioned to meet the demands of the changing energy market.

Having control over the entire value chain also allows Thenergo to benefit from valuable synergies; for example by-products generated by certain plants in Thenergo's portfolio will in the future be used as fuel for other plants in the portfolio. These synergies will again help to decrease dependency on external providers of feedstock. Other by-products, such as CO<sub>2</sub>, recovered water or ammonia that are not used as fuel for Thenergo plants can be sold to external parties.

Thenergo plans to further develop its integrated model through both organic and external growth. Growth of the project portfolio will further serve Thenergo to increase synergies between the different operational plants.

### ***Diversification throughout the value chain***

From feedstock range and resultant engineering processes through to sales of energy output, diversification brings key benefits to the entire value chain, Thenergo is equipped to choose the best possible solutions for each project, enabling it to minimize an operation's long term performance risk, reduce supply volatility and benefit significantly from higher energy sales returns.

#### ***Feedstock diversification***

Thenergo's multi-fuel solutions strategy has proven to be a crucial business driver with respect to feedstock cost management as feedstock cost is a critical component in the profitability of each project. As a consequence, Thenergo will continue to build a diversified project portfolio, supported by exhaustive fuel analysis to obtain a wide range of feedstock material. Feedstock for current and future projects comprises natural gas, biogas, bio-oil, woody biomass and secondary fuels.

The acquisition in September 2007 of the Leysen group, a waste management group with proven procurement and logistics expertise in organic waste, allows Thenergo to significantly broaden the diversity of its feedstocks and increases the security of supply.

#### ***Technology diversification***

In parallel with fuel diversification, Thenergo applies specific engineering concepts and technologies to its projects. Currently, Thenergo has 24 projects in operation using internal combustion engine (Otto cycle) technology and steam turbines (Rankine cycle) technology. See section "7.6. Types of fuel" for further information.

#### ***Output diversification***

Thenergo benefits from energy output diversification with respect to the sale of electricity, heat and by-products. Thenergo's in-house energy management team maximizes revenues by selling these outputs to on-site partners, local industry and to regional grids.

#### **Electricity**

The Belgium and Dutch markets have been liberalized and electricity is traded on various power markets. Thenergo sells its electricity on these markets through an internet based trading platform and a licensed trader. Revenues are optimized using the spot and forward markets.

On the German market electricity feed-in tariffs from renewable sources are fixed, offering long term stability. Thenergo believes the combination of both fixed and variable electricity revenues offers an optimal risk-reward balance.

## Heat

The output of heat is delivered and sold to on-site project partners, to industry located within the vicinity of the plant, or is pumped through to Thenergo's drying hubs to prepare demethanized agri-waste for dry fuel or fertilizer production.

### *Geographical diversification*

Thenergo operates multiple CHP plants in Belgium, the Netherlands and Germany. Thenergo believes that geographical diversification is crucial in the renewable energy sector as it significantly decreases dependencies on local market regulations. Thenergo is in this respect also looking to start up operations elsewhere in Western and Central Europe. Geographical diversification is also a key factor of Thenergo's acquisition strategy.

### *Partnerships*

For the majority of the projects, Thenergo works together with industrial and public partners who usually take an equity participation in the project. For a number of these projects, the partner secures the feedstock and consumes the heat, CO<sub>2</sub> and a part of the electricity.

### *Financial Strategy*

Thenergo believes that a sound capital structure is crucial for the business in which it operates as the renewable energy sector is growing at a fast pace. Having access to cash will ensure that no opportunities are missed and that the pipeline (see section "7.13. Project pipeline going forward") can be financed. New investment opportunities which are not yet in Thenergo's identified pipeline can occur from time to time and are difficult to predict in terms of timing. Although it takes a minimum amount of time to evaluate new projects and acquisition opportunities from an operational and financial perspective, Thenergo believes that the ability to act swiftly in evaluating and negotiating such potential opportunities offers a competitive advantage. In this perspective it is important that Thenergo has access to cash on a short notice. Therefore Thenergo has the policy to keep a minimum amount of cash on its balance sheet during its current growth profile.

Thenergo is also very disciplined in the use of its cash in term of financing projects. When initiating new projects, Thenergo aims to structure this project in a separate legal entity and to inject (alone or with a partner) a minimum amount of equity and attract a large portion of debt, typically ca. 20% of equity and ca. 80% of debt.

In accordance with its financial strategy, in July 2008 Thenergo initiated a capital raising through a Public Offering in order to finance its expected investments linked to the project pipeline. Due to bad market circumstances, the capital raising was not closed. However, this should not impact the financing of projects under construction. Alternative funding possibilities are now investigated by Thenergo to ensure the pace of future growth.

### *Investment Strategy*

Today, Thenergo has projects operational and under construction ranging from 1 MWe to about 20 MWe. Going forward, Thenergo will no longer focus on small projects of around 1 MWe, but rather on projects with a size as of 5 MWe and higher. This will allow Thenergo to benefit more from economies of scale and to optimize its investments.

The pipeline today is comprised of projects ranging from 1 to 50 MWe.

When evaluating business cases and acquisitions, Thenergo first evaluates the strategic fit and will make an analysis with respect to the engineering/technology to use/being used. Once this analysis is done, a financial analysis is performed. Each project and acquisition is evaluated via a detailed long term business plan including both operational and financial parameters. Thenergo is very disciplined and strict with respect to its profitability requirements and requires minimum thresholds for each new project in terms of its Internal Rate of Return, Return on Equity, EBITDA margin and EBIT margin. With respect to evaluating acquisitions, Thenergo will also conduct a Discounted Cash Flow analysis.

### *Acquisition strategy*

In 2007 Thenergo made a number of acquisitions that allowed the Company to offer the range of management and engineering skills required to implement a fully integrated and diversified business model. The Polargen, Leysen and ENRO acquisitions are seen in this perspective (see section "7.4. Company history" and section "9.2. Notes to the financial statements 2005-2006-2007 — Note 5").

Thenergo will also focus on expanding its footprint to other European countries through organic and external growth. Today, Thenergo has plants operating in Belgium, the Netherlands and Germany. Besides those countries, Thenergo is looking to develop further in Europe through the realization of new projects or through acquisitions.

### 7.3 Market overview

#### *General*

There are three distinct drivers that stimulate the renewable energy market. (i) Increasing environmental concerns, particularly with respect to Greenhouse Gasses (GHG) and global warming, have resulted in increasing demand for alternatives to the traditional and polluting fossil fuels. (ii) The exhaustible nature of the traditional energy sources and the rising energy demand have resulted in strongly increased energy prices. (iii) Furthermore, many European countries are net-importers of energy and many of the traditional energy reserves are located in countries with an unstable political climate. In light of these facts and in combination with the rising energy prices, many governments have made the security of energy supply a political priority.

Renewable Energy Sources (RES) offer solutions to these issues. (i) They reduce the emission of GHG and have an overall smaller environmental impact. (ii) Technological improvements and support schemes have contributed to the cost competitiveness of RES compared to traditional energy sources. Furthermore, the renewable nature makes that they can not be depleted over time. (iii) By generating energy locally based on the generally available RES, countries can reduce the dependency on energy imports and increase the security of energy supply.

#### *Driven and strengthened by EU policy*

The latest Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) has reaffirmed that “Most of the observed increase in global average temperatures since the mid-20th century is *very likely* due to the observed increase in anthropogenic GHG concentrations.” (IPCC, Analysis Report 4, 17 November 2007). This means that there is a statistical certainty of more than 90% that global warming is caused by the greenhouse gasses, such as carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>), emitted by human activity.

The efforts for the reduction of green house gasses really took off since the UN summit of Rio de Janeiro in 1992, with the creation of the United Nations Framework Convention on Climate Change (UNFCCC or FCCC), and the adoption of the Kyoto protocol by the third annual Conference of Parties to the UNFCCC in 1997. The Kyoto protocol turned into force on 16 February 2005 after the signing of the Russian Federation. The states that signed the protocol of Kyoto committed themselves to reduce the emission of GHG to the individually specified levels.

The European Union renewed and strengthened its commitment to the Kyoto protocol by a proposal for a new European directive relative to the promotion of renewable energy sources launched on 23 January 2008 (COM(2008) 30). In this proposal, the European Union aims to establish national renewable energy targets that result in the following overall targets by 2020:

- 20% increase in energy efficiency compared to 2005
- 20% reduction in GHG emissions compared to 2005
- 20% share of renewables in overall EU energy consumption
- 10% biofuel component in vehicle fuel.

In 2005 the overall renewable energy consumption in the 27 European Union member-countries was 8.5% which is illustrated by the data in the following table.

**EU-27 renewable final energy consumption 2000-2005 (Mtoe)**

2000	2003	2004	2005	Share in consumption (2005)
87.0	93.8	99.4	104.2	8.5%

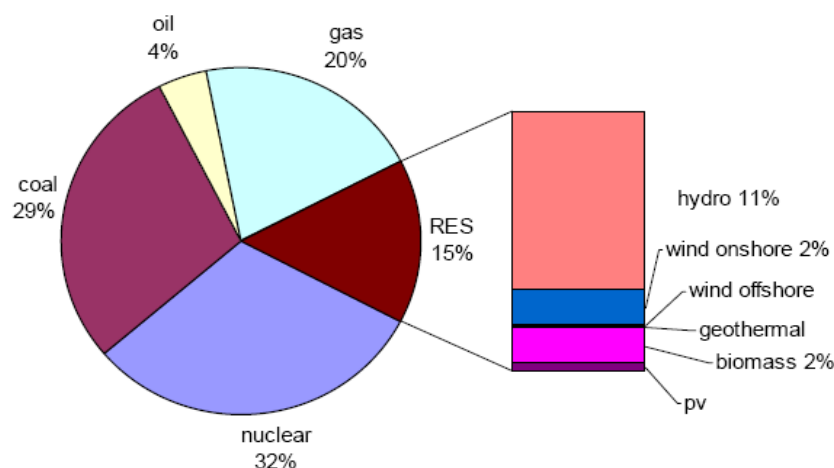
Source: European Commission, DG for Energy and Transport, Eurostat



This directive should eventually replace:

- RES-E Directive (2001/77/EC) that promoted the production of Electricity based on Renewable Energy Sources (RES-E). This Directive set a EU wide target of 22.1% RES-E by 2010 where this percentage was 13.9% for the original 15 members in the reference year 1997 (SEC(2008) 57). By 2005, the share of RES-E in total electricity production reached 15% for the EU-27 countries, which is illustrated in the graph below;
- Biofuel Directive (2003/EC/30) that forms the basis for the initiatives that are taken to promote biofuels. A 5.75% target has been set forward in this Directive by 2010 of all petrol and diesel for transport purposes.

**EU-27 electricity generation by fuel in 2005**



Source: European Commission, SEC(2008) 57, p. 18, Eurostat/OPTRES 2007

The graph above also teaches us that the electricity production based on renewable energy sources has grown from 13.9% in 1997 to only 15% in 2005 which is still a long way from the objectives set out in the RES-E Directive. An important reason for the relatively small percentage increase of RES-E is the higher than expected overall electricity consumption in the EU, which has been growing at 2% per year (SEC(2008) 57). Hence the proposal for the new and more comprehensive Directive in which not only electricity production is considered but the total energy consumption. In this definition, renewable energy sources even only accounted for 8.5%, which results in a strong growth potential.

Another objective of this new directive is clearly to lower the dependency of the European Union and its member states on energy imports. The following table shows that the EU-27 and a number of selected countries are net importers of energy. Given the fact that the energy prices are rising rapidly and that most of the important energy exporters have unstable regimes, the energy dependency issue is an important item on every political agenda.

**Energy balance of EU-27 and selected countries in 2005 (Mtoe)**

Country	Energy Import	Energy Export	Net Imports	In % of Total Primary Energy Supply (TPES)
<b>BELGIUM</b> .....	<b>78.4</b>	<b>27.5</b>	<b>50.9</b>	<b>89.8%</b>
FRANCE .....	178.5	35.2	143.3	51.9%
<b>GERMANY</b> .....	<b>255.7</b>	<b>41.2</b>	<b>214.5</b>	<b>62.2%</b>
HUNGARY .....	21.8	4.3	17.5	63.0%
ITALY .....	190.0	30.7	159.3	86.0%
<b>NETHERLANDS</b> .....	<b>159.6</b>	<b>121.8</b>	<b>37.8</b>	<b>46.2%</b>
POLAND .....	36.3	19.7	16.6	17.9%
UNITED KINGDOM .....	127.1	94.5	32.6	13.9%
<b>EU-27</b> .....	<b>1,455.4</b>	<b>476.7</b>	<b>978.7</b>	<b>53.9%</b>

Sources: OECD/International Energy Agency, 2007

With this proposal for a new directive on the promotion of renewable energy sources, the European Union has stepped up efforts to build a solid framework for its member states to comply with these ambitious targets already set last year (achieving 20% renewable energy consumption by 2020). This directive proposal thus is not the first step but a new highlight in the development of the EU vision towards a clean, sustainable and more secure energy supply. The “20/20” directive is strengthened with an improved Emission Trading Scheme and more flexible grant and incentives guidelines that should enable sufficient government support aimed at boosting renewable energy initiatives and investments.

To achieve the ‘20/20’ objective, every member state has to increase its renewable energy consumption to a specific calculated percentage. The basis of this calculation is the 2005 renewable energy consumption levels. They are increased with a flat rate of 5.5% and an additional increase calculated on the basis of the GDP per capita. Member states can decide themselves what their preferred mix of renewable energy sources is. The proposal mentions 31 March 2010 as the deadline for the presentation of a national action plan that outlines the country strategy to reach the targets. The plans will need to be defined along three sectors: electricity, heating and cooling and transport.

### ***Impact on Thenergo’s Market***

At the present date, Thenergo has activities in Belgium, the Netherlands and Germany. For these EU member states, and some other potentially relevant EU member states, the table below represents the required share of renewable energy consumption in 2020, the share in 2005 and the necessary relative increase over the next 12 years.

Country	RES-Share 2020	RES-Share 2005	Relative Delta with target
<b>BELGIUM</b> .....	<b>13</b>	<b>2.2</b>	<b>491%</b>
FRANCE .....	23	10.3	123%
<b>GERMANY</b> .....	<b>18</b>	<b>5.8</b>	<b>210%</b>
HUNGARY .....	13	4.3	202%
ITALY .....	17	5.2	227%
<b>NETHERLANDS</b> .....	<b>14</b>	<b>2.4</b>	<b>483%</b>
POLAND .....	15	7.2	108%
UNITED KINGDOM .....	15	1.3	1054%

Source: European Commission, COM(2008) 19, p. 41

This table reveals that:

- Thenergo’s home markets (in bold) still need to realize significant efforts to meet their targets and represent a significant growth potential.
- New opportunities exist in stable Western-European countries such as the UK but also in the new EU countries such as Poland or Hungary.

It should however be clear that the targeted growth in energy production from renewable energy sources is that large in every European country that no country should be per definition excluded. Furthermore, given the fact that total energy consumption is expected to increase compared to 2005 levels, the absolute growth of RES-energy will be even higher.

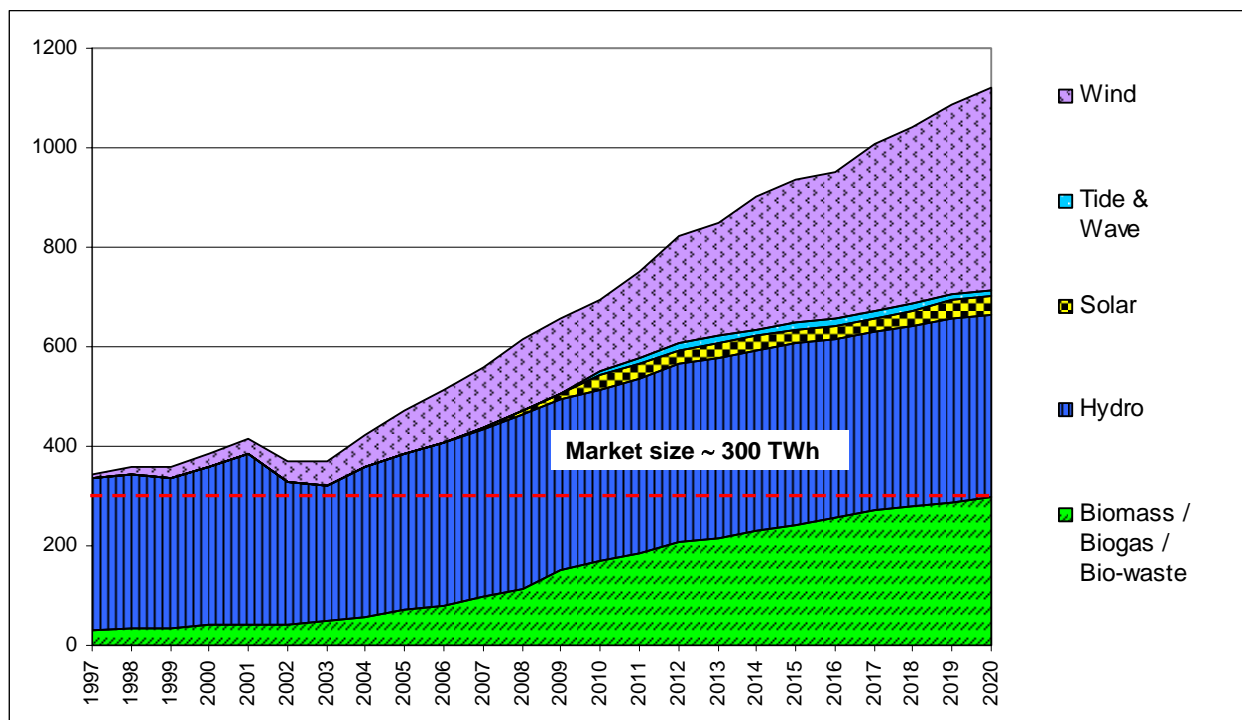
Today, Thenergo is not active in all renewable energy segments but only focusing cogeneration with 5 types of fuels: natural gas, biogas, biomass, bio-oils and secondary fuels. Thenergo is, for example, not active in the more developed and more competitive wind and solar energy sectors.

Analysis by the European Union shows that the biomass and biogas markets should be strong growth markets for the next decade. The accompanying staff working document (SEC(2008) 57) to the “20/20” Directive proposal states that the yearly growth rate of electricity production from biomass, biogas and biowaste has gone from 7% in previous years to 13% in 2003 and 23% in 2005 and electricity production from these sources was 70 TWh in 2005. To put this number into perspective, Belgium as a country consumes about the same amount of electricity today. Thenergo’s electricity output with its installed capacity end 2007 produces about 0.3 TWh<sub>e</sub> per year.

The Commission staff working document also indicates that biogas, biomass and waste-to-energy represent 13.8% of the total RES-E market in 2005 (note that 70% of this market is comprised of hydro-electricity production). When the hydro-electricity production is excluded, 47% of the RES-E market is relevant for Thenergo.

Other EU studies (Renewable Energy Roadmap, COM(2006) 848) estimate that this market segment is about to quadruple by 2020, as can be seen from the graph below. The first mover advantage is considerable in these circumstances.

**Electricity production by fuel: projections by 2020 in TWh**



Source: European Commission, Renewable Energy Road Map, COM(2006) 848, p. 19

### ***Grant and incentives aspects in a market context***

Today, the production of green energy is not price competitive compared to the traditional energy production for the following reasons:

- Traditional energy production is mostly organized in a centralized structure, in large scale energy plants that generate economies of scale. Renewable energy production, on the contrary, often is a decentralized activity that benefits less from these economies.
- External costs of standard energy production are not fully included in the energy prices today. Examples are the (full) cost of removal and treatment of nuclear waste, the full costs of emissions (CO<sub>2</sub>, NO<sub>x</sub>,...) of fossil fuels,...
- Renewable energy is often generated using less mature technology and relatively less homogenous energy sources that ask for extra treatment before or after energy production.

In order to overcome these disadvantages, the European Union decided to create flexible grant and incentives guidelines that allow the member states to implement measures to stimulate the renewable energy sector. These incentives can be found in different forms and shapes:

- Feed-in tariffs: the green electricity producer receives a fixed price for every green MWh<sub>e</sub> he puts on the grid.
- (Tax free) capital grants which essentially lower the investment cost or financing risks.
- Tradable Certificates given for every produced green MWh<sub>e</sub> and bought by other market players that need to reach certain green production quota.
- Tax incentives, to lower the taxable base with a certain amount that is calculated.

- Tender procedures.
- Tradable emission rights that internalize the cost of emissions responsible for global warming. Energy producers have to be able to present a certain amount of emission rights in relation to the emissions they produce. If they have insufficient rights, they need to buy them in the market.

At EU-level different grant and incentives guidelines exist. Also new national grant schemes have to be approved by the European Commission before they can come into force. This ensures that the support schemes respect overall guidelines, do not disturb competition and are in line with other local targets such as regional development.

An overview of the grant and incentive schemes most relevant for Thenergo is added in section “7.7. Regulation”.

## 7.4 Company history

Thenergo NV was founded in March 2002 in the form of a limited liability company (*naamloze vennootschap*). The company was originally named Energo, and was positioned as a biomass specialist in the renewable energy sector, and a developer of combined heat and power (CHP) projects.

Following a fundraising in February 2006, Theolia SA became a majority shareholder (57%) in Energo and in July 2006 increased its shareholding to 91% via share purchases from other shareholders. Also in 2006, Energo was renamed Theolia Benelux NV.

In December 2006, Theolia Benelux NV took a 51% stake in Polargen, a Benelux based developer and operator of CHP plants in the industrial greenhouse sector.

In June 2007, the shares in Theolia Benelux NV became listed on Alternext Paris. At that occasion, the name of Theolia Benelux NV was also changed in Thenergo and the strategy of Thenergo became focused on CHP- and biomass-projects.

Following the listing, Thenergo NV has been active in building out its project portfolio through organic and external growth.

In September 2007, it acquired Leysen, a Belgian waste management group. Leysen is active in two core areas:

- **Organic Waste Procurement** solutions for agribusinesses, industry, regional authorities and ports in the Benelux area.
- **Upstream Logistics** activities including waste collection, sorting, treatment and processing for energy recovery.

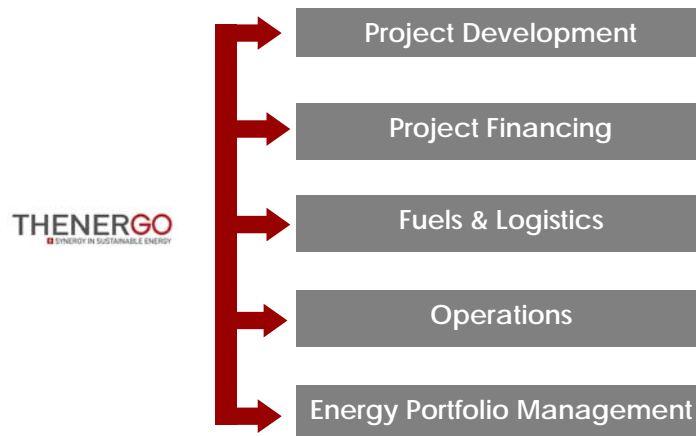
Additionally, Leysen is also active in the development of Jatropha oil as fuel for CHP units.

In November 2007 Thenergo NV acquired the remaining minority share (i.e. 49%) of Polargen via a share swap.

In December 2007 Thenergo NV acquired a majority stake in ENRO AG, a German biomass CHP developer and operator. ENRO AG has an operating portfolio of 13.7MWe (electrical) and 126 MWth (thermal). The portfolio contains two biomass CHP plants fuelled by fresh cut and waste wood, generating a total of 13.7MW electrical power and 23.2 MW thermal power. ENRO AG also co-owns and co-operates two heat distribution companies, supplying industrial and residential clients. Additionally, ENRO AG brings valued expertise in the field of Rankine Cycle engineering to Thenergo and secures a commercial foothold in Europe’s most fertile renewable energy market. In March 2008, ENRO AG was rebranded to tse AG or Thenergo Sustainable Energy AG.

## 7.5 Business model

Thenergo is a fully integrated energy player focusing on developing and operating CHP plants running on clean or renewable fuels. Thenergo’s operational model involves the centralised management of decentralised units with remote real time monitoring of every plant. Core engineering concepts guarantee the efficient cogeneration of heat and power whereby revenue is derived from the generated electricity, heat supplied to project partners, certificates and by-products. Next to the project development, operating and the sale of the generated energy, Thenergo also manages project financing (with or without partners) and the feedstock procurement and logistics.



### ***Project development (concept engineering)***

Thenergo manages the concept engineering and the overall project development for all of its CHP plants. During this project development phase Thenergo assesses all the different aspects of the project's feasibility, including:

- Energy surveys: analysis of the partner's needs in terms of energy and/or specific other requirements. Information is gathered on the types of energy to be applied (e.g. steam, hot water, electricity, hot air, thermal oil,...) the quantities consumed and the variations in the energy demand on both short term (minutes or hours) or long term (seasons). An analysis is also made of the availability of fuels on site, the transportation logistics, available space for the energy production units and possible environmental issues.
- Fuel selection: based on the energy survey a technological concept and fuel is selected. Thenergo's fuel portfolio is based on 5 fuels: natural gas, biogas, bio-oil, woody biomass and secondary fuels.
- Concept engineering: evaluation of different technical and technological solutions in order to establish the most profitable solution for the given application.
- Detailed budgeting and business case analysis: analysis of investment and operating costs, together with risk and profit analysis.
- Contract negotiation.
- Thenergo also obtains the necessary permits, grants, grid connections and certificates for each individual project.

Project development is managed by a ***fuel specific approach***. Every fuel has its specific market and specific technological requirements. For each fuel, the technology and market approach are discussed in section "7.6. Types of fuel".

### ***Project finance***

With respect to organic growth, Thenergo finances each project on a stand-alone basis through project finance structures. Typically, such project financing entails a ca. 20% equity contribution by Thenergo (and partner if applicable) and government grants and a ca. 80% debt financing in the form of senior bank debt. A separate project company is established for each project and all the external financing is obtained at the level of the project company.

To date, the debt portion of the project financing has mainly been provided by KBC, Dexia and Triodos.

## ***Operations***

Thenergo takes care of the day-to-day operations and maintenance of its CHP plants. Operations are monitored centrally in a control room via the “Thenergo Power System” (TPS). This system allows to control and monitor operations and operating hours of each power plant. Today, all Groeikracht plants are connected to this system and Thenergo has the intention to expand this monitoring system to all other CHP plants of the Thenergo group. The TPS monitoring system ensures technical management, operational management, and economical follow up and administration follow up such as invoicing. The TPS system allows optimisation of energy sales according to market patterns and local parameters (changes in temperature, heat demand, and availability of biogas volumes). The TPS system is also an information source for the local partner (if any) and supplier. In summary, TPS enables Thenergo to control its different decentralised CHP plants as one centralized “virtual” CHP plant. Thenergo believes this brings an important competitive advantage to its activities.

This organization also ensures a results-focused management of the plants with an efficient follow-up of the results according to business plans and forecasts.

Thenergo has long term maintenance contracts with its CHP-engine suppliers to ensure the support of its CHP plants. Furthermore, Thenergo also manages the administration of the different CHP plants.

## ***Fuels and Logistics***

Ensuring access to fuel is a crucial part of Thenergo’s business model as fuel is an important driver of the profitability of each project. Fuel access for natural gas is evident as it is a widely available type of fuel for both industrial and residential users.

For other types of fuel, fuel access has been ensured by including the partners as co-investors in the individual projects. This relationship with the partner is very visible in an on-site project whereby the partner usually produces organic or non-organic waste which is then used by Thenergo as fuel or feedstock. In this way, Thenergo offers a disposal solution for the partner’s waste and at the same time produces electricity and heat for the partner at a predetermined price. Because most projects produce excess electricity, the largest part of Thenergo’s electricity production is sold externally on the electricity grid.

The acquisition of the Leysen group in 2007 was an important milestone to ensure access to renewable fuels and at the same time significantly reinforcing logistics expertise and capacity.

## ***Energy sales***

Thenergo’s power plants produce combined heat and power (CHP), also known as cogeneration. The heat is usually sold to the local partner participating in the project or to neighbouring industrial customers. In biogas projects heat is typically used for upgrading residual waste into secondary fuels or other valuable by-products.

The partners in the project also consume electricity, but the major part of the generated electricity is sold to professional intermediaries on the wholesale market and fed to the grid.

For the Belgian and Dutch markets, Thenergo currently works together with an internet-based trading platform for decentralized electrical capacity and works together with trading partners both in Belgium and the Netherlands. Thenergo trades mainly with forward contracts (representing about 60% of its electricity sales) in order to optimize revenues and minimize risks. Through the flexible generation capacity of cogeneration plants, a certain part of the generated electricity is sold on the spot market (through a licensed trader). The volumes of forward contracts are based on the forecasted production schedules of the CHP plants.

Cogeneration converts primary fuel into heat and electricity at a high efficiency. As a result CHP certificates are obtained. In addition, green certificates are obtained when using renewable fuel. Thenergo enters into long term agreements for the sale of these certificates.

## **7.6 Types of fuel**

Thenergo uses different types of fuels for its CHP plants. As such, diversification is an important part of its strategy. Below, the five types of targeted fuels that are used are described in more detail. Today, in its operational projects, Thenergo uses natural gas, biogas and woody biomass as fuel. Projects under construction and in the pipeline also comprise projects running on bio-oils and secondary fuels.

### 7.6.1 Natural gas

#### ***General***

Natural gas is a clean fuel for high-efficiency decentralized energy production. It is clear that natural gas cannot be considered being a renewable fuel. However, the use of natural gas as a fuel for high-efficiency decentralised production offers significant reductions of greenhouse gases compared to traditional centralised electricity production. Furthermore, natural gas is a clean fuel offering low emission and high quality exhaust gas usable in biological processes.

#### ***Market approach***

Thenergo applies natural gas in decentralized “Groeikracht” units offering electrical power, heat and gaseous high-quality CO<sub>2</sub> to greenhouses. Modern greenhouses are energy intensive industries with very specific energy requirements:

- Heat is required during cold periods to keep a minimum temperature inside the greenhouse at all times
- Also during warm periods, heat is necessary for the plants to compensate their loss of heat due to strong evaporative cooling (evaporation of water from plants)
- Electricity for artificial lighting (some greenhouses)
- CO<sub>2</sub> for plant growth. Plants use photosynthetic processes to assimilate CO<sub>2</sub> from the air, strongly reducing the CO<sub>2</sub> level in the greenhouse. As the ventilation is limited to reduce heat losses, CO<sub>2</sub> addition is required to compensate the losses. Furthermore, the CO<sub>2</sub> level is increased to above the natural atmospheric level in order to increase the growth of plants.

Thenergo's Groeikracht units in greenhouses supply heat, electricity and CO<sub>2</sub> based on decentralized cogeneration units. Furthermore, the TPS system controls the working of all Groeikracht units based on:

- monitoring of the heat requirement of the greenhouse
- monitoring of the CO<sub>2</sub> requirement of the greenhouse

The natural gas supply contracts have a standard duration of one year.

#### ***Technological approach***

Natural gas is burned in “Otto” type spark ignited 4 stroke internal combustion engines. The engines are coupled to a generator producing electricity with an efficiency of typically 39 to 44% (based on lower heating value of natural gas). All residual energy is transformed into heat which is captured by several heat exchangers and stored in large water based heat buffers. Storing the heat allows the separation of heat and electricity demand. The exhaust gas of the engines contains high levels of CO<sub>2</sub> (from the oxidation of methane in natural gas) and water. The exhaust gases are cleaned for removal of contaminants (unburned CH<sub>4</sub>, CO, NO<sub>x</sub>, C<sub>2</sub>H<sub>4</sub>) and injected in the greenhouse when required (CO<sub>2</sub> is only required during growth which happens only during day time, when light is available).

As CO<sub>2</sub> is only required during day time and more heat is required during night hours, operating the Groeikracht units with large heat buffers allows flexible production and concentration of the electricity production during day time when electricity demand is high. Natural gas is stored in the natural gas grid which allows flexible production.

## 7.6.2 Biogas

### ***General***

Biogas is a gaseous energy rich mixture of methane and CO<sub>2</sub> produced from anaerobic microbiological fermentation processes. Biogas occurs naturally in anaerobic environments (swamps, rice fields, lagoons,...) but can also be produced in engineered environments such as:

- anaerobic wastewater treatment plants;
- controlled land-filling areas;
- solid or liquid waste fermentation processes;
- fermentation of energy crops.

Biogas produced through the breakdown of organic residues is defined as a sustainable fuel, as the CO<sub>2</sub> set free when burning the gas was originally captured by the organic material. Therefore, the use of biogas as a fuel will not contribute to the long-term increase of CO<sub>2</sub> in the atmosphere.

### ***Market approach***

The market approach is depending on the source of the biogas. For biogas produced from landfills or anaerobic wastewater treatment plants (e.g. project “Biocogen”), where the biogas production phase is not controlled by the Company, Thenergo offers fuel conversion contracts where biogas is converted into electricity and heat. Thenergo manages all aspects of converting the raw biogas into valuable energy:

- biogas cleaning in order to make it suitable as a fuel;
- process design and dimensioning of the cogeneration plant;
- construction management, start-up and operation of the complete plant;
- sales of electricity on the grid in case local consumption is insufficient or not applicable.

For solid or liquid waste fermentation projects, where Thenergo also controls the biogas production phase, Thenergo designs, builds, finances and operates stand-alone units where electricity is fed into the grid and heat is used locally to upgrade the fermentation residue into valuable by-products. These stand alone units are therefore not necessarily coupled to a supplier of biomass input or a heat client. However, Thenergo focuses on industrial sites with good logistic connections to allow transport of biomass and by-products.

### ***Technological approach***

Biogas is a mixture of mainly methane (CH<sub>4</sub>) and CO<sub>2</sub> and is therefore a perfect substitution fuel for natural gas. Given its biological origin, biogas will also contain smaller amounts of contaminants such as water, dust, H<sub>2</sub>S and others. After cleaning of the gas it can be applied in the same otto type engines as used for natural gas, without loss of efficiency. For biogas produced from landfills or anaerobic wastewater treatment plants the technological approach is very similar to the “Groeikracht” greenhouse projects with the exception of heat storage and exhaust gas treatment for CO<sub>2</sub> injection, which are not necessary in the absence of greenhouses.

For solid or liquid waste fermentation projects Thenergo uses an integrated approach where the residual heat from the cogeneration engines is used in thermal processes (drying/evaporation/distillation) for upgrading of low-value residues into higher value by-products. Fermentation of solid and liquid waste or biomass in general produces a residue (called “digestate”) which has an agricultural value as fertiliser. It has a limited application, however, in areas such as Belgium and the Netherlands due to excessive amounts of manure already being spread on the grounds and due to restrictive environmental legislation.

Thenergo’s technological approach allows full processing of the digestate into valuable by-products without the use of external energy and with limited amount of chemicals. Several by-products will be produced for consumption in other projects creating synergies and added value in the integrated production platform. Production is typically continuous, as biogas cannot be stored without high costs and heat requirements for the digestate processing is also continuous.



### 7.6.3 Bio-oil

#### **General**

Bio-oils are liquid fuels from vegetable or animal origin that can be applied as a fuel for cogeneration projects. Bio-oils can be recovered waste oils (e.g. old frying oil, animal fat) or oils produced from specially cultivated plants (e.g. Jatropha oil). Bio-oils are both used for production of transport fuels (biodiesel market) and as a fuel for energy generation in stationary cogeneration units. Regarding bio-fuels, Thenergo is only active in the stationary power production market with a focus on Jatropha oil as fuel for decentralised cogeneration units. Bio-oil is a concentrated form of energy (comparable to diesel fuel) and can therefore be produced in other parts of the world and transported to Europe with limited costs and limited loss of renewable energy. More information on the advantages of Jatropha oil can be found in section “7.15. Jatropha oil”.

It's important to note that in stationary cogeneration projects, bio-oil can be directly transferred into valuable energy at high efficiency (+80%) compared to transport fuels where bio-oil is first chemically transformed (esterification) to be used in low-efficiency car engines.

#### **Market approach**

Thenergo's cogeneration units based on bio-oil will supply heat and power to industrial clients. The project development concentrates on establishing a long term stable heat supply contract for the mainly low temperature residual heat of the cogeneration unit. Bio-oil based cogeneration heat can be used by low temperature drying plant operators, greenhouses with low CO<sub>2</sub> requirements, industrial processes,...

Since bio oil allows for high efficiency electricity production (between 40 and 50%) Thenergo can supply heat at very competitive prices for high volume long term contracts.

#### **Technological approach**

Bio-oil is typically used in “Diesel” type internal combustion engines. Operation of diesel engines is very similar to gas engines for natural gas and biogas. The biggest fraction of heat is available at low temperature. Small amounts of steam (15-20% of fuel energy input) can be supplied to industrial processes in some cases. For efficient projects, Thenergo's bio-oil projects are combined with low temperature driers or greenhouse projects.

Compared to gas engines, emission from diesels is higher. These projects are therefore equipped with significant exhaust gas treatment systems. NO<sub>x</sub> abatement requires injection of NH<sub>3</sub> and catalytic reactors. As part of Thenergo's project-synergies NH<sub>3</sub> is recovered from digestate in biogas projects.

### 7.6.4 Woody Biomass

#### **General**

Wood has been used as a fuel since the beginning of time and is still widely used. In Thenergo's activities, wood is sourced locally.

#### **Market approach**

Wood is converted into energy by use of the Rankine cycle producing steam and electricity. Projects based on wood are therefore ideal for larger industrial applications to supply high value steam or superheated water to industrial sites. For wood based projects Thenergo focuses on industrial medium sized clients that consume large amounts of steam at relatively low pressures.

#### **Technological approach**

Wood is used in decentralised production units based on the thermodynamic Rankine cycle. In this cycle, products are incinerated in a furnace, producing hot exhaust gases that are used to heat water, thereby producing high temperature and high pressure steam. This steam drives a steam turbine which, coupled to a generator produces electricity. Heat (medium/low pressure steam or water) can be extracted from the turbine at any point, however as a general rule the higher the temperature of the heat extracted, the lower the electrical efficiency.

Incineration furnaces can be built in large single units of up to 100 to 150 MW firing capacity depending on the fuel and type of furnace, the Rankine cycle is therefore an ideal technology for large scale steam production in combination with electricity, based on solid fuels (wood and secondary fuels).

Wood can be locally sourced, but also large amounts of low-cost wood are available worldwide. Large amounts of heterogeneous woody biomass are also produced in all European countries, coming from maintenance activities in parks, forests, at road sides etc. It is possible to convert low cost wood into high quality biocoal by high temperature drying, a process also referred to as torrefaction. During torrefaction, wood is dried and some components are stripped off to yield a high energy biocoal product. Biocoal pellets are homogenous and have almost double the energy content compared to traditional wood pellets making it an ideal product to transport over large distances without high energy consumption.

#### 7.6.5 Secondary Fuels

##### ***General***

Secondary fuels are fuels recovered from waste products. Traditionally mixed waste (domestic waste, industrial wastes,...) were landfilled or incinerated. Mixed unsorted waste has poor fuel characteristics (not homogeneous, low calorific value,...) and is therefore not very suitable for energy recovery. Sorting of waste, mechanical pre-treatment, mixing of waste streams and/or drying of wet waste with waste heat enables production of secondary fuels with improved fuel characteristics and lower environmental impact. In this field, the acquisition of the Leysen group brings significant added value.

##### ***Market approach***

Further quantitative and qualitative inventory and analysis of waste flows, currently considered as general waste and of non-hazardous waste flows and already defined as having a high calorific value and suited for energy recovery will form the base of a sensible price differentiation. This will stimulate the right pricing balance and be an incentive to deliver better quality fuels from waste products.

Sales efforts will be concentrated in securing sufficient quantities of secondary fuels and partnerships will be assessed with the same goal.

Keeping logistics efficient and creating or extending existing hubs and regional pre-treatment centres will support a competitive pricing in the market.

##### ***Technological approach***

Waste generated by industry, demolition and households contains several different recyclable materials. Some of these materials can be used as raw material for manufacturing plants (e.g. metals and plastic) or as a (bio-) fuel in incinerators and digesters (e.g. wood or organic waste). It is more and more common that waste is already pre-sorted at source. This generates so called mono-waste streams. The mono-waste streams are collected in the treatment plant where pollutive elements are removed and densification can take place. This can be done by the use of balers, presses or by loading. Industrial and demolition waste contains high percentage of recyclable materials (e.g. metals) as well as dry biomass (e.g. wood). Fuel prepared from non-hazardous waste to be used for energy recovery in (co-)incineration plants is also called Solid Recovered Fuel (SRF).

A part of the available waste generated by industry, demolition and households (e.g. wood, specific production waste, dried household waste, etc) can be converted into a useful fuel with stabilized physical and chemical characteristics. The final SRF contains an important part of biomass. The end user of SRF can therefore produce partial green energy. Waste is converted into SRF by mechanical treatment only. In several steps, the incoming material is milled, separated and stripped. Ferrous and non ferrous metal is removed and recycled.

SRF can be used as a “fluff”, but due to logistic reasons it is often better to densify by pelletizing. Pellets are easy to store and can be transported with higher efficiency.

## 7.7 Market Regulation

### *Grant and incentives*

Today, the production of green energy is not price competitive compared to traditional energy production, as underlined by the new guidelines on State aid for environmental protection (2008/C82/01) adopted on January 23<sup>rd</sup> 2008 (especially in article 7) mentioning the necessity for state aid because of normal market mechanism failure. Therefore national authorities have created incentive schemes within the context of the EU legislation.

### *Belgium*

Belgium has a mixture of different support schemes at different policy levels (see section “8.3. Profit & loss — Revenues”).

- At the federal level an investment deduction exists for “energy saving investments” that also include tax stimuli for CHP and certain types of RE-production.
- At the regional level RE-investments are supported by capital grants in all three regions. The maximum level of the capital grant is about 15% of the total CAPEX, whereas typical percentages vary between 3% and 8% of CAPEX.
- The most important and essential measure to stimulate renewable energy projects are the obligatory quota (obligation for all electricity suppliers to supply a specific proportion of RES-E by means of green certificates and CHP-E by means of CHP certificates) in combination with guaranteed minimum prices or “fall back prices” for investors.

Since 1 January 2002 a green certificate system has been in effect in the Flemish Region, with which Flanders aims to promote power generation based on renewable energy sources.

It is a two-pronged system: on the one hand producers of electricity based on renewable energy sources can receive green certificates, on the other hand there is a certificate obligation in place for electricity suppliers. The latter must submit to the market regulators a specific number of green certificates, being a percentage of the total supplied electricity (to end-users). This percentage increases each year towards 6% in 2010. This increase and the stimuli out of this certificate system have created a sufficient incentive for numerous investment projects in the Flemish region. Producers of electricity based on RES receive a green certificate from the Flemish government regulator VREG ([www.vreg.be](http://www.vreg.be)) for every MWh of electricity generated in the Flemish Region from renewable energy sources.

Producers may sell these green certificates to suppliers who still have not met their certificate obligation. If the producer is also a supplier, they can use the certificates to meet their own targets. Minimum prices are guaranteed for a period of 10 years by authorities (e.g. €80/certificate). The actual market price is higher, varying around €110/certificate or MWh of net produced green electricity for the last 3 years now. The penalty prices that the power supplier will have to pay if it does not comply with its certificate obligation, is €125/MWh. It is common market logic that the market price will never be higher than the penalty price.

Besides the green certificate system Flanders also has a similar CHP certificate system. This system has been in effect since 1 January 2005 for the promotion of primary energy savings through the use of qualitative CHP-facilities for the cogeneration of electricity and heat. Again a two-pronged system was developed: on the one hand each power supplier is obliged to ensure a minimum electricity share from qualitative CHP-facilities, on the other hand owners of qualitative CHP-facilities (cogeneration producers) can request CHP certificates from the VREG. The percentage of electricity from CHP should increase towards 5.23% in 2013.

CHP-producers can obtain CHP-certificates from the VREG for the primary energy savings achieved by CHP-facilities in the Flemish Region that satisfy the conditions for qualitative CHP-facilities.

A CHP-certificate certifies that 1,000 kilowatt hours (kWh) of primary energy were saved in a qualitative CHP-facility compared to a situation in which the same quantity of electricity and/or mechanical energy and heat are generated separately. A minimum price of €27 per CHP certificate is guaranteed over the first 10 years of operation. During this period, however, the number of certificates that are received decreases as of the fifth year with a certain percentage that is known upfront and depending on the efficiency of the installation. The actual market price for CHP certificates is higher than the minimum price and has been varying around €40/certificate for the last 3 years now. The penalty prices that the power supplier will have

to pay if he does not comply with his certificate obligation, is €45/MWh. It is common market logic that the market price will never be higher than the penalty price.

A similar certificate system exists in the other Belgian regions Wallonia and Brussels with its own regulator (CWAPE and BRUGEL for respectively Wallonia and Brussels) and other similarities such as minimum prices, year-after-year targets, evaluation and application procedures, but with the same overall target, being to stimulate sustainable energy production.

### *Germany*

In 2000, Germany issued its **Renewable Energy Act** (*Erneuerbare Energien-Gesetz*) that replaced the Electricity Feed-in Act (*Stromeinspeisungsgesetz*) and provides fixed prices for the production of renewable electricity for a period of 20 years. The incentive is thus guaranteed payments for the total amount of electricity produced.

Under the Renewable Energy Act, two important and innovative features are:

- **Degression of tariffs** — supporting technology learning: from 2002 onwards, new installations apply lower tariffs. From 2003 onwards, new installations of similar types apply tariffs lowered at the same rate, and so on for the following years. This is done to keep the incentive for manufacturers to systematically reduce production costs and to offer more efficient production technology year after year. The higher the energy efficiency of the technology, the higher the profitability and therefore the lower the need for government support. The rate of degression is based on the empirically derived progress ratios (from the theory of technology learning) for the different technologies.
- **Stepped nature of tariffs** — supporting financial efficiency: the tariffs for the different technologies defined in the act are determined based on the yield/generation costs of each particular plant. This feature is especially important for biomass and biogas projects with respect to plant size and fuel type.

Furthermore, the feed-in tariffs are reviewed periodically in the light of technological and price developments. Feed-in tariffs for new sites installed at a later point in time can be modified accordingly. For every single installation, the expiry date is 20 years after the date of installation.

Also large subsidized loans are available through the DtA (Deutsche Ausgleichsbank) Environment and Energy Efficiency Programme. A Market Incentive Programme provides subsidies for RES-H, with excellent results in small-scale biomass heat generation. A significant budget increase was foreseen for 2007 (from €39 million to €213 million). Second generation biofuels, biogas and pure bioethanol (E85) will be granted a decreasing tax incentive until 2015.

In order to increase the share of energy generated from renewable energy sources, the German government proposed in December 2007 for an amendment to the Renewable Energy Act (*Erneuerbare-Energien-Gesetz 2009*; **EEG 2009**) which should be adopted in May 2008 and enter into force by January 2009. The EEG 2009 retains the current feed-in tariff system, but with new tariffs linked to the current state-of-the-art technology and its costs.

### *The Netherlands*

The major pillar of RES-E policy in the Netherlands has been the 2003 MEP policy programme (Environmental Quality of Power Generation) that offered source specific premium tariffs, paid for 10 years for green electricity production and CHP on top of the market price. These tariffs were introduced in 2003 and are adjusted annually. Tradable certificates were used to claim the feed-in tariffs. The value of these certificates therefore equals the level of the feed-in tariff. Due to budgetary reasons, however, most of the feed-in tariffs were set to zero in August 2006. Today, a new SDE policy programme is starting up but it is still not completely clear if the current support structure will be sufficient to create new markets opportunities. Thenergo believes the 20/20 target set by European Union will stimulate the Dutch government to introduce a feasible SDE programme.

Next to the MEP/SDE-programme the Netherlands have a number of relevant tax exemptions that lower the taxable base of the investor (EIA, MIA) or allow a certain freedom in the choice of depreciation periods (VAMIL).

### ***Permits (environmental permit, construction permit, EIA)***

Each decentralized energy production project requires permits. Typical documents are an environmental permit which allows the set up and exploitation of a project and a construction permit that allows construction of facilities necessary for exploitation. For larger projects, like manure treatment facilities with a capacity of over 100,000 ton/yr an Environmental Impact Assessment (EIA) preceding the permit application is required. This EIA thoroughly evaluates the impact of the project on the environment in all its aspects.

Procedures need to be followed in order to obtain the necessary permits. For small projects at a good location this step is mainly a pure administrative issue with a certain time impact (minimum time to obtain a permit is about 4 months), for larger or less well situated projects, this step could take more time. For example, when an EIA is necessary prior to the permitting process, this lengthens the timeline with 12-15 months. Also, the public consulting procedures that go along with the permitting procedure can take some time, while permits issued will be subject to legal redress.

Thenergo's projects are sometimes situated in more rural areas where the implantation of such type of semi industrial activity could be sensitive for the environment. A positive and pro active communications strategy and professional approach mitigates the risk for potential delays in Thenergo's projects.

### ***Grid Connectivity and technical guidelines***

Thenergo's projects all include production of electricity that is delivered to the electricity grid. Local government regulators organize the connection to the grid and provide technical guidelines to comply with. At different areas the grid that generally is designed for large centralized energy production, is not adapted to the decentralized production facilities and negotiation for increasing grid capacity needs to take place before initiating certain projects. In some cases extra costs need to be made to ensure a connection to the grid.

## **7.8 Market structure/Competition**

Thenergo believes its business model is quite unique as it concerns a fully integrated business model and to date Thenergo has not identified strong competition in the market. However, in each of its core activities, other companies are in the market:

- *Financing:* Some players are interested to invest in renewable energy projects such as clean tech funds and green energy funds. The size of these funds varies greatly, each with their own specific focus, regional interest, growth and exit strategy.
- *Concept engineering, operations and maintenance:* Some engineering offices build know-how on the development of renewable energy projects. Often their role is limited to the concept design, engineering and construction (supervision) of these projects. In a limited number of cases, these firms offer BOOT-services, meaning they Build, Own, Operate the plant before Transfer to the owner after a number of years.
- *Sourcing:* Thenergo uses as fuel natural gas, biogas, biomass, bio-oils and secondary fuels. Each of these energy sources has its own market structure and conditions.
- *Energy sales:* Different financial institutions have in-house departments that are specialized not only in trading (of, among others, energy products) but also financing activities. Typically, a well developed strategy is in place and services for the trading of electricity and other energy products exist. For Thenergo, however, the end products from its renewable energy projects are broader than electricity. For example: are heat (steam, hot water...), green CO<sub>2</sub>, fertilizer, secondary fuels...

## **7.9 Summary operational CHP plants**

Today, Thenergo has 24 sites in operation of which 16 sites are located in Belgium, 4 in the Netherlands and 4 in Germany. The majority of the sites today are fuelled by natural gas and are CHP plants in the agricultural sector. The remaining plants are fuelled by biogas or wood.

All of Thenergo's operational CHP plants together represent 66 MWe installed electrical capacity, which is the equivalent to the electricity needs for 80,000 households. Comparing this to wind turbines, taking into account the fact that wind turbines have fewer "runhours" compared to CHP plants, we should compare this with 80 wind turbines of 2MWe<sup>(1)</sup>.

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(1) Thenergo's total installed electrical capacity of 66 MWe produces about 300,000 MWh<sub>e</sub> on a yearly basis. According to the Dutch "Centraal Bureau voor de Statistiek", [www.cbs.nl](http://www.cbs.nl), the average capacity factor of landbased wind turbines amounts to 20%, i.e. 3,504 MWh<sub>e</sub> per wind turbine.

On top of the electricity, the current portfolio also produces 188 MWth thermal capacity, which is an important additional source of revenues. The following table gives an overview of the current operational portfolio. Each project

will be discussed in more detail afterwards. The sites that were completed in December 2007 gradually became fully operational during the first 6 months of 2008.

**Summary table of operational sites**

Project name	Country	Fuel	Stake	Gross Electric capacity (MWe)	Nominal Thermal capacity (MWth)	Completion Date
Biocogen BVBA.....	Belgium	Biogas	50%	1.4	1.8	Dec/2006
Valmass NV.....	Belgium	Biogas	60%	1.6	1.9	Aug/2008
Groeikracht Boechout NV.....	Belgium	Natural gas	96%	5.2	6.5	Aug/2005
Groeikracht Broechem NV.....		Natural gas				
Groeikracht Butenpole B.V. ....	Belgium	Natural gas	25%	1.8	2.1	Jun/2006
Groeikracht De Blackt NV.....	Netherlands	Natural gas	51%	4.0	4.4	Feb/2007
Groeikracht De Boskapel NV.....	Belgium	Natural gas	30%	2.0	2.5	May/2007
Groeikracht De Markvallei NV.....	Belgium	Natural gas	52%	2.0	2.5	Apr/2008
Groeikracht Etten-Leur I B.V.....	Belgium	Natural gas	100%	7.5	8.7	Aug/2006
Groeikracht Etten-Leur II B.V.....	Netherlands	Natural gas	30%	2.4	2.8	Feb/2006
Groeikracht Etten-Leur III B.V.....	Netherlands	Natural gas	30%	0.8	1.0	Nov/2007
Groeikracht Marvado NV.....	Netherlands	Natural gas	30%	1.8	2.0	Jun/2008
Groeikracht Marveco NV.....	Belgium	Natural gas	51%	3.3	3.7	Jul/2007
Groeikracht Merksplas NV.....	Belgium	Natural gas	51%	1.1	1.3	May/2007
Groeikracht Pierstraat NV.....	Belgium	Natural gas	100%	2.8	3.5	Dec/2004
Groeikracht Rielbro NV.....	Belgium	Natural gas	51%	1.1	1.3	Dec/2007
Groeikracht Vremde NV.....	Belgium	Natural gas	30%	2.0	2.5	Dec/2007
Groeikracht Waver NV.....	Belgium	Natural gas	51%	4.1	4.8	Dec/2007
Groeikracht Wommelgem BVBA.....	Belgium	Natural gas	30%	1.7	2.1	Jul/2007
Groeikracht Zwarthout BVBA.....	Belgium	Natural gas	51%	2.6	3.0	Dec/2007
Ludwigsfelde biomass CHP plant.....	Belgium	Natural gas	100%	3.5	4.1	Dec/2007
Elsterwerda biomass CHP plant.....	Germany	Wood	86%	1.5	10	Oct/2007
Ludwigsfelde heat plant.....	Germany	Wood	86%	12.2	12.0	2004
Stadtwerk Elsterwerda heat plant.....	Germany	Natural gas	43%	0.0	100.0	1995
	Germany	Natural gas	43%	0.0	3.8	1996
				<b>66</b>	<b>188</b>	
<b>Totals.....</b>		Biogas		<b>3</b>	<b>4</b>	
		Natural gas		<b>49</b>	<b>162</b>	
		Wood		<b>14</b>	<b>22</b>	

## 7.10 Operational CHP plants

Thenergo holds title to certain real estate (e.g. rights of ownership, rights to build, lease rights). Certain of this real estate are encumbered by security interests.

### *Belgium*

#### *Biocogen*

Biocogen is a 1.4 MWe biogas CHP installation located on the premises of VPK (a leading and listed European packaging producer), in Dendermonde, Belgium. This CHP installation is operational since September 2005 at an average rate of about 7400 hours per year. The heat produced by the CHP installation is consumed by VPK. All produced electricity is sold at the connection point with the distribution grid. According to a biogas conversion and valorisation agreement entered into between Biocogen and the partner for this project, the partner for this project is entitled to 50% of the EBIT exceeding €140,000 generated by Biocogen.

This CHP plant also produces green and CHP certificates that can be traded afterwards.

The biogas, serving as fuel for the CHP installation, is produced via the purification process of the polluted water coming from VPK's production process. This polluted water is purified via a bacterial process whereby biogas is produced. This biogas is then used as a fuel in a gas engine, producing both electricity and heat.

#### Biocogen

##### Operational data

Electrical capacity .....	1.4 MWe
Heat capacity .....	1.8 MWth
Feedstock volume .....	31,426 MWh/hv
Avg. Runhours/year .....	7,400 hours/y
Feedstock .....	Biogas

##### Technology

Biological wastewater purification producing biogas

##### Financial data

Total investment .....	2.2 mio €
Thenergo shareholding .....	50%

#### *Valmass*

Built on land adjacent to Lamaire's potato storage facility in Westvleteren the Valmass plant will derive its feedstock from residues and waste from the potato and vegetable processing industry. The feedstock is converted by biological fermentation into biogas which is fed into two Jenbacher gas engines, each with an electricity generation capacity of 836 kW. Using the residual heat from the engines, the fermented residue is refined into high-quality fertiliser granules for use in agriculture and horticulture. According to a service agreement entered into between Valmass and the partner for this project, the partner for this project is entitled to 40% of the EBIT exceeding € 300,000 generated by Valmass.

Valmass is operational for up to 8,000 hours per year, generating annually 12,000MWh of clean power, enough to supply around-the-clock electricity for up to 3,000 households.

#### Valmass

##### Operational data

Electrical capacity .....	1.6 MWe
Heat capacity .....	1.9 MWth
Feedstock volume .....	60,000 t/y
Feedstock .....	Organic waste (vegetables)
Avg. Runhours/year .....	8,000 hours/y
By-product .....	3,500 t/y fertiliser

##### Technology

Fermentation + gas engines

##### Financial data

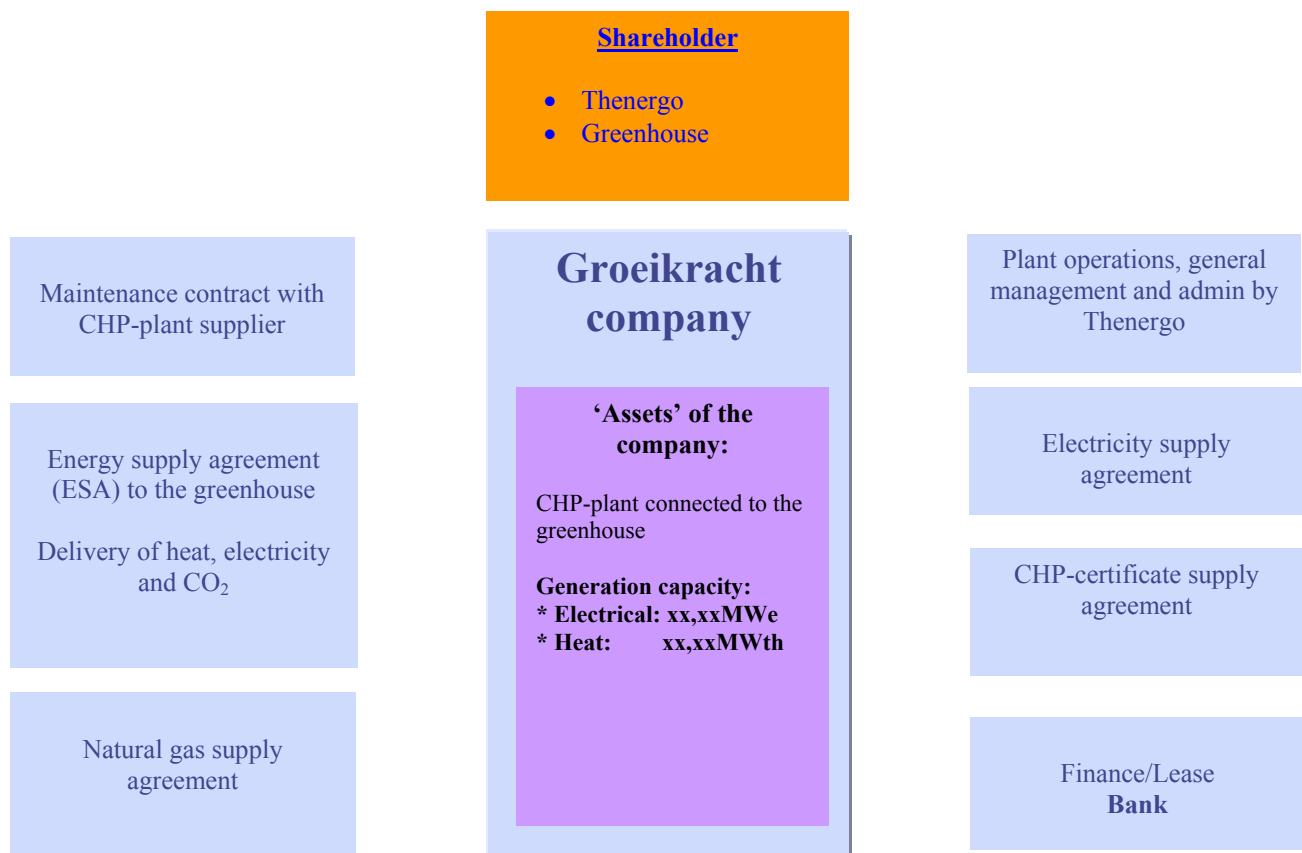
Total investment .....	9.4 mio €
Thenergo shareholding .....	60%

### *Natural Gas Combined Heat and Power plants (“GROEIKRACHT” projects)*

Groeikracht projects are projects where a grower (greenhouse owner) and Thenergo join forces in developing a CHP project based on the greenhouse of the greenhouse owner.

The CHP-plant is dimensioned based on:

- The heat demand of the greenhouse;
- The CO<sub>2</sub> demand of the crop;
- The electricity demand for artificial light.



The key to the project is supplying a maximum amount of heat and CO<sub>2</sub> for the greenhouse, combined with optimized sales of electricity generated by the CHP. Economic results of this activity serve to actively control the heating cost of the greenhouse. Due to high heating cost of the greenhouse, the CHP plant is an excellent way of controlling this cost level.

High fuel efficiencies are reached in this type of project. Over 95% of the used natural gas is converted into either electricity or heat. Production times of the CHP can be planned in a flexible way due to the presence of heat storage facilities at the greenhouse. Therefore production times of the electricity can be concentrated in day time (when the electricity prices are high) even when the heat generated by the CHP is consumed at night.

Typically, a Groeikracht CHP-plant consists of several CHP-modules. A part is equipped with an exhaust gas cleaning system and serves also to supply CO<sub>2</sub> in the day-time (this combines well with the strategy of electricity production concentrated in the day time).

Crop (vegetable) variations which are grown in heated greenhouses like tomatoes, egg-plants, peppers and cucumbers have an important energy demand. This is a result of the ambient temperature in the greenhouse required by the crop. Greenhouses for these types of crop are therefore equipped with a hot water heating system.



Before CHP installations, greenhouses were typically equipped with natural gas fired boilers to supply the greenhouse with the required heat.

To increase the quality and volume of the crops, CO<sub>2</sub> is used as a fertiliser (optimizing the photosynthesis process). Exhaust gases of natural gas fired boilers have a high CO<sub>2</sub>-content and have been used in the past to supply this CO<sub>2</sub>. However, as a result of the increasing size of the greenhouse sector and the development of exhaust gas cleaning systems on gas engines, CHP modules equipped with gas engines are now suited for the “CO<sub>2</sub>-application”.

Additionally, a CHP plant offers double the volume of CO<sub>2</sub> comparing to the traditional way of CO<sub>2</sub> production in a natural gas fired boiler.

The electricity generated is typically supplied to the public grid. A small part of the volume of electricity generated is consumed by the greenhouse itself. In some cases the greenhouse consumes large volumes of electricity when artificial lighter on “growlight” is installed. The grow light is used to ensure crop production year round by supplying the necessary light for the plants in winter time.

Groeikracht projects developed by Thenergo’s natural gas fired CHP-plants are operational at greenhouse locations mainly situated in Flanders.

General purpose of the project:

- energy saving (more efficient CO<sub>2</sub> production in summer time);
- optimising crop production by the increased level of CO<sub>2</sub> supplied to the crop;
- controlling of energy costs.

The investment of the CHP-plant is structured in a “Groeikracht” project company (Special Purpose Vehicle). In the project company Thenergo and the greenhouse owner are the shareholders. In some projects Thenergo holds 100% of the shares.

Thenergo has the intention to replace a part of the natural gas consumption by biogas.

Today, the following Groeikracht projects are operational in Belgium:

<b>Project name</b>	<b>Installed electrical capacity</b>	<b>Completion date</b>
Groeikracht Merksplas NV .....	2.8MWe	Dec/2004
Groeikracht Boechout NV .....	5.2MWe	Aug/2005
Groeikracht de Markvallei NV .....	7.5MWe	Aug/2006
Groeikracht Broechem NV .....	1.8MWe	Jun/2006
Groeikracht de Blackt NV .....	2.0MWe	May/2007
Groeikracht Marvado NV .....	3.3MWe	Jul/2007
Groeikracht Waver NV .....	1.7MWe	Jul/2007
Groeikracht Marveco NV .....	1.1MWe	May/2007
Groeikracht Wommelgem BVBA .....	2.6MWe	Dec/2007
Groeikracht Zwarthout BVBA .....	3.5MWe	Dec/2007
Groeikracht Pierstraat NV .....	1.1MWe	Dec/2007
Groeikracht Vremde NV .....	4.1MWe	Dec/2007
Groeikracht Rielbro NV .....	2.0MWe	Dec/2007
Groeikracht De Boskapel NV .....	2.0MWe	Apr/2008
<b>Total.....</b>	<b><u>40.7MWe</u></b>	

The above Groeikracht plants have an average operational activity of about 4,200 runhours per year.

### ***The Netherlands***

The three current operational plants in the Netherlands are fully comparable with the Groeikracht plants in Belgium.

It concerns the following CHP plants:

<b>Project name</b>	<b>Installed electrical capacity</b>	<b>Completion date</b>
Groeikracht Etten-Leur B.V. I.....	2.4MWe	Feb/2006
Groeikracht Etten-Leur B.V. II .....	0.8MWe	Nov/2007
Groeikracht Etten-Leur B.V. III.....	1.8MWe	Jun/2008
Groeikracht Butenpole B.V.....	4.0MWe	Feb/2007
<b>Total .....</b>	<b><u>9.0MWe</u></b>	

In 2007, Thenergo only had minority participations in these CHP plants and therefore none of the three “Groeikracht” plants contributed revenues or EBITDA in 2007.

In January 2008, Thenergo acquired majority shareholding of Groeikracht Butenpole, Groeikracht Vremde and Groeikracht Marvado and currently holds 51% of the capital.

### ***Germany***

#### ***Ludwigsfelde Heating Plant***

The Ludwigsfelde heating plant is operated by ENRO Ludwigsfelde Energie GmbH (a 50% affiliate of ENRO AG). The heating plant has become an energy supplier and the operator of its own power supply systems as well as the supplier of energy services in the Ludwigsfelde area. The plant has its own supply networks and distribution facilities for electric power, natural gas and heating. The heat output from the heating plant amounts to 100 MWth. Electric power and natural gas are bought in from suppliers.

The plant supplies the town of Ludwigsfelde with district heating and also supplies the Ludwigsfelde industrial estate with electricity, heating and natural gas. Daimler, Thyssen Krupp, MTU and the local public utility are some of the customers supplied by ENRO Ludwigsfelde Energie GmbH. In addition, heating is supplied to a residential facility via a communal heating plant. Electricity is procured from the company’s own suppliers, making use of the potential offered by the liberalised electricity market. Natural gas and light fuel oil to operate the heating plant and for supply to customers is also bought in from external sources.

### Ludwigsfelde heat plant

Operational data	
Heat capacity .....	100 MWth
Total heat supply (incl. CHP) .....	120,000 MWh thermal
Feedstock volume .....	65,000 MWhlhv
Avg. Runhours/year .....	8,500 hours/y
Feedstock .....	Natural gas or oil
Technology	
5 gas fired boilers	
Financial data	
Total investment .....	22.5 mio €
Thenergo shareholding .....	43%

### Ludwigsfelde biomass CHP plant

The Ludwigsfelde biomass CHP is fuelled by woody biomass. Approximately 40% of the supply of biomass is provided via the Land Brandenburg and approximately 60% via private suppliers. Delivery is contractually ensured for five to ten years.

The fuels involved here are regenerative raw materials in accordance with the German Renewable Energy Act. The technique used is stoker-fired furnace with thermal oil as the heat transfer medium and an ORC **turbine process unit** (Organic Rankine Cycle) to produce the power.

Daily technical operation of the CHP is provided by ENRO Ludwigsfelde Energie GmbH under supervision of ENRO AG and commercial management by ENRO AG. The Ludwigsfelde biomass CHP has an annual power generation of 11,400 MWh of electricity and approx. 55,000 MWh of heating to its disposal. Both the heating and the power produced by the biomass CHP is supplied to ENRO Ludwigsfelde Energie GmbH.

### Ludwigsfelde biomass CHP plant

Operational data	
Electrical capacity .....	1.5 MWe
Heat capacity .....	10 MWth
Feedstock volume .....	18,700 ton
Avg. Runhours/year .....	7,500 hours/y
Feedstock .....	Woody biomass
Technology	
Organic Rankine Cycle	
Financial data	
Total investment .....	12 mio €
Thenergo shareholding .....	86%

### Stadtwerk Elsterwerda plant

The public utility Stadtwerk Elsterwerda was founded in 1996 after the reunion of the former GDR. The core business of the public utility is supplying district heating for the city of Elsterwerda in two grids (20 km) and the supervision of the operations and maintenance in power plants.

The city of Elsterwerda has 10,000 inhabitants and the Stadtwerk Elsterwerda operates two district heating grids in the centre and western district of Elsterwerda. The total heat supply amounts to approximately 18,000 MWh per year. The supplied heat is produced in three bi-fuel boilers (35%) and purchased as natural heat (65%) from the Elsterwerda biomass CHP plant.

### Stadtwerk Elsterwerda heat plant

Operational data	
Heat capacity .....	3.85 MWth
Total heat supply (incl. CHP) .....	18,000 MWh thermal
Feedstock volume .....	MWhlhv
Avg. Runhours/year .....	8,700 hours/y
Feedstock .....	Natural gas and oil
Technology	
3 boilers	
Financial data	
Total investment .....	5 mio €

Thenergo shareholding ..... 43%

#### Elsterwerda biomass CHP plant

ENRO AG acquired the Elsterwerda biomass CHP plant in November 2006. The Elsterwerda biomass CHP generates heating and electric power based on the provisions of the German Renewable Energy Act. Waste wood from construction and from municipalities is used as fuel. Supply contracts were concluded with various suppliers to this end.

The heat generated is supplied to the public utility in Elsterwerda, Stadtwerk Elsterwerda GmbH. The steam turbine generates an electricity output of 12 MWe which is fed into the public power grid, in accordance with the German Renewable Energy Act. The heat is fed into the power supply system of the Stadtwerk Elsterwerda GmbH. The extra capacity can be used to supply future customers without requiring additional investments. ENRO AG has a 100% holding in this company.

Technical management is provided by Stadtwerk Elsterwerda GmbH and commercial management by ENRO AG.

#### Elsterwerda biomass CHP plant

##### Operational data

Electrical capacity .....	12.2 MWe
Heat capacity .....	12 MWth
Feedstock volume .....	85,000 t/y
Avg. Runhours/year .....	7,500 hours/y
Feedstock .....	Woody biomass

##### Technology

Rankine with steam turbines

##### Financial data

Total investment .....	22 Mio €
Thenergo shareholding .....	86%

### 7.11 Summary sites under construction

Thenergo currently has 10 sites under construction, of which 7 located in Belgium, 2 in the Netherlands and 1 in Germany. These sites in total represent a capacity of 31 MWe (equalling the electricity needs for about 60,000 households) and 31 MWth.

Project name	Country	Fuel	Stake	Gross Electric capacity (MWe)	Nominal Thermal capacity (MWth)	Projected completion date
Binery Ieper NV .....	Belgium	Biogas	75%	3.2	3.5	Apr/2009
Binery Meer .....	Belgium	Biogas/Bio-oil	100%	6.5	7.0	Dec/2009
Greenpower QEF NV .....	Belgium	Jatropha	50%	9.0	6.0	Mar/2009
Groeikracht Abelebaan .....	Belgium	Natural gas	51%	2.0	2.5	Dec/2008
Groeikracht Butenpole BV II .....	Netherlands	Natural gas	51%	2.0	2.2	Dec/2008
Groeikracht Bavikhove .....	Belgium	Natural gas	51%	1.0	1.2	Dec/2008
Groeikracht Lierbaan NV .....	Belgium	Natural gas	51%	1.5	1.8	Sep/2008
Groeikracht Prinsenland B.V. ....	Netherlands	Natural gas	95%	3.6	3.9	Dec/2008
Groeikracht Hooikt NV .....	Belgium	Natural gas	80%	1.8	2.0	Mar/2009
Biogasanlage Beckum I .....	Germany	Biogas	86%	0.7	0.8	Nov/2008
				<b>31</b>	<b>31</b>	
				Natural gas	12	13
				Biogas	8	8
				Oil	11	10

## 7.12 Sites under construction

### *Belgium*

The following projects are under construction in Belgium:

#### *Bineryg Ieper*

The Bineryg Ieper plant is a 3.2 MW CHP agri-waste to electricity project based in West Flanders (Belgium). The project will be operational for up to 8,000 hours per year, generating annually 24,000MWh of clean power, enough to supply around-the-clock electricity for up to 6,000 households.

Bineryg Ieper will produce energy from organic waste produced by agricultural businesses, ranging from livestock smallholders to industrial-scale farmers and processors. Such plants are both an elegant waste solution — avoiding the need for landfill and incineration — and a source of much needed renewable energy for Europe. Bineryg will assure reliable and cost-effective on-site energy while also providing surplus renewable energy to the local electricity grids.

Bineryg Ieper is expected to be operational beginning 2009. The development and building costs represent an investment of €21 million. Thenergo will hold a 75% stake in this project.

The facility will generate power from animal manure (60,000T pa) and food processing waste (60,000T pa).

Financial and Technical data:

Bineryg Ieper		
Operational data		
Electrical capacity .....	3.2	MWe
Heat capacity .....	3.5	MWth
Feedstock volume .....	120,000	t/y
Avg. Runhours/year .....	8,000	hours/y
Feedstock .....	Manure and organic waste	
By-product .....	8,000	t/y fertiliser
Technology		
Fermentation + gas engines		
Financial data		
Total investment .....	21	mio €
Thenergo shareholding .....	75%	

#### *Bineryg Meer*

Bineryg Meer entails a new CHP project in Meer, Hoogstraten in the North of Belgium.

The project will generate between 6.5 and 25 MWe of renewable electricity and similar amounts of renewable heat. The project will be built in several phases due to the need to modify the local grid to inject the generated electricity. The current available injection capacity will allow 6.5 MWe of electricity generation. In a second and subsequent phase, extensions are planned to extend generation capacity to 13 and to 25 MWe.

Bineryg Meer, a fully owned project, will represent an initial investment of €28.5 million, rising to over €50 million if 25MWe capacity is reached. The project is fully permitted, with construction expected to start end September 2008. The plant should be operational in Q4 2009 with the potential to deliver between 52,000 and 200,000MWh of electricity covering the needs of 15,000 to 55,000 households.

The first phase will consist of a 4MWe biogas plant that will convert 150,000 ton/year of biomass and organic waste into green electricity and heat. Next to the 4MWe plant the project will have 2.5MWe of diesel engines fuelled by Jatropa bio-oil. The biogas plant is designed to accept a wide variety of feedstock such as pig and chicken manure, food industry waste, verge cuttings and other organic materials recovered from a wide range of sources. Leysen, Thenergo's waste management group, is the principal sourcing contributor to this project with respect to the bio-oil.

The end product from the biological fermentation is processed into valuable by-products. Non fermented solid particles are processed into dry pellets used as fertilizer or again as renewable fuel, water is recovered for reuse, nitrogen which is

present in large amounts in waste and biomass is processed into a concentrated ammonia solution which will be used as a reacting chemical in denox (exhaust gas treatment) installations for diesel engines. Current denox systems use ammonia or urea chemically produced from natural gas, the ammonia recovered from the biomass therefore can be considered as a new form of renewable energy.

Excess heat and by-products will be used to create long-term synergies with neighbouring industries. Thenergo is currently investigating the delivery of water, CO<sub>2</sub> and heat to local industrial consumers, which will further boost the overall efficiency of the project and will lead to strong environmental benefits. Greenhouses are located close to the site and other greenhouses are planned.

#### Bineryg Meer (initial phase)

Operational data		
Electrical capacity .....	6.5	MWe
Heat capacity .....	7	MWth
Feedstock volume 1 .....	150,000	t/y manure/organic waste
Feedstock volume 2 .....	5,200	t/y Jatropha
Avg. Runhours/year .....	8,000	hours/y
By-product .....	10,000	t/y fertilizer
Technology		
Fermentation + gas and diesel engines		
Financial data		
Total investment .....	29.5	mio €
Thenergo shareholding .....	100%	

#### Greenpower

The Greenpower project concerns a 9MWe CHP bio-oil plant to be build in Merksplas (Belgium). The project will be operational for up to 8,000 hours per year, generating 6MWth of heat for two industrial partners, and 9MWe of electricity for the equivalent of 20,000 households.

The plant, representing a total investment of almost €12 million, is expected to become operational in February 2009. Greenpower is a joint venture between Thenergo, the majority shareholder and operator, and the Quiryne and the Dielis families.

Greenpower will run on bio-oil extracted from the seeds of the jatropha plant.

The heat customer (Quiryne) operates a calf farm including a digester with a capacity of 50,000 tons. The “digester” can convert animal waste into usable energy (2MWe), using a wide variety of organic materials available (calf manure, maize and organic trade waste).

The heat from the customer’s cogeneration is not sufficient to dry all the digestate. Supplementary heat is needed to get the quality necessary for economical transport and for getting an export licence. This additional heat is provided by Thenergo’s Greenpower plant.

#### Greenpower

Operational data		
Electrical capacity .....	9	MWe
Heat capacity .....	6	MWth
Feedstock volume .....	16,000	t/y
Feedstock .....	Jatropha oil	
Avg. Runhours/year .....	8,000	hours/y
Technology		
Diesel engines		
Financial data		
Total investment .....	12	mio €
Thenergo shareholding .....	50%	

#### Natural gas Combined Heat and Power plants (“GROEIKRACHT” projects)

The following natural gas (Groeikracht) plants are currently under development. These sites are fully comparable with the Groeikracht CHP plants that are operational today.

<b>Project name</b>	<b>Installed electrical capacity</b>	<b>Projected operational date</b>
Groeikracht Lierbaan NV .....	1.5MWe	Sep/2008
Groeikracht Abelebaan NV .....	2.0MWe	Dec/2008
Groeikracht Bavikhove NV .....	1.0MWe	Dec/2008
Groeikracht Hooikt NV .....	1.8MWe	Mar/2009
<b>Total.....</b>	<b><u>6.4MWe</u></b>	

### *The Netherlands*

The sites currently under construction in the Netherlands concern Groeikracht projects with the following characteristics. These sites are fully comparable with the Groeikracht CHP plants that are operational today.

<b>Project name</b>	<b>Installed electrical capacity</b>	<b>Projected operational date</b>
Groeikracht Prinsenland B.V. ....	3.6MWe	Dec/2008
Groeikracht Butenpole B.V. II .....	2.0Mwe	Dec/2008
<b>Total .....</b>	<b><u>5.6MWe</u></b>	

### *Germany*

#### *Beckum biogas plant*

In February 2008 Thenergo acquired the Beckum biogas plant, Biogasanlage Beckum. This facility has two biomass CHPs which can generate a maximum electric energy of 1.1 MWe. Sugar beet is used as the substrate for biogas production in this facility. In a first phase only 0.7 MWe will be operational. The current administrative licence only allows operations up to 0.7 MWe and the use of 1,467 tons renewable resources. The intention is to increase the use of renewable resources although there is no permit yet. For an electricity output of 0.7 MWe the sugar beet requirement amounts to approx. 12,000 t. The supply of substrate is contractually assured up to 2014.

The electricity is fed into the supply network of the regional network operator on the basis of the German Renewable Energy Act. This facility is located in an industrial estate in Beckum. The heat is supplied to a commercial undertaking. In the coming years, it is planned to expand the supply of heating to other existing potential customers.

#### Biogasanlage Beckum

<b>Operational data</b>		
Electrical capacity .....	0.7	MWe
Heat capacity .....	0.8	MWth
Feedstock volume .....	12,000	t/y
Feedstock .....	Sugar beet	
Avg. Runhours/year .....	8,000	hours/y
<b>Technology</b>		
Fermentation + gas engines		
<b>Financial data</b>		
Total investment .....	1.5	mio €
Thenergo shareholding .....	86%	

### **7.13 Project pipeline going forward**

Besides the operational projects and the sites under construction, Thenergo also identified a significant pipeline of future projects to be developed and implemented over the period 2008-2011.

This pipeline consists of identified projects for building CHP plants with a diversity of the 5 type of fuels as discussed above.

The pipeline going forward has the following geographical split:

	<b>Belgium</b>	<b>Netherlands</b>	<b>Germany</b>	<b>CE</b>	<b>Total</b>
MWe .....	194.9	39.3	93.8	104.0	<b>432.0</b>
in % .....	45%	9%	22%	24%	

The total amount of identified projects in the pipeline amounts to an electrical capacity of about 432 MWe and a thermal capacity of another 510 MWth. The 432 MWe electrical capacity equals the electricity needs for 950,000 households.

The Company estimates that it will execute a significant part of these identified projects. Below, a part of the pipeline is listed. This list relates to projects which today are far in the development phase, i.e. for which an LOI has been signed or well developed negotiations are taking place. The projects listed below represent an investment of about € 320 million.

In order to finance the project pipeline, in July 2008 Thenergo initiated a capital raising through a Public Offering in order to finance its expected investments linked to the project pipeline. Due to bad market circumstances, the capital raising was not closed. However, this should not impact the financing of projects under construction. Alternative funding possibilities are now investigated by Thenergo that will be needed in order to realize its project pipeline.

Country	Fuel	Stake	Gross Electric capacity (MWe)	Nominal Thermal capacity (MWth)	Production (hrs/a)	Average annual gross revenue estim. (kEUR)	Projected Turn key date
Belgium .....	Jatropha	100%	18.0	18.0	8,000	24,300	Dec/2011
Belgium .....	Jatropha	60%	18.0	18.0	8,000	26,000	Jun/2009
Belgium .....	Natural gas	51%	12.0	13.2	4,550	6,811	Mar/2010
Belgium .....	Biogas	51%	1.4	1.8	8,000	2,151	Mar/2010
Belgium .....	Jatropha	100%	2.0	2.0	5,100	1,995	Mar/2010
Belgium .....	Natural gas	100%	1.1	1.3	3,500	361	Jan/2009
Belgium .....	Natural gas	51%	0.7	0.5	3,500	479	Aug/2009
Belgium .....	Natural gas	100%	2.0	2.5	3,500	709	Apr/2009
Belgium .....	Natural gas	51%	2.4	2.7	4,250	1,391	Dec/2009
Belgium .....	Jatropha	90%	18.0	8.0	8,000	31,000	Dec/2009
Belgium .....	Jatropha	50%	18.0	15.0	8,000	24,000	Dec/2010
Belgium .....	Jatropha	100%	9.0	9.0	8,000	13,000	Jun/2010
Belgium .....	Natural gas	100%	1.8	2.0	4,250	950	Dec/2008
Netherlands .....	Natural gas	60%	1.8	2.0	4,250	748	Dec/2009
Netherlands .....	Natural gas	95%	1.8	2.0	4,200	880	Aug/2009
Germany .....	Wood	65%	5.0	7.5	6,200	5,400	Jan/2011
Germany .....	Biogas	65%	3.0	1.5	8,000	4,200	Mar/2010
Germany .....	Wood	65%	5.0	10.0	6,200	5,700	Jan/2011
Germany .....	Waste-to-energy	65%	8.8	35.0	7,700	12,500	Jan/2001
Bulgaria .....	Natural gas	70%	12.0	15.0	6,000	5,310	Feb/2009
Belgium .....	Waste-to-energy	100%	19.0	0.0	7,800	23,000	Dec/2011
<b>Total .....</b>			<b>160.8</b>	<b>167.0</b>	<b>127,000</b>	<b>190,900</b>	

These projects will also further allow diversifying the Company's portfolio with respect to the fuels used.

## 7.14 Waste activities

Following the acquisition of the Leysen group in September 2007, Thenergo entered into waste management activities both in the public and industrial market. The acquisition of the Leysen group was of strategic importance as it ensures access to secondary fuels that allow to further diversify Thenergo's feedstock.

The total treatment of waste amounts to 196,424 ton in 2007 of which eventually about 148,006 ton could serve as fuel for future CHP plants. The most important waste categories treated are: paper-related waste (48k ton), mixed waste from SMEs (44k ton), bio-waste (42k ton) and stones and sand (40k ton).

Besides locking in the access to secondary fuels, the Leysen group also generates a high growth waste management business and in that respect delivers a significant contribution to the recurring revenues and margins.



### ***Public sector market***

Following the Leysen group acquisition, Thenergo is active in the consulting and analysis of waste and on-site waste services, the collection, transport, sorting, pre-treatment of waste and the treatment and final disposal of waste (reuse, recycling, recovery, physical-chemical treatment, incineration and landfill).

Thenergo's expertise mainly lies in the logistics, collection, pre-treatment and trading of waste. To this respect, Thenergo maintains excellent relations with public authorities and with public-private inter-municipalities (IOK, Regionale Milieuzorg, Bionerga Ilva, Verko/DDS...) and has contracts with the municipalities of Kapellen, Stabroek and Turnhout.

This public sector market mainly consists of the door-to-door or container collection of waste. However, some of the municipal waste streams don't need a door-to-door collection, but require a specific logistic approach, like glass (bottle banks), hazardous waste (chemical waste collector), coarse waste,...

### ***Industrial market***

Thenergo also provides services such as consulting, collection of all waste types at industrial premises. This includes recycling, recovery and disposal of industrial waste, including a number of specific industrial services.

To this respect long term contracts have been concluded with important industrial players in this field.

Besides the management and treatment of residual waste flows, Thenergo also offers integrated solutions for selectively collected materials such as paper, cardboard, wood, plastics, metal packaging and organic waste (e.g. green waste, sludges, fruit, vegetable and garden waste).

### ***Waste-to-Energy***

One of the most important synergies of the Leysen group acquisition is the possible use of collected waste as source of fuel (see section "7.6. Type of fuels — secondary fuels") for the production of electricity and heat. Today Thenergo foresees a number of projects in its project pipeline that will run on this type of fuel.

### ***Trading***

Through the acquisition of the Leysen group, Thenergo is also active in the trading of waste. For profitable trading, one needs:

- sufficient material: continuous supply at stable prices;
- knowledge of the national and international (mostly worldwide) market;
- knowledge of the procedures for international trading of such products (documentary credit, shipment of containers,...).

Thenergo is in this respect organised in two departments, one for trading of secondary materials and waste products and a second one for trading of energetic mono streams.

With respect to trading, Thenergo is active in:

- The trading of secondary materials like plastic, cardboard, paper... which are sold within Europe, but most of all to the Far East.
- Energetic mono streams like wood waste and pure plant oil from the agro industry in tropical climates; imported in Europe to use as secondary fuel (CO<sub>2</sub>-neutral) in power stations.
- The trading of waste products by combining the volumes of local partners, to reach a higher quota which makes negotiations with final processing companies easier. There is a "Waste exchange" system in place with 4 partners based in the districts of Antwerp, Limburg and Vlaams-Brabant.

## **7.15 Jatropa oil**

### ***Strategy with respect to Jatropha oil***

Thenergo considers Jatropha oil to be a relevant source of fuel for its project portfolio. Considering the risks associated with such an innovative business project, however, Thenergo has decided that such a project should be evaluated on a stand-alone basis and separate from Thenergo's core activities. In this respect the Company is considering a potential spin-off of its Jatropha activities under a separate unit or a potential sale of its Jatropha activities to a third party. A Letter of Intent with an interested party has been signed in this respect.

### ***Jatropha oil***

Through the acquisition of the Leysen group, Thenergo has also ensured access to Jatropha oil, a type of fuel categorized under bio-oils (see section "7.6.3. Bio-oil"). This business activity fits perfectly with the diversified and integrated approach of Thenergo's business model, and ensures access to feedstock going forward.

Jatropha demonstrates several clear advantages compared to other biofuel crops:

- the nuts contain a high level of extractable oil (33 to 38%);
- the plant is not edible, which eliminates the ethical objections of using food to produce energy;
- the plant has low requirements regarding the quality of the soil and needs only a minimum of water, thereby not occupying agricultural land and putting strains on irrigation systems and water supplies.

The oil and the residual press cake coming from the production process are both suitable as fuel for energy generation. Thenergo has the possibility to develop projects locally and exploit power plants fuelled by the Jatropha biomass and power engines fuelled by the oil. In a first phase, however, Thenergo will use the fuel to feed CHP units in Europe.

Jatropha activity contributes to the success of other energy generating projects that belong to Thenergo's project portfolio as it secures long term supply of non-controversial fuel for planned and future renewable energy. Thenergo's strategy allows controlling of costs with respect to the delivery of Jatropha oil by taking control of the entire supply chain. This includes:

- nut production and delivery;
- crushing and treatment;
- shipping.

Practically, the Jatropha project entails:

- Financing of the plantation of Jatropha in the North East of Thailand in return for long term supply agreements of Jatropha nuts (long term agreements over 17 years at fixed prices). The financing involves a 160€/ha financing to be reimbursed over an average period of 8 years.
- Processing of Jatropha oil to be supplied to the Group's CHP projects.
- The local sale or conversion of the press cake produced by the crushing of the nuts.

The project has been prepared in close collaboration with local partners and in spirit of mutual trust. In the ISAAN region in the north east of Thailand, the government has started a local community development program for the agrarian population that is facing poverty due to a lack of sales. In its search for business opportunities in the supply of biofuels, Leysen group entered into the program three years ago and obtained agreement with local cooperatives by which it finances the plantation of Jatropha nuts and secures the purchase of the crops. In addition to financing new plantations the Leysen group also finances the restoration of existing plantations and purchases existing crops. Through the cooperative, thousands of farmers joined the program.

Thenergo now has access to 49,000 ha of Jatropha nut plantations via agreed contracts with a term of 17 years. On top of these existing agreements, negotiations are taking place for another 80,000 ha of plantation area.

The first Jatropha oil is scheduled to be delivered by beginning 2009.

## 7.16 Research and Development

Research and Development at Thenergo is focused on the increase of know-how in two key areas: technology and economics. Knowledge is built through in-house research activities, acquisitions and creation of synergies with knowledge centres and intermediary organizations such as the University of Ghent, Carbon Int. or Ghent BioEnergy Valley. Where relevant, Thenergo cooperates with partners and research institutes, such as universities, in this field.

From numerous technological and business ideas, Thenergo's R&D team selects the most interesting projects involving a pre-feasibility phase. Key elements cover:

- the match with the strategic framework;
- the maturity of the technology; Thenergo focuses on the use of state-of-the-art technology in its key knowledge areas being biomass, waste-to-energy, biogas and bio-oil activities; all renewable energy projects are based on proven technology;
- the intellectual freedom-to-operate; Thenergo evaluates the possibility to file patents or to protect trade marks; different actions such as preparation for patent applications and Trade Mark protection have been taken in this field;
- the economical and market aspects (market stability, market size and evolution, CAGR...);
- other boundary conditions such as government policy (incentives, administrative burden), country stability...

## 7.17 Human resources

On 31 December 2007 Thenergo had 190 employees, of which 30 are employed in Thenergo, 51 in ENRO AG and 109 in Leysen.

Within the employee population Thenergo has a pool of 29 engineers (or 15% of the total employees), emphasizing the expertise and know-how the group possesses with respect to concept engineering and execution of new projects.

Thenergo believes the quality of its management and employees is a key success factor in its business. The Management of the Company has a proven track record with respect to experience and skills. Also the management of the prior acquisitions (Polargen, Leysen, ENRO) remained on board which ensures continuity with respect to the business going forward. In the future, Thenergo will continue to recruit the best available staff on the market.

Thenergo also pursues a further centralization of support functions to realize synergies following the acquisitions done in 2007.

## 7.18 Litigation

### ***Binergy Meer BVBA***

On 17 April 2008 the Council of State rejected a request of some neighbours to suspend the decision of the Flemish Minister of the Environment upholding the environmental permit of 29 March 2007 for Milieu Verzorging Kempen NV, on the ground that the appellants had not demonstrated that the decision would result in harm which is difficult to repair. Hence, the Council of State did not rule on the merits of the case.

On 2 November 2007, some neighbours filed a petition to suspend and set aside the building permit of 23 August 2007 for the construction of an industrial complex for the processing of biomass. In his opinion of 6 December 2007, the legal assistant to the Council of State recommends rejecting the request for suspension since the appellants have not demonstrated that the decision has caused or will cause them harm which is difficult to repair, a precondition for suspension. The proceedings to set aside the permit are still pending.

### ***Other claims and proceedings***

AIF, one of the Company's shareholders, informed the Company that it would be entitled to a compensation in case no public offering of the shares of the Company would take place in 2008 (in which case the compensation would amount to

€1,238,095) or in case a public offering would take place at a price below €11.80 per share (in which case the indemnification would amount to €1.3 - (offer price for the public offer - €10.5) for each of the 952,381 shares subscribed by AIF in the Company). Thenergo is of the opinion that the listing contemplated by this Prospectus cancels such right of indemnification. No proceedings are pending in this respect, but Thenergo cannot exclude that AIF would initiate such proceedings and that a court would grant an indemnification to AIF, although Thenergo is reasonably confident of its analysis of the Company's arrangements with AIF.

In addition to the litigation discussed above, Thenergo is involved in various other claims and litigations. However, the Company does not believe that such claims and litigations may have significant effects on the financial position or profitability of the Thenergo group nor, as far as the Company is aware, are any such proceedings pending or threatened.

## **7.19 Insurances**

Thenergo has a number of insurances in place with respect to its activities. Those insurances are subject to the usual market practice thresholds and exceptions.

Thenergo has subscribed to multiple insurance contracts that relate to:

- fire insurance, theft and natural disasters;
- all construction risk;
- civil liability;
- work accidents;
- group insurance and hospitalization for employees.

With respect to Thenergo's CHP plants, damages on the engines specifically are part of the contract with the supplier. There are no thresholds (franchises) foreseen for these engine insurances.

With respect to the biomass plants held by tse AG, both the Ludwigsfelde biomass CHP plant and the Elsterwerda biomass CHP have an insurance for economical losses with coverage of up to 2 days of inactivity.

With respect to its waste activities the Leysen group contracted insurances for damage to machines and installations and limited environmental damages.

## **7.20 Recent developments**

### ***Partnership agreement with AIF***

In May 2008, Thenergo NV concluded an industrial partnership agreement with Agri Investment Fund (AIF), an investment entity of M.R.B.B., the financial holding company of "Boerenbond". As a concrete result of this partnership, a joint venture CHP project is being established using manure as a feedstock for the production of renewable energy.

This project converts 60,000 tons/y wet manure into 20,000 tons/y of dry sterile fertilizer. The main treatment is the evaporation of the excess water from the manure, which requires a substantial amount of energy for drying. The drying plant is currently heated by natural gas, however a Combined Heat & Power plant (CHP) will be designed, built and operated by Thenergo to supply renewable heat at lower cost. The new CHP plant will be fuelled by Jatropha oil and produce 9 MW of electricity and at least 6 MW of heat for drying. The CHP plant will be operational for up to 6,000 hours per year, generating annually 54,000 MWh of clean power (equivalent to about 15,000 households), and in addition save an extra 4,000,000 Nm<sup>3</sup> of natural gas and will receive both green and cogeneration certificates.

In the framework of the partnership, AIF invested €10 million in Thenergo NV at a price of €10.50 per share and subscribed to 952,381 new shares of the Company. AIF will be entitled to an indemnification of €1,238,095 in case the listing contemplated in this Prospectus is not completed by end 2008. The method of payment of such indemnification will be determined by common consent between the parties. AIF has informed Thenergo that the listing contemplated by this Prospectus does not cancel the indemnification arrangement. See section "7.18. Litigation – Other claims and proceedings" for a discussion of this potential claim of AIF.

AIF will review a potential direct investment in Thenergo's future projects on a case by case basis. In this respect, Thenergo NV has agreed to install a strategic investment committee where AIF will have one representative, clearly involving AIF in Thenergo's strategy and project development.

#### Fertikal CHP

Operational data	
Electrical capacity .....	9 MWe
Heat capacity .....	6 MWth
Feedstock volume .....	12,000 t/y
Feedstock .....	Jatropha oil
Avg. Runhours/year .....	6,000 hours/y
By-product .....	20,000 t/y fertiliser
Technology	
Bio-oil CHP + drying plant	
Financial data	
Total investment .....	12 mio €
Thenergo shareholding .....	majority

#### **Partnership agreement with Enka AG**

In May 2008, Thenergo signed a partnership agreement, through its German subsidiary tse AG, with Enka AG ("Enka"), a world leading manufacturer of premium viscose filament yarn, to develop a solid recovered fuel (SRF) CHP plant, at Enka's production site in Elsterberg, Germany. The plant will generate close to 47MWth and 12MWe.

Enka's heat and power needs are currently supplied by existing oil and natural gas fired boilers. In an energy intensive industry, Enka's energy strategy has become critical to its long term development. Through tse AG, Thenergo's German subsidiary, a solution was found to develop an SRF fired plant as the principal future energy source and to use Enka's existing fossil fuel fired units for peak load and emergency backup.

The CHP plant, project named EVE, will generate steam and electrical power from the combustion of solid recovered fuels (SRF), consisting of around 97,000 ton/y of recovered plastics sourced through long term contracts with multiple suppliers. Construction of the plant, planned for spring 2009, will be designed for combined heat and power production, generating approximately 47MWth and 12MWe. The SRF fired plant will be based on a grate firing and high pressure water pipe boiler as well as a steam turbine.

The project, in which tse.AG will hold a 90% stake and Enka the remaining 10%, represents a total investment of €65 million financed through equity (20%) and long term bank loans.

#### EVE Enka

Operational data	
Electrical capacity .....	12 MWe
Heat capacity .....	47 MWth
Feedstock volume .....	97,000 t/y
Feedstock .....	SRF (waste-to-energy)
Avg. Runhours/year .....	7,700 hours/y
Technology	
Rankine with steam turbines	
Financial data	
Total investment .....	65 mio €
Thenergo shareholdership .....	77%

#### **Withdrawal of the public offering of securities scheduled in July 2008 and resignation of the Company's CEO**

Thenergo decided to withdraw on 10 July 2008 its offering of securities for up to € 81million which was scheduled to close in July 2008, due to bad market conditions. This offering was composed of a public offering in Belgium and France and a private placement in Europe. The admission to trading on Euronext Brussels and Euronext Paris, as contemplated by this Prospectus, was initially scheduled to take place upon the closing of the offering in July 2008.

Under these circumstances, Thenergo's then Chief Executive Officer, Mr Kurt Alen, decided to leave the Company with immediate effect. For a discussion of the interim management arrangements until the appointment of a new Chief Executive Officer, see section "6.2. Composition of the Executive Committee".

***Sale of Thenergo's stake in Van Dijke Recycling***

In June 2008, Thenergo sold its 42% stake in Van Dijke Recycling, a company active in waste treatment and which was part of the Leysen group of companies, to SITA for an amount of €3.0 million.

## 8. MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following discussion and analysis should be read in conjunction with the section entitled "Key information" (see section "4.2. Key information") and Financial Information (see section "9. Financial Information"), including the notes to those financial statements, included in this Prospectus. Certain statements in this section are "forward-looking" statements and should be read in conjunction with section "2.5. Forward-looking statements".*

*The financial figures discussed in this chapter are taken from the consolidated audited annual accounts of 31 December 2005, 31 December 2006 and 31 December 2007, to which the International Financial Reporting Standard (IFRS) apply.*

### 8.1 Overview

Thenergo is an international renewable energy company specialized in decentralized generation of electricity and heat for industrial partners, for third party customers or sales on external power exchanges. The Company is a one-stop provider of innovative, competitive and proven renewable energy solutions applying its in-depth engineering capabilities from initial concept design through to the final selling of electricity. The company generates revenues from the following sources:

- Electricity
- Heat
- green certificates
- CHP certificates
- Development fees
- Waste management
- Other revenues

The energy generation facilities of Thenergo are based on Combined Heat and Power (CHP) technology. For the majority of the projects, Thenergo works together with industrial and public partners who usually take an equity participation in the project. For a number of these projects, the partner secures the feedstock and consumes the heat, CO<sub>2</sub> and a part of the electricity.

### 8.2 Major factors affecting results of operations

Thenergo is dependent on different factors that determine the profitability of its projects. Cost of feedstock is a significant driver of the financial performance of Thenergo's projects, as well as the price for electricity, heat and certificates. Control over feedstock is pursued by including partners in new projects. With respect to its natural gas fuelled Groeikracht CHP plants the fuel cost impact is mitigated through the correlation of gas prices with electricity prices, the flexibility of the Groeikracht plants (where production can be increased when electricity prices are beneficial) and the active selling efforts of electricity on the market.

The Groeikracht CHP plants, today fuelled by natural gas, are subject to a limited seasonality as the heat procurement from the greenhouse partners in cold periods is higher than in warm periods. However, given the relatively low contribution of heat revenues in Thenergo's P&L, the seasonality effect in the financials remains limited. In other biomass and biogas CHP plants under construction and in the pipeline, seasonality is dependent on the application in which the heat is used (e.g. no seasonality for drying of manure).

With respect to the waste activities, a part of the waste collection is subject to seasonality. In warm periods more containers are used on worksites as compared to cold periods or wintertime. This seasonality only applies to about 15% of the waste management revenues.

The 31 December 2007 financial figures include 4 months of the Leysen group activities, as the Leysen group was acquired beginning September 2007. Another important acquisition in 2007 was the remaining 49% of equity of the

Polargen group in November 2007. However, since Polargen was already fully consolidated as of November 2006, the Polargen financials are fully reflected in the 2007 financial statements.

As the ENRO group, acquired in December 2007, is only consolidated in Thenergo's financial accounts as of 1 January 2008, the ENRO financials are not part of the 31 December 2007 reported financials.

The full year impact of the Leysen group and the ENRO group acquisition is reflected in the 2007 pro forma financial statements (see sections "8.6. Pro-forma P&L and balance sheet" and "9.4. Unaudited pro forma consolidated 2007 income statement and balance sheet").

### 8.3 Profit & loss

Below, the evolution in the profit & loss accounts is explained during the consecutive years from 2005 until 2007.

#### Revenues

Over 2007, Thenergo's revenues have increased to €20.8 million in 2007 from €3.7 million in 2006 and €1.3 million in 2005. The 2007 revenues increased with a multiplier of x5.6 as compared to the 2006 revenues. This significant increase is caused by both organic and non-organic growth.

Revenues (in €1,000)	2007		2006		2005	
Electricity.....	2,173	10%	1,329	35%	271	21%
Heat.....	856	4%	322	9%	104	8%
Green Certificates.....	618	3%	684	18%	161	12%
CHP certificates.....	1,678	8%	900	24%	144	11%
Development fees.....	7,633	36%	497	13%	521	40%
Waste management.....	7,812	37%	0	0%	0	0%
Other revenues.....	40		6	0%	98	8%
<b>Revenues.....</b>	<b>20,810</b>		<b>3,738</b>		<b>1,299</b>	
Other income.....	177	1%	49	1%	4	0%
<b>Operating Income.....</b>	<b>20,987</b>		<b>3,787</b>		<b>1,303</b>	

Electricity revenues are generated by sales of electricity to both the project partners and to the public grid. The portion of electricity sold to the local partner is limited to an average of 9.4% of the electricity revenues. The rest is sold to the grid. Electricity sales are conducted via forward contracts (with a period between 3 and 15 months) and spot sales.

The heat revenues are fully generated by sales of heat to the local partners in the projects.

Energy sales (electricity and heat) increased to €3.0 million in 2007 as compared to €1.7 million in 2006 and €0.4 million in 2005. This increase is linked to a higher number of operational CHP plants.

Revenues from CHP certificates increased to €1.7 million following the higher number of operational CHP plants. With respect to the green certificates, revenues slightly decreased to €0.6 million in 2007 as compared to €0.7 million in 2006 which is explained by the lower number of operational hours of the Biocogen plant in 2007 following the scheduled maintenance of the CHP installation and additional maintenance at the partner's site not in Thenergo's control.

Development fee revenues are generated by development fees charged by Thenergo to all of its projects (both in majority and minority held projects) as remuneration for the project development effort and the concept engineering activities, including ad hoc external sales of CHP installations. The development revenues increased to €7.0 million in 2007 as compared to €0.3 million in both 2006 and 2005. The 2007 development revenues are linked to the fact that 12 CHP plants were completed in the course of 2007 and project development and engineering activities done for external parties.

Next to the development fee, other fees and commissions are charged (€ 0.6 million in 2007) with respect to sales commissions and management & monitoring activities.

All of the 2007 revenues were generated in Belgium, given that in 2007 Thenergo only had minority participations in the 3 operational CHP plants in the Netherlands. Furthermore, control of ENRO was only acquired in January 2008 and is therefore only consolidated as of 1 January 2008.



### Operating expenses (in €1,000)

	2007		2006		2005	
<b>Operating income</b> .....	<b>20,987</b>		<b>3,787</b>		<b>1,303</b>	
Revenues.....	20,810	100%	3,738	100%	1,299	100%
Other income .....	177		49		4	
<b>Operating expenses</b> .....	<b>-18,472</b>	<b>-89%</b>	<b>-3,360</b>	<b>-90%</b>	<b>-1,325</b>	<b>-102%</b>
Cost of sales.....	-13,670	-66%	-1,900	-51%	-756	-58%
Payroll expenses .....	-2,334	-11%	-858	-23%	-220	-17%
Other operating expenses.....	-2,468	-12%	-602	-16%	-349	-27%
<b>Recurring Ebitda*</b> .....	<b>2,515</b>	<b>12%</b>	<b>427</b>	<b>11%</b>	<b>-22</b>	<b>-2%</b>
Depreciation and amortization.....	-1,696	-8%	-362	-10%	-150	-12%
Share based expense .....	-1,880					
<b>Ebit</b> .....	<b>-1,061</b>	<b>-5%</b>	<b>65</b>	<b>2%</b>	<b>-172</b>	<b>-13%</b>
<b>Financial result</b> .....	<b>65</b>		<b>105</b>		<b>-146</b>	
Finance income.....	1,394		378		41	
Finance costs.....	-1,329		-273		-187	
Share of result of associates.....	227		102			
Income tax expense/(income) .....	-1,627		204		-276	
<b>Profit</b> .....	<b>858</b>	<b>4%</b>	<b>68</b>	<b>2%</b>	<b>-42</b>	<b>-3%</b>
Attributable to :						
Equity holders of Thenergo .....	-60		-284		-158	
Minority interests.....	919		352		116	

\* Recurring Ebitda = Reported EBITDA before share based expense of € 1.9 million.

### Cost of Sales

#### Fuel costs

Thenergo's operational sites at 31 December 2007 were all from the 'Groeikracht' type, except for one plant, the Biocogen plant. The fuel used for the 'Groeikracht' plants is natural gas, whilst for the Biocogen plant biogas is used as fuel, coming from a purification process of polluted water.

The expenses following the purchase of natural gas serving as fuel for Thenergo's CHP plants increased to €2.4 million in 2007 compared to €1.1 million in 2006 and €0.3 million in 2005. This increase is linked to the higher number of operational CHP plants, using natural gas as fuel, in 2007 compared to 2006 and 2005.

#### Project development costs

Thenergo incurs costs linked to the project development for its own projects or for external projects, sales of engines or services to third parties. These costs entail cost of studies and cost associated to sales of engines and installations.

Project development costs increased to €5.6 million in 2007 compared to €0.1 million in 2006 and €0.4 million in 2005.

#### Waste management costs

The most important costs relating to waste management are linked to the purchase of recovery goods (€1.6 million) mainly the purchase of paper and cardboard and also plastics to a lesser extent. After a minor treatment, these goods are either sold to the paper industry, either exported.

A second important cost is the treatment cost of waste (€2.6 million) which are gatefees that need to be paid to external parties that process the waste. Important to note is that a part of these waste flows are considered as fuel for certain Thenergo projects under construction or in the pipeline and that therefore a certain amount of gatefees will be saved in the future.

### *Payroll expenses*

Personnel costs (excluding share-based expense — as discussed hereunder) increased to €2.3 million in 2007, as compared to €0.9 million in 2006 and €0.2 million in 2005. The significant 2007 increase is to a large extent linked to the acquisition of the Leysen group in September 2007, adding extra personnel costs for an amount of € 1.3 million to Thenergo's 2007 P&L.

The remaining variance is limited despite the significant turnover growth (also excluding the Leysen group turnover), as consequence of a more effective allocation of staff to projects and a well disciplined management of human resources.

The average number of employees increased to 56 FTE's in 2007, coming from 10 in 2006 and 7 FTE's in 2005. The significant increase in 2007 is mainly linked to the Leysen acquisition in September 2007. At the end of 2007 Thenergo counted in total 190 FTE's, of which 109 employed in the Leysen Group, 51 in tse AG and 30 in Thenergo. This includes Management and corporate functions.

### *Share-based expense*

Thenergo's 2007 reported EBITDA is negatively impacted by a share-based expense for an amount of €1.9 million. This expense is a non-cash expense and not linked to Thenergo's operational business. The expense is a consequence of the share options granted to Key Management and Board members in the course of 2007. See also section "5.5. Warrants" and section "9.2. Notes to the financial statements 2005-2006-2007 — Note 16".

For Management reporting purposes, Thenergo did not include such expense in the Recurring EBITDA figures as Thenergo believes that including such expense does not properly reflect the financial performance of the Company.

Thenergo's future EBITDA will also be impacted until 2010 in relation with this share-based expense. Thenergo estimates the impact to be €3.1 million in 2008, €1.2 million in 2009 and €0.5 million in 2010, explained by the remaining vesting periods of the warrants.

### *Other operating cost*

For 2007, Thenergo's most important other operating costs (total amount for 2007 is €2.5 million) relate to:

- Third party services (€0.9 million), i.e. mainly insurance, audit fees and accounting fees;
- Usage costs (€0.6 million), i.e. mainly utilities and office supplies;
- PR, marketing & Sales (€0.7 million), i.e. mainly communication & PR and representation costs.

### ***Recurring EBITDA***

For discussing the EBITDA figures, we need to exclude the share base expense from these figures in order to properly compare the business performance over the years 2007, 2006 and 2005. Therefore the 2007 'Recurring EBITDA' is equal to the 2007 reported EBITDA excluding the share-based expense of € 1.9 million.

For the years 2006 and 2005, the 'Recurring EBITDA' is equal to the reported EBITDA.

Thenergo's Recurring EBITDA increased to €2.5 million in 2007 as compared to €0.4 million in 2006 and -€0.02 million in 2005. Besides the significant increase in absolute figures, the Recurring EBITDA margin also increased to 12.1% in 2007 compared to 11.4% in 2006 and -1.7% in 2005, despite higher communication and representation costs in 2007 following the increased communication efforts of Thenergo as a consequence of the Alternext listing in June 2007.

### ***EBIT***

#### *Amortizations and depreciations*

Amortizations and depreciations increased to €1.7 million in 2007 compared to €0.4 million in 2006 and €0.2 million in 2005. The significant increase in amortizations and depreciations in 2007 is a consequence of the significantly higher number of operational sites in 2007 compared to 2006 and 2005.

## *EBIT*

Thenergo's EBIT decreased to –€1.1 million in 2007 as compared to €0.1 million in 2006 and €–0.2 million in 2005. The 2007 decrease is caused by the impact of the share based expense of €1.9 million. The EBIT margin therefore decreased to –5.1% in 2007 compared to 1.8% in 2006 and –13.2% in 2005.

## *Profit*

### *Financial result*

Financial income increased to €1.4 million in 2007 compared to €0.4 million in 2006 and €0.04 million in 2005. The 2007 financial income increase is caused by the €70 million of funds raised in June 2007, where after a large part of the proceeds was invested in short term deposits over the second half of 2007. On 31 December 2007, Thenergo still had a positive cash position of €50 million.

Financial costs increased to €1.3 million in 2007 compared to €0.3 million in 2006 and €0.2 million in 2005.

The 2007 financial cost increase is caused by a higher number of operational plants that have been financed via a project financing structure on the concerning project companies.

The debt and interest expense of all the project companies where Thenergo is majority shareholder is consolidated in the Thenergo financials.

### *Taxes*

As all of Thenergo's projects are structured in separate legal entities, the tax position of each entity is analysed separately in Belgium in order to determine the taxes due. Thenergo has both operational projects which are subject to deferred tax assets (€1.7 million, following tax credit for capital expenditures, and the notional interest deduction as well as elimination of intercompany profits) and entities that pay income taxed based on a positive tax base (€0.1 million). The consolidated tax impact on Thenergo's profit is therefore a positive tax credit worth €1.6 million. The 2006 effective income tax rate of 75% is due to losses of Thenergo NV for which no deferred tax asset was recognised. The 2005 income tax credit stems primarily from tax credits with regard to capital expenditures.

## *Profit*

Thenergo's reported net profit (after share-based expense) increased to € 0.9 million in 2007 as compared to €0.1 million in 2006 and €-0.04 million in 2005. This implies a net profit margin of 4.1% in 2007 versus 1.8% in 2006 and –3.2% in 2005.

For 2007, these profit figures include the share-based expense of € 1.9 million.

The Thenergo share of the profit in 2007 amounts to €-0.06 million as a consequence of the share-based expense fully relating to Thenergo and not to the minorities.

## 8.4 Balance Sheet

### Consolidated balance sheet

Balance sheet (in €1,000)	2007	2006	2005
Goodwill .....	59,853	2,841	
Intangible assets .....	7,507	5,219	
Property, plant and equipment .....	38,016	8,385	3,571
Investments .....	9,332	1,328	
Deferred tax assets .....	2,588	244	313
Other non-current assets .....	124		
<b>Non-current assets .....</b>	<b>117,420</b>	<b>18,017</b>	<b>3,884</b>
Trade receivables .....	12,170	6,851	928
Other receivables .....	5,447	1,224	856
Inventories .....	205		135
Other current assets .....	980	280	2
cash and cash equivalents .....	49,825	2,979	447
<b>Current assets .....</b>	<b>68,627</b>	<b>11,334</b>	<b>2,368</b>
<b>Total assets .....</b>	<b>186,047</b>	<b>29,351</b>	<b>6,252</b>
Share capital .....	114,848	3,471	1,681
Retained earnings .....	-1,386	-1,566	-1,450
Share-based payments .....	7,916		
Hedging reserves .....	-152		
Minority interests .....	1,247	3,675	250
<b>Equity .....</b>	<b>122,473</b>	<b>5,580</b>	<b>481</b>
Long-term borrowings .....	24,164	2,539	1,410
Leases .....	12,413	2,560	803
Deferred tax liabilities .....	2,581	1,774	
<b>Non-current liabilities .....</b>	<b>39,158</b>	<b>6,873</b>	<b>2,213</b>
Short-term borrowings .....	6,990	3,820	1,043
Leases .....	885	231	41
Trade payables .....	13,039	7,333	1,395
Other payables .....	2,317	4,716	220
Other current liabilities .....	1,185	798	859
<b>Current liabilities .....</b>	<b>24,416</b>	<b>16,898</b>	<b>3,558</b>
<b>Total equity and liabilities .....</b>	<b>186,047</b>	<b>29,351</b>	<b>6,252</b>

### Assets

#### Goodwill

Goodwill increased to €59.9 million in 2007 compared to € 2.8 million in 2006 and none in 2005. The increase in 2007 is mainly linked to the acquisition of the Leysen Group accounting for €53.8 million goodwill and to the purchase of the remaining 49% of Polargen accounting for €3.0 million goodwill. With respect to the purchase accounting for the Leysen acquisition, at the end of 2007 an amount of € 2.7 million had been allocated to intangible assets linked to the waste service contracts. The purchase accounting will be completed in the course of 2008.

In September 2007 Thenergo acquired the Leysen group, a waste management to energy business, with a pipeline of over 40MWe of bio-energy projects. The deal was structured to include cash and long term financial incentives. The total purchase price was €56 million, of which €20 million was paid in cash, partly leveraged by debt financing, while € 36 million was settled in shares of the Company, in two tranches. In the first tranche, the Company issued 1,727,862 shares based on the average market price of Thenergo's shares between the IPO (14 June 2007) and 31 August 2007. The second tranche of €20 million in shares was contingent upon the achievement of new business development targets budgeted at €80 million in sales and €16 million in EBITDA at the end of 2011, but following the listing on Euronext Brussels or Euronext Paris, which according to the Purchase Agreement constitutes a liquidity event, this capital increase will take place unconditionally within 30 working days following the latest of the following dates: (i) the date of the liquidity event; or (ii) 31 July 2009 (see section "5.6. Undertaking to issue shares"). In order to obtain more transparency with respect to the shareholding structure, Thenergo and the former Leysen shareholders (as defined in section "5.7. Shareholders" of the Prospectus) have agreed the following:

- depending on the admission to trading of the Thenergo shares on Euronext Brussels and Euronext Paris, the third tranche of the purchase price for the acquisition of the Leysen Invest NV in September 2007, payable

in Thenergo shares at €9.26 per share, will be reduced from €20 million to €18 million implying a reduction of the number of shares to be issued from 2,159,827 to 1,943,844;

- the former Leysen shareholders will increase their shareholding in the Company for an aggregate amount of €2 million before end 2008, either by way of subscription of newly issued shares or purchase of existing shares;
- the issue of the 1,943,844 new shares of the Company as part of the payment of the third tranche to the former Leysen shareholders will take place within 15 working days following the €2 million investment, and hence not later than in January 2009.

### *Property, plant and equipment*

Property, plant and equipment assets increased to €38 million in 2007 compared to €8.4 million in 2006 and €3.6 million in 2005. The significant increase in 2007 is mainly caused by the 12 new projects that were completed in the course of 2007 (€5.7 million), the full consolidation of the Leysen Group (€8.5 million) and new assets under construction (€6.3 million).

### *Intangible assets*

Intangible assets increased to €7.5 million in 2007 as compared to €5.2 million in 2006 and none in 2005. The increase in intangible assets in 2007 fully relates to the allocation of €2.7 million to waste service contracts as explained above. The 2006 intangible assets of €5.2 million fully relate to development contracts held by Polargen at the time of its acquisition by Thenergo.

### *Investments*

Investments increased to €9.3 million in 2007 compared to € 1.3 million in 2006 and none in 2005. The significant increase in 2007 is linked to the ENRO acquisition which in 2007 was accounted for at acquisition cost. Control was only obtained in January 2008, as of which date it is fully consolidated in P&L and balance sheet.

The ENRO acquisition was done via a share swap whereby ENRO investors received one new Thenergo share for every 2.25 ENRO shares. In addition, Thenergo bought in the market approximately 14% of ENRO shares at an average price of €3.7 per share, valuing ENRO at around €14 million. In February 2008, Thenergo bought another 25% of shares for a price of € 3.25/share. On 31 March 2008 Thenergo holds 86% of ENRO.

### *Receivables*

The trade receivables increased to €12.2 million in 2007 as compared to €6.9 million in 2006 and €0.9 million in 2005. The major part of the 2007 trade receivables are linked to the Accounts receivable which amount to €11.0 million and are mainly linked to the waste management activities following the acquisition of the Leysen group, accounting for the majority of these Accounts receivable.

### *Cash position*

On 31 December 2007 Thenergo held a gross cash position of € 49.8 million compared to €3.0 million at the end of 2006 and €0.4 million at the end of 2005. This cash position is part of the €70 million of funds raised in June 2007 on Alternext Paris. For its investments Thenergo is very disciplined when it comes to the use its cash. With respect to organic growth, Thenergo finances its CHP projects in separate project companies, whereby the CHP projects are financed by a maximum in debt (ca. 80%) and whereby the equity injection is limited to ca. 20%.

Also with respect to external growth, Thenergo has in the past realized acquisitions through partial share swaps in stead of using 100% cash payments. Thenergo will also consider this solution with respect to future acquisitions.

Thenergo believes that a sound capital structure is of utmost importance in the sector in which it operates and believes that its current cash position gives it a competitive advantage.

Obviously, the current cash position will not be sufficient to realize all of the projects Thenergo currently has in its pipeline.

## *Liabilities*

### *Equity*

Thenergo's Share Capital increased to €114.8 million in 2007 compared to €3.5 million in 2006 and €1.7 million in 2005. The significant increase in 2007 is mainly linked to the issuance of new shares with respect to the €70 million fund raising transaction on Alternext Paris that closed on 14 June 2007.

Besides this fund raising, a number of shares were also issued in the context of acquisitions, more specifically for the acquisition of the Leysen group, the remaining 49% of Polargen and the acquisition of ENRO. As explained above, the share capital also contains a 'contingent' capital increase for the amount of €20 million depending on the achievement of certain targets with respect to the Leysen EBITDA in 2011. However, the current listing implies a 'liquidity event' in the Leysen Purchase Agreement, whereby this capital increase will occur unconditionally within 30 working days following the latest of the following dates: (i) the date of the liquidity event; or (ii) 31 July 2009 (see section "5.6. Undertaking to issue shares"). In order to obtain more transparency with respect to the shareholding structure, Thenergo and the former Leysen shareholders (as defined in section "5.7. Shareholders" of the Prospectus) have agreed the following:

- depending on the admission to trading of the Thenergo shares on Euronext Brussels and Euronext Paris, the third tranche of the purchase price for the acquisition of the Leysen Invest NV in September 2007, payable in Thenergo shares at €9.26 per share, will be reduced from €20 million to €18 million implying a reduction of the number of shares to be issued from 2,159,827 to 1,943,844;
- the former Leysen shareholders will increase their shareholding in the Company for an aggregate amount of €2 million before end 2008, either by way of subscription of newly issued shares or purchase of existing shares;
- the issue of the 1,943,844 new shares of the Company as part of the payment of the third tranche to the former Leysen shareholders will take place within 15 working days following the €2 million investment, and hence not later than in January 2009.

The €7.9 million share-based payment reserve in 2007 relates to the warrants granted in 2007. In that respect 2,071,006 warrants were granted to Amsterdams Effectenkantoor B.V., which were vested immediately. Key management also received 2,035,030 warrants in the course of 2007, of which  $\frac{2}{5}$  were vested immediately. The rest vests gradually over a period of 3.5 years following June 2007.

### *Debt evolution*

Thenergo's long term borrowings increased to €24.2 million at the end of 2007 compared to €2.5 million at the end of 2006 and € 1.4 million at the end of 2005. The significant increase in long term borrowing in 2007 is linked to the different project financings contracted at project company level for each of Thenergo's CHP project. As mentioned above, about 80% of each project investment is financed by debt provided by different banks. Banks currently contracted in such project financings are KBC, Dexia and Triodos.

Also long term leases increased to €12.4 million at the end of 2007 compared to €2.6 million at the end of 2006 and €0.8 million at the end of 2005. This increase also relates to the project financing on project company level whereby Thenergo sometimes obtains better financing conditions when applying leasing (on movable assets, e.g. gas engines) in stead of a classical project financing.

Thenergo's short term borrowings increased to €7.0 million at the end of 2007 as compared to €3.8 million at the end of 2006 and €1.0 million at the end of 2005. The 2007 increase is linked to the reimbursement schedules of the project financings in the different project companies. As the number of operational projects grows, the portion of debt maturing in less than 1 year also increases.

### *Relevant capital structure ratios*

Thenergo believes it has a sound capital structure as can be deducted from the relevant capital structure ratios below:

In €1,000	2007	2006	2005
Equity.....	122,473	5,580	481
Net debt.....	-5,497 (net cash)	6,170	2,850
Net debt/equity.....	NA (net cash)	111%	593%
Net debt/EBITDA.....	NA (net cash)	15	NA (ebitda=0)

By the end of 2007 Thenergo substantially increased its equity base and had a net cash position of €5.5 million, bringing the most important capital structure ratio's to very high and solvent levels.

## 8.5 Cash-Flow Statement

In €1,000	2007	2006	2005
<b>Cash flow from operating activities</b> .....	<b>221</b>	<b>-2,080</b>	<b>472</b>
<b>Cash flow from investing activities</b> .....	<b>-37,021</b>	<b>-5,031</b>	<b>-3,066</b>
<b>Cash flow from financing activities</b> .....	<b>83,646</b>	<b>9,643</b>	<b>2,977</b>
Net cash flow for the year.....	46,846	2,532	383
Cash and cash equivalents at the beginning of the year.....	2,979	447	64
<b>Cash and cash equivalents at the end of the year</b> .....	<b>49,825</b>	<b>2,979</b>	<b>447</b>

Cash flow from operating activities

In €1,000	2007	2006	2005
Result before tax.....	-769	272	-318
<i>Non-cash or non-operating items</i>			
Share of result of associates.....	-227	-102	—
Elimination result with associates.....	362	—	—
Financial result.....	-65	-105	146
Allowance/(reversal) doubtful debtors .....	-117	150	—
Share-based payment expense .....	1,880	—	—
Depreciation and amortisation .....	1,696	362	150
Change in working capital .....	-2,747	-2,493	564
Interest paid .....	-749	-137	-70
Interest received.....	1,000	—	—
Income tax paid.....	-43	-27	—
<b>Cash flow from operating activities</b> .....	<b>221</b>	<b>-2,080</b>	<b>472</b>

Cash flow from operations increased to €0.2 million in 2007 compared to -€2.1 million in 2006 and €0.5 million 2005. The positive cash flow in 2007 is mainly linked to the higher number of operational CHP plants positively contributing to the profitability and cash flow generation of Thenergo. This positive €0.2 million cash flow is reached despite the negative impact by change in working capital for € 2.7 million linked to the initiation of new projects which have not been completed yet.

Investment activities negatively impacted cash flows for €37.0 million in 2007 compared to €5.0 million in 2006 and €3.1 million in 2005. These investment activities relate to both organic and non-organic growth.

Cash flow from financing activities contributed for €83.6 million in 2007 versus €9.6 million in 2006 and €3.0 million in 2005. The financing activities in 2007 relate to the €70 million capital increase in June 2007, borrowings and leaseings following the financing of Thenergo's CHP plants on the level of the project companies and €10 million of borrowings contracted in order to finance the Leysen acquisition.

## 8.6 Pro-forma P&L

In €1,000	Pro forma 2007	Reported 2007
Revenues.....	54,813	20,810
Recurring EBITDA.....	5,540	2,515
Recurring EBIT, after share based expense.....	-1,393	-1,061
Net Result .....	-7,092	858

### *Pro forma Profit & Loss*

In order to better reflect Thenergo's current size of operations, a pro forma P&L has been put together, integrating the full year impact of Thenergo's acquisitions in 2007, i.e. the full year 2007 financials of the Leysen group and the ENRO group, both acquired in the course of 2007. The reported P&L, as explained above, only includes the last 4 months of the Leysen group financials and none of the ENRO financials, as control of the latter was only obtained in January 2008.

Total 2007 pro forma revenues amount to €54.8 million as compared to the reported revenues of €20.8 million, whereby the full year Leysen group 2007 revenues equal €22.9 million whilst the full ENRO group 2007 revenues equal €15.0 million. The pro forma revenues show an important shift in different geographical split of the revenues, leading to a revenue share of the German activities of 27% of the pro-forma 2007 revenues.

The pro-forma 2007 Recurring EBITDA amounts to €5.5 million as compared to a Recurring EBITDA of €2.5 million based on the reported 2007 financials.

The pro-forma 2007 Recurring EBITDA as well as the Recurring EBITDA based on the reported financials both exclude the (non-cash) share-based expense of €1.9 million. Important to note is that the full year ENRO reported 2007 EBITDA is affected by a number of exceptional provisions mainly linked changes in management and project write-off. These provisions amount to € 4.3 million and are equally excluded from the Recurring pro-forma EBITDA figure. With respect to the Leysen Recurring pro-forma EBITDA, extraordinary costs have been excluded from the Recurring EBITDA for an amount of € 0.9 million.

Below table shows the pro-forma 2007 P&L in segment terms.

	Energy from natural gas 2007	Energy from biogas and biomass 2007	Concept engineering energy plants 2007	Leysen group 2007	Tse 2007	Holding 2007	Eliminations 2007	Consolidated 2007
<b>Pro Forma Year 2007 (in €1,000)</b>								
Revenue external customers.....	8,107	1,205	7,633	22,857	15,011	0	0	54,813
Revenue other segments.....	0		4,455			0	-4,455	0
<b>Total segment revenue .....</b>	<b>8,107</b>	<b>1,205</b>	<b>12,088</b>	<b>22,857</b>	<b>15,011</b>	<b>0</b>	<b>-4,455</b>	<b>54,813</b>
<b>Operating result (EBIT) .....</b>	<b>1,160</b>	<b>575</b>	<b>2,563</b>	<b>-187</b>	<b>-5,745</b>	<b>-3,969</b>	<b>-1,021</b>	<b>-6,626</b>
Depreciation & impairment projects.....	1,650	126	334	1,400	3,765	24	0	7,298
<b>EBITDA .....</b>	<b>2,810</b>	<b>700</b>	<b>2,897</b>	<b>1,213</b>	<b>-1,980</b>	<b>-3,945</b>	<b>-1,021</b>	<b>673</b>
Financial result .....	-1,361	-382	-9	-734	-1,590	1,372	0	-2,704
Share of result of associates .....	178			0	0			178
Income taxes .....	-895	-887	0	98	-317	52	-112	-2,061
<b>Result of the year .....</b>	<b>872</b>	<b>1,080</b>	<b>2,554</b>	<b>-1,019</b>	<b>-7,018</b>	<b>-2,648</b>	<b>-909</b>	<b>-7,092</b>
<b>EBITDA .....</b>	<b>2,810</b>	<b>700</b>	<b>2,897</b>	<b>1,213</b>	<b>-1,980</b>	<b>-3,945</b>	<b>-1,021</b>	<b>673</b>
Share based Payment .....						1,880		1,880
Cost acquisition file .....				925				925
Replacement of management .....					1,601			1,601
Impairment receivables .....					461			461
<b>Recurring EBITDA .....</b>	<b>2,810</b>	<b>700</b>	<b>2,897</b>	<b>2,138</b>	<b>82</b>	<b>-2,065</b>	<b>-1,021</b>	<b>5,540</b>
Depreciation .....	-1,650	-126	-334	-1,400	-3,765	-24	0	-7,298
Share based expense .....						-1,880		-1,880
Impairment project Hünxe .....					2,244			2,244
<b>Recurring EBIT after share based expense .....</b>	<b>1,160</b>	<b>575</b>	<b>2,563</b>	<b>738</b>	<b>-1,439</b>	<b>-3,969</b>	<b>-1,021</b>	<b>-1,393</b>

The segmented pro forma 2007 financials show that the main contribution to the recurring EBITDA is generated by the energy business (€3.5 million), Concept engineering (€2.9 million) and the Leysen Group (2.1 million).

The negative contribution from the Holding (-2.1 million) mainly relates to business development costs and corporate costs not allocated to the operational units.

## 8.7 Financial Risk Management

### Currency risks

As Thenergo's operational CHP plants are located in Belgium, the Netherlands and in Germany, there is currently no currency risk related to Thenergo's core business.

With respect to its Jatropha business in Thailand, on 31 December 2007, Thenergo had an equivalent of €0.3 million of financings in Thai Bath outstanding to plantations which will be reimbursed over an average period of 8 years (see also section "7.15. Jatropha oil").

Thenergo considers to spin-off or sell its Jatropha business in Thailand, resulting in a mitigation of any currency risk.



## ***Interest rate risks***

As each project is structured in a separate project company which is largely financed through external debt financings, it is important that the project generates sufficient cash-flows to reimburse the debt holders and remunerate the equity holders of the project company. Having large exposures to interest rate volatility could negatively impact a project's profitability and cash flows. Therefore Thenergo has a policy of contracting fixed interest rates in new projects for the duration of the project financings. For certain existing projects that were financed with variable interest rate debt, Thenergo entered into Interest Rate Swaps to fix the interest rate and eliminate the exposure.

## **8.8 Outlook for 2008 and beyond**

### ***Projects in operation and under construction***

As in the course of 2007 12 CHP projects were completed, Thenergo expects a higher revenue contribution in 2008 from these plants as not all 2007 completed CHP plants contributed to the 2007 revenues yet. Five of the plants completed in December 2007 will start to contribute revenues in the course of the first half of 2008. This effect comes on top of the pro-forma 2007 revenues of €54.8 million.

Further, a number of new projects will be completed in the course of 2008 (see section "7.12. Sites under construction"), already partly contributing to the 2008 revenues.

### ***Project pipeline***

Thenergo currently has a pipeline of 432 MWe of identified projects which are under analysis or for which there are prospect contacts. These projects have a size between 1 and 50 MWe installed electrical capacity. Thenergo expects to be able to develop and implement a significant number of these projects. This pipeline list is regularly updated whereby certain projects are cancelled and other new projects are added.

Thenergo also targets a higher average size per project as compared to its current operational portfolio, which implies that, going forward, Thenergo will continue to incur high capital expenditures linked to realization of its pipeline.

### ***CHP plant EBITDA margins***

EBITDA margins on Thenergo's projects vary as Thenergo uses different concepts and technologies. Thenergo's required EBITDA margins depend on, amongst others, the complexity of technology, risk and capex requirements.

Looking at the current operational and under construction projects, EBITDA margins vary from an average of 30% for less complex natural gas installations (Groekracht type) up to an average of 60% for the more complex biomass and biogas installations.

Thenergo will also continue to further pursue leveraging its profitability and will continue to be very strict with respect to the financial criteria used for evaluating new investments and acquisitions and focus on profitable growth.

### ***Waste activities***

In September 2007, Thenergo acquired the Leysen Group, specialised in waste management and waste treatment, today still operating as a stand-alone business in the Thenergo Group. One of the most important drivers to acquire the Leysen Group is to ensure access to different types of fuel for its projects under construction or in the pipeline, i.e. fuels such as secondary fuels (waste), biomass and bio-oil.

Thenergo has the intention to apply the skills and experience with respect to the procurement and logistics of the above fuels to its own project portfolio. Waste will therefore not only be treated by the Leysen Group to be sold further to external parties, but will be used as fuel for Thenergo's own projects. This should decrease dependency on external fuel suppliers and increase the profitability of the concerned projects.

The ongoing waste activities also generate a recurring and stable source of revenues, although Thenergo expects revenue growth will be limited in 2008 following a specific trading contract that was not extended as a result of not meeting Thenergo's profitability requirements.

### ***Other operating costs***

The other operating costs, which are mainly situated at holding level, are expected to increase in 2008 due to the growth of the company and the contemplated listing on Euronext.

### ***Acquisitions***

From time to time Thenergo is in discussion with or analysing potential acquisition targets. These targets usually have activities in one or more areas of Thenergo's business model (see section "7.5. Business model"). Today, none of these discussions are advanced and nor are they likely to lead to a closing of any acquisition in the short term. However, as Thenergo operates in a fast developing sector, analysis and decision taking with respect to acquisitions can occur over a short period of time.

### ***Capital structure and financing***

Thenergo believes that a sound capital structure is of utmost importance in the sector in which it operates and will therefore continue to strive to keep an optimal capital structure throughout the different stages of its growth. In its current growth phase, Thenergo believes it is important to have access to a reasonable cash buffer in order to be able to respond to interesting investment opportunities with respect to its business without being fully depending on access to financial debt markets which, in the recent past, have proven to be volatile. In light of these capital structure considerations and in order to finance its project pipeline, in July 2008 Thenergo initiated a capital raising through a Public Offering in order to finance its expected investments linked to the project pipeline. Due to bad market circumstances, the capital raising was not closed. However, this should not impact the financing of projects under construction. Thenergo is currently evaluating alternative funding sources that will be needed in order to realize its project pipeline and strengthen its capital structure.

## 9. FINANCIAL INFORMATION

### 9.1 Financial statements 2005-2006-2007

#### Consolidated income statements

	Note	2007	%	2006*	%	2005	%
(thousands of Euros)							
<b>Operating income</b> .....		<b>20,987</b>		<b>3,787</b>		<b>1,303</b>	
Revenues.....	4	20,810	100%	3,738	100%	1,299	100%
Other income .....		177		49		4	
<b>Operating expenses</b> .....		<b>-22,048</b>	<b>-106%</b>	<b>-3,722</b>	<b>-100%</b>	<b>-1,475</b>	<b>-114%</b>
Cost of sales.....	4	-13,670	-66%	-1,900	-51%	-756	-58%
Payroll expenses .....	15	-2,334	-11%	-858	-23%	-220	-17%
Depreciation and amortisation .....		-1,696	-8%	-362	-10%	-150	-12%
Share-based payment expense .....	16	-1,880					
Other operating expenses.....	17	-2,468	-12%	-602	-16%	-349	-27%
<b>Operating result</b> .....		<b>-1,061</b>	<b>-5%</b>	<b>65</b>	<b>2%</b>	<b>-172</b>	<b>-13%</b>
<b>Financial result</b> .....		<b>65</b>		<b>105</b>		<b>-146</b>	
Finance income.....	18	1,394		378		41	
Finance costs.....	18	-1,329		273		-187	
Share of result of associates.....		227		102			
<b>Result before tax</b> .....		<b>-769</b>		<b>272</b>		<b>-318</b>	
Income tax expense/(income) .....	19	-1,627		204		-276	
<b>Result of the year</b> .....		<b>858</b>	<b>4%</b>	<b>68</b>	<b>2%</b>	<b>-42</b>	<b>-3%</b>
Attributable to:							
Equity holders of Thenergo .....		-60		-284		-158	
Minority interests.....		919		352		116	
Basic earnings per share (Euros).....	21	-0.01		-0.07		-0.19	
Diluted earnings per share (Euros) .....	21	-0.01		-0.07		-0.19	

\* The 2006 figures as published were restated in order to reflect the changes in accounting policies (see note 2) as well as the finalisation of the Polargen purchase accounting (see note 5).

#### Consolidated balance sheets

	Note	2007	2006*	2005
(thousands of Euros)				
<b>Non-current assets</b> .....		<b>117,420</b>	<b>18,017</b>	<b>3,884</b>
Goodwill.....	5.6	59,853	2,841	
Intangible assets.....	5.7	7,507	5,219	
Property, plant and equipment.....	8.23	38,016	8,385	3,571
Investments.....	9	9,332	1,328	
Deferred tax assets.....	19	2,588	244	313
Other non-current assets .....		124		
<b>Current assets</b> .....		<b>68,627</b>	<b>11,334</b>	<b>2,368</b>
Trade receivables.....	10	12,170	6,851	928
Other receivables .....	10	5,447	1,224	856
Inventories .....		205		135
Other current assets.....	20	980	280	2
Cash and cash equivalents .....	11	49,825	2,979	447
<b>Total assets</b> .....		<b>186,047</b>	<b>29,351</b>	<b>6,252</b>
<b>Equity</b> .....		<b>122,473</b>	<b>5,580</b>	<b>481</b>
Share capital .....	12	114,848	3,471	1,681
Retained earnings.....		-1,386	-1,566	-1,450
Share-based payments.....	16	7,916		
Hedging reserves .....	20	-152		
Minority interests.....		1,247	3,675	250
<b>Non-current liabilities</b> .....		<b>39,158</b>	<b>6,873</b>	<b>2,213</b>
Long-term borrowings.....	13	24,164	2,539	1,410

Leases .....	13	12,413	2,560	803
Deferred tax liabilities .....	19	2,581	1,774	
<b>Current liabilities</b> .....		<b>24,416</b>	<b>16,898</b>	<b>3,558</b>
Short-term borrowings .....	13	6,990	3,820	1,043
Leases .....	13	885	231	41
Trade payables .....	14	13,039	7,333	1,395
Other payables .....	14	2,317	4,716	220
Other current liabilities .....	20	1,185	798	859
<b>Total equity and liabilities</b> .....		<b>186,047</b>	<b>29,351</b>	<b>6,252</b>

\* The 2006 figures as published were restated in order to reflect the changes in accounting policies (see note 2) as well as the finalisation of the Polargen purchase accounting (see note 5).

### Statement of changes in equity

	Share capital	Treasury shares	Retained earnings	Hedging Reserve	Share-based payments	Equity attributable to equity holders of Thenergo	Minority interests	Total equity
	(thousands of Euros)							
<b>Balance at 1 January 2005</b> .....	<b>806</b>		<b>-1,292</b>			<b>-486</b>	<b>134</b>	<b>-352</b>
Share capital increase .....	875					875		875
Transaction costs directly attributable to capital increase .....								
Change in consolidation scope .....								
Others .....								
Cash transactions .....								
Result of the year .....			-158			-158	116	-42
<b>Balance at 31 December 2005</b> .....	<b>1,681</b>		<b>-1,450</b>			<b>231</b>	<b>250</b>	<b>481</b>
<b>Balance at 1 January 2006</b> .....	<b>1,681</b>		<b>-1,450</b>			<b>231</b>	<b>250</b>	<b>481</b>
Share capital increase .....	2,178					2,178		2,178
Transaction costs directly attributable to capital increase .....	-399					-399		-399
Change in consolidation scope .....							5,893	5,893
Others .....	11					11		11
Cash transactions .....		-70				-70		-70
Result of the year .....			-190			-190	226	36
<b>Balance at 31 December 2006</b> .....	<b>3,471</b>	<b>-70</b>	<b>-1,640</b>			<b>1,761</b>	<b>6,369</b>	<b>8,130</b>
Finalisation purchase accounting								
Polargen — income statement impact ....			31			31	30	61
Finalisation purchase accounting Polargen equity .....							-2,729	-2,729
Change in accounting policies — income statement impact .....			-14			-14	-14	-28
Correction error in 2006 purchase accounting .....			139			139		139
Other .....			-12			-12	19	7
<b>Balance at 1 January 2007</b> .....	<b>3,471</b>	<b>-70</b>	<b>-1,496</b>			<b>1,905</b>	<b>3,675</b>	<b>5,580</b>
Share capital increases .....	100,794					100,794		100,794
Transaction costs directly attributable to capital increase .....	-9,417				5,261	-4,156		-4,156
Contingent capital increase Leysen Acquisition .....	20,000					20,000		20,000
Change in consolidation scope .....							-2,569	-2,569
Result of the year .....			-60			-60	919	859
Share-based payments .....					2,655	2,655		2,655
Exchange treasury shares for Enro AG shares .....		27	213			240		240
Dividends .....							-761	-761
Cash flow hedge accounting .....				-152		-152	-17	-169
<b>Balance at 31 December 2007</b> .....	<b>114,848</b>	<b>-43</b>	<b>-1,343</b>	<b>-152</b>	<b>7,916</b>	<b>121,226</b>	<b>1,247</b>	<b>122,473</b>

## Statement of cash flows

	2007	2006*	2005
	(thousands of Euros)		
Result before tax .....	-769	272	-318
<i>Non-cash or non-operating items</i>			
Share of result of associates .....	-227	-102	—
Elimination result with associates .....	362	—	—
Financial result .....	-65	-105	146
Allowance/(reversal) doubtful debtors .....	-117	150	—
Share-based payment expense .....	1,880	—	—
Depreciation and amortisation .....	1,696	362	150
Change in working capital .....	-2,747	-2,493	564
Interest paid .....	-749	-137	-70
Interest received .....	1,000	—	—
Income tax paid .....	-43	-27	—
<b>Cash flow from operating activities .....</b>	<b>221</b>	<b>-2,080</b>	<b>472</b>
Acquisition of property, plant and equipment .....	-13,600	-2,205	-3,066
Acquisition of subsidiaries (entry in scope) .....	2,818	744	—
Acquisition price paid subsidiaries .....	-22,591	-3,570	—
Acquisitions and incorporations of associates .....	-3,648	—	—
<b>Cash flow from investing activities .....</b>	<b>-37,021</b>	<b>-5,031</b>	<b>-3,066</b>
Proceeds from the issue of share capital .....	75,628	2,178	875
Transaction costs directly attributable to the share capital increases .....	-4,156	-399	—
Proceeds from borrowings and leases .....	24,080	7,864	2,102
Repayment of borrowings and leases .....	-10,807	—	—
Loans granted .....	-750	—	—
Minority interests in new subsidiaries .....	124	—	—
Dividends paid .....	-271	—	—
Dividends received from associates .....	102	—	—
Profit sharing arrangements .....	-169	—	—
Other .....	-135	—	—
<b>Cash flow from financing activities .....</b>	<b>83,646</b>	<b>9,643</b>	<b>2,977</b>
Net cash flow for the year .....	46,846	2,532	383
Cash and cash equivalents at the beginning of the year .....	2,979	447	64
<b>Cash and cash equivalents at the end of the year .....</b>	<b>49,825</b>	<b>2,979</b>	<b>447</b>

\* The 2006 figures as published were restated in order to reflect the changes in accounting policies (see note 2) as well as the finalisation of the Polargen purchase accounting (see note 5).

## 9.2 Notes to the financial statements 2005-2006-2007

*All amounts in thousands of euros unless explicitly stated differently.*

### **Notes to the consolidated financial statements**

#### **Note 1 — Corporate information**

Thenergo SA is a Belgian company domiciled at 505 Avenue Louise, 1050 Brussels and founded in 2002. The company and its subsidiaries design and operate cogeneration (combined heat and power — “CHP”) installations fuelled by renewable energy (biogas and biomass) as well as natural gas in Belgium, Germany and the Netherlands. Further, the group is engaged in the operations and maintenance of the cogeneration projects as well as the trade of the electricity produced and the green power and CHP certificates. Following the acquisition of Leysen in September 2007 Thenergo entered into the Belgian waste market in order to develop the “waste to energy” business while creating synergies with the existing renewable energy activities. During December 2007 Thenergo acquired a controlling stake in ENRO AG, providing access to the German market and allowing the company to accelerate the growth and structure of its existing business model with increased revenues and earnings.

The consolidated financial statements for the year ended 31 December 2007 comprise the company and its subsidiaries (together referred to as “Thenergo” or “the company”) as well as the company’s interests in associates. These financial statements were prepared under the responsibility of the board of directors and were authorised for issue by the board of directors on 22 April 2008.

#### **Note 2 — Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to 31 December 2007. The accounting policies applied are consistent with those applied in the annual consolidated financial statements ended 31 December 2006 with the exception of (i) the presentation of the green power and CHP certificates which are considered as trade receivables (invoices to issue) instead of inventory and (ii) the accounting for government grants related to assets which are presented in the balance sheet as a deduction of the related fixed asset instead of deferred income. Government grants are recognised as income over the life of the related fixed assets by way of a reduced depreciation charge instead of other operating income. Management made these changes because they are considered to result in better financial reporting by representing more faithfully our business. Thenergo has not applied IFRS requirements that are not yet effective at 31 December 2007. Certain 2006 and 2005 amounts have been reclassified to conform to the 2007 presentation.

The consolidated financial statements are presented in thousands of Euro, unless explicitly stated differently.

#### **Note 3 — Summary of significant accounting policies**

Depending on the applicable IFRS requirements, the measurement basis used in preparing the financial statements is cost, net realisable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis (e.g. systematic revaluation), the cost approach is applied.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions with regard to the carrying amount of certain items in the consolidated financial statements. Estimates based on assumptions are inherently uncertain: actual results may differ from these estimates. Thenergo reviews its estimates and underlying assumptions on a regular basis in order to take into account historical experiences when revising estimates and associated assumptions in order to reflect economic conditions as well as possible. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes hereafter.

#### **(A) Principles of consolidation**

Subsidiaries are those companies in which Thenergo, directly or indirectly, has an interest of more than half of the voting rights or otherwise has control, directly or indirectly, over the operations so as to obtain benefits from the companies’ activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences

until the date that control ceases. Jointly controlled entities are consolidated using the proportionate method of consolidation.

The financial statements of our subsidiaries, jointly controlled entities and associates are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany transactions, balances and unrealised gains and losses on transactions between group companies have been eliminated.

Profit on revenue arising from sales with associates and jointly controlled entities is eliminated to the extent of Thenergo's interest in the entity. With regard to concept engineering fees invoiced to associates the elimination is done by reducing revenue against investments in associates. The deferred profit is released to revenue over the useful life of the installations, which is typically 10 years. Losses from transactions with associates and jointly controlled entities are eliminated in the same way as profits, but only to the extent that there is no evidence of impairment. The company's significant subsidiaries, jointly controlled entities and associates are disclosed in note 25 *List of subsidiaries and investments in associates*.

## **(B) Business combinations and goodwill**

All business combinations are accounted for by applying the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by Thenergo in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill is determined as the excess of the cost of an acquisition over Thenergo's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity or associate recognised at the date of acquisition. If Thenergo's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination such excess is recognised immediately in the income statement as required by IFRS 3. Goodwill is initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

When Thenergo acquires minority interests any difference between the cost of acquisition and the minority interest's share of net assets acquired is taken to goodwill or the income statement in the case of an excess (badwill).

In conformity with IFRS 3 *Business Combinations*, goodwill is stated at cost and not amortised but tested for impairment on an annual basis and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated, may be impaired (refer accounting policy J).

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

## **(C) Intangible Assets**

### ***Internally generated intangible assets — Research and development***

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised if, and only if, the following have been demonstrated for the product or process:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### ***Development and service contracts waste***

Development contracts represent acquired contractual rights in a business combination to deliver and operate cogeneration installations and the commitment of the customer to purchase cogeneration installations and services from Thenergo. These rights are initially recognised at fair value and amortised on a straight-line basis over the estimated useful life of the related cogeneration project which is typically 10 years.

Service contracts waste represent acquired contractual rights in a business combination to provide waste collection services and the commitment of the customer to purchase such services from Thenergo. These rights are initially recognised at fair value and amortised on a straight-line basis over the estimated useful life of the related contract which ranges between 5 and 10 years.

### **(D) Property, plant and equipment**

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer accounting policy J). Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. permits, non refundable tax, costs of dismantling and removing the items and restoring the site on which they are located, if applicable). The cost of a self-constructed asset is determined using the same principles as for an acquired asset.

#### ***Subsequent expenditure***

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. All other costs are expensed as incurred.

#### ***Depreciation***

The depreciable amount is the cost of an asset less its residual value. Residual values, if not insignificant, are reassessed annually. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Buildings.....	20 years
Cogeneration installations based on natural gas .....	7-10 years
Cogeneration installations based on biogas and biomass .....	10-15 years
Furniture, vehicles, containers and other .....	3-10 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Land is not depreciated as it is deemed to have an infinite life.

### **(E) Accounting for leases**

Leases of property, plant and equipment where the company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are recognised as assets and liabilities (leases) at amounts equal to the lower of the fair value of the leased property and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Amortisation and impairment testing for depreciable leased assets is the same as for depreciable assets that are owned (refer accounting policy D and J).

Leases of assets under which all the risks and rewards of ownership are substantially retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.



## **(F) Investments**

Investments in associates are undertakings in which Thenergo has significant influence over the financial and operating policies, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. This is generally evidenced by ownership of between 20% and 50% of the voting rights. Associates are accounted for by the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. When Thenergo's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and no further losses are recognised except to the extent that Thenergo has incurred obligations in respect of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

## **(G) Trade and other receivables**

Trade and other receivables are carried at amortised cost less impairment losses. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. An impairment loss is recognised in the income statement for the difference between the carrying amount of the receivables and the present value of the estimated future cash flows.

## **(H) Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The weighted average method is used in assigning the cost of inventories.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labour, other direct cost and an allocation of fixed and variable overhead based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs.

## **(I) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and demandable deposits. These financial assets are measured at fair value.

## **(J) Impairment**

The carrying amounts of financial assets, property, plant and equipment, goodwill and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). In addition, goodwill is tested for impairment annually. An impairment loss is recognised whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

### ***Calculation of recoverable amount***

The recoverable amount is determined as the higher of the fair value less costs to sell of the asset and the value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

For goodwill, the recoverable amount of the cash generating units to which the goodwill belongs is based on a fair value approach. More specifically, a discounted free cash flow approach is used. These calculations are corroborated by valuation multiples. As regards the level of goodwill impairment testing, Thenergo's overall approach is to test goodwill for impairment at the segment level.

### ***Reversal of impairment losses***

An impairment loss in respect of goodwill is not reversed. Impairment losses on other assets are reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(K) Provisions**

Provisions are recognised when (i) the company has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **(L) Employee benefits**

Contributions to defined contribution plans are recognised as an expense in the income statement when employees have rendered service entitling them to the contributions. The company did not operate any defined benefit plans at the balance sheet date.

### **(M) Share-based payments**

The company's 2007 share option ("warrant") program allows company senior management and members of the board to acquire Thenergo shares. The fair value of the warrants is estimated at grant date, using the binomial Monte Carlo option pricing model. Based on the expected number of warrants that will vest, the fair value of the warrants granted is expensed over the vesting period. At each balance sheet date, the company reviews its estimate of the number of warrants expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share based payment reserve within the equity section. When the warrants are exercised, equity is increased by the amount of the proceeds received.

### **(N) Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the initial amount and the maturity amount being recognised in the income statement over the expected life of the instrument on an effective interest rate basis.

Borrowing costs are recognised in profit or loss in the period in which they are incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

### **(O) Income Tax**

Income tax on the result of the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax effect is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

In accordance with IAS 12 *Income Taxes* deferred taxes are provided using the so-called balance sheet liability method. This means that, taking into account the IAS 12 requirements, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet a deferred tax liability or asset is recognised. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognised (i) on initial recognition of goodwill, (ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and (iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **(P) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the company and the income can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for rebates and other similar allowances.

### ***Goods and services sold***

In relation to the sale of goods and services, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the services have been delivered, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods, and there is no continuing management involvement with the goods. Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Green power and CHP certificates earned from the cogeneration production of electricity and heat are recognised when production has occurred and the collection of the sales value is probable.

Revenue from the sale of cogeneration installations is recognised in the income statement when the projects are substantially completed. The company does not apply the percentage of completion method on projects under construction because (i) the average completion period is less than one year and (ii) profit is eliminated for projects in which the company has a controlling interest or eliminated to the extent of Thenergo's interest in the case of associates — see also (A) *Principles of consolidation* above. Thenergo has a controlling or at least significant interest in the cogeneration projects undertaken.

### ***Government grants***

A government grant is recognised in the balance sheet when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants related to property, plant and equipment are presented in the balance sheet as a deduction of property, plant and equipment and recognised in the income statement over the life of the related asset by way of a reduced depreciation charge. Grants that compensate the company for expenses to be incurred (typically interest expense) are presented in the balance sheet as deferred income and recognised as finance income on a systematic basis in the same periods in which the interest expenses are incurred.

### ***Finance income***

Finance income comprises interest earned on short-term demandable deposits and interest charged to customers as part of the pre-financing of cogeneration projects completed. Further, finance income includes gains on hedging instruments that are not part of a hedge accounting relationship as well as any gains from hedge ineffectiveness (refer accounting policy R). Finance income also includes government grants with regard to interest expenses as explained above. The company has no significant transactions or exposures in foreign currencies.

## **(Q) Expenses**

### ***Finance costs***

Finance costs comprise interest payable on borrowings and leases, calculated using the effective interest rate method and losses on hedging instruments that are not part of a hedge accounting relationship, as well as any losses from hedge ineffectiveness (refer accounting policy R). Further, finance costs include the expenses of profit sharing arrangements.

## **(R) Derivative Financial Instruments**

Thenergo uses derivative financial instruments to manage the economic impact of interest rates and electricity prices on the company's performance. Thenergo's financial risk management policy prohibits the use of derivative financial instruments for trading purposes and the company does therefore not hold or issue any such instruments for such purposes. Derivative financial instruments that are economic hedges but that do not meet the strict IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting rules, however, are accounted for as financial assets or liabilities at fair value through profit or loss.

Derivative financial instruments are recognised initially at fair value. Fair value is the amount for which the asset could be exchanged or the liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates. These pricing models also take into account the current creditworthiness of the counterparties.

Subsequent to initial recognition, derivative financial instruments are remeasured to their fair value at balance sheet date. Depending on whether cash flow hedge accounting is applied or not, any gain or loss is either recognised directly in equity or in the income statement.

Cash flow hedge accounting is applied to all hedges that qualify for hedge accounting when the required hedge documentation is in place and when the hedge relation is determined to be effective. The company does not apply any fair value hedge accounting.

### ***Cash flow hedge accounting***

When a derivative financial instrument hedges the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any resulting gain or loss on the derivative financial instrument is recognised directly in equity (hedging reserves). When the forecasted transaction results in the recognition of a financial asset or liability, the cumulative gain or loss on the hedging instrument is reclassified from equity into the income statement in the same period during which the hedged risk affects the income statement (e.g. when the variable electricity income is recognised). The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss remains in equity and is reclassified in accordance with the above policy when the hedged transaction occurs. If the hedged transaction is no longer probable, the cumulative gain or loss recognised in equity is reclassified into the income statement immediately.

### **(S) Recently issued IFRS**

To the extent that new IFRS requirements are expected to be applicable in the future, they have been summarised hereafter.

### ***IFRS 8 OPERATING SEGMENTS***

In November 2006 the IASB issued International Financial Reporting Standard (IFRS) 8 *Operating Segments*. IFRS 8 replaces IAS 14 *Segment Reporting* and aligns segment reporting with US generally accepted accounting principles (GAAP). This development is part of the IASB's short-term convergence project with the US Financial Accounting Standards Board (FASB) to reduce differences between IFRS and US GAAP. IFRS 8 needs to be applied for the first time in the 2009 annual financial statements. The new standard requires Thenergo to adopt a "management approach" to reporting on the financial performance of our segments. We do not expect that IFRS 8 will trigger a material change to our current segment reporting.

### **Note 4 — Segment reporting**

Since Thenergo's risks and returns are predominantly affected by the differences in the company's activities the primary segment reporting format are business segments. The following four business segments were identified:

- Energy production from natural gas: this segment contains the production and sale of energy from cogeneration installations fuelled by natural gas as well as the trade of the related CHP certificates.
- Energy production from biogas and biomass: this segment covers the production and sale of energy from installations fuelled by biogas and biomass as well as the trade of the related green power and CHP certificates.
- Concept engineering of energy plants: this segment groups the services with regard to the engineering and building of energy plants as well as operational services.
- Fuels & waste: this segment includes the procurement of fuels for energy processing and the upstream waste collection activities.

A secondary geographical segment reporting is not considered useful since the company's revenue and costs were predominantly generated from projects and activities in Belgium and the Netherlands.

	Energy from natural gas		Energy from biogas and biomass		Concept engineering energy plants		Fuels & Waste	Holding		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2007	2006	2007	2006	2007	2006
Revenue external customers.....	4,120	1,538	1,205	1,698	7,633	502	7,852					20,810	3,738
Revenue other segments.....		40		1	4,455	278				-4,455	-319		
<b>Total segment revenue .....</b>	<b>4,120</b>	<b>1,578</b>	<b>1,205</b>	<b>1,699</b>	<b>12,088</b>	<b>780</b>	<b>7,852</b>			<b>-4,455</b>	<b>-319</b>	<b>20,810</b>	<b>3,738</b>
<b>Operating result (EBIT) .....</b>	<b>532</b>	<b>328</b>	<b>575</b>	<b>534</b>	<b>2,563</b>	<b>52</b>	<b>278</b>	<b>-3,988</b>	<b>-849</b>	<b>-1,021</b>		<b>-1,061</b>	<b>65</b>
Depreciation .....	682	208	126	126	334	5	530	24	23			1,696	362
<b>EBITDA .....</b>	<b>1,214</b>	<b>536</b>	<b>701</b>	<b>660</b>	<b>2,897</b>	<b>57</b>	<b>808</b>	<b>-3,964</b>	<b>-826</b>	<b>-1,021</b>		<b>635</b>	<b>427</b>
Financial result .....	-707		-382		-9		-201	1,364	105			65	105
Share of result of associates .....	227	102										227	102
Income taxes .....	-703		-887				23	52	204	-112		-1,627	204
<b>Result of the year .....</b>	<b>755</b>	<b>430</b>	<b>1,080</b>	<b>534</b>	<b>2,554</b>	<b>52</b>	<b>54</b>	<b>-2,676</b>	<b>-948</b>	<b>-909</b>		<b>858</b>	<b>68</b>
<b>Assets .....</b>	<b>24,789</b>	<b>7,787</b>	<b>9,498</b>	<b>3,002</b>	<b>5,664</b>	<b>13,045</b>	<b>18,589</b>	<b>128,528</b>	<b>5,517</b>	<b>-1,021</b>		<b>186,047</b>	<b>29,351</b>
<b>Liabilities .....</b>	<b>19,616</b>	<b>2,309</b>	<b>7,976</b>	<b>971</b>	<b>6,178</b>	<b>3,715</b>	<b>15,517</b>	<b>14,399</b>	<b>16,776</b>	<b>-112</b>		<b>63,574</b>	<b>23,771</b>
Acquisition of property, plant and equipment ..	8,472	1,053	4,504	1,123	3,022	928	539	2,126		-734		17,929	3,104

	Energy from natural gas		Energy from biogas and biomass		Concept engineering energy plants		Holding		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue external customers.....	1,538	522	1,698	218	502	559					3,738	1,299
Revenue other segments.....	40		1		278	1,960			-319	-1,960		
<b>Total segment revenue .....</b>	<b>1,578</b>	<b>522</b>	<b>1,699</b>	<b>218</b>	<b>780</b>	<b>2,519</b>			<b>-319</b>	<b>-1,960</b>	<b>3,738</b>	<b>1,299</b>
<b>Operating result (EBIT) .....</b>	<b>328</b>	<b>-28</b>	<b>534</b>	<b>131</b>	<b>52</b>	<b>180</b>	<b>-849</b>	<b>-455</b>			<b>65</b>	<b>-172</b>
Depreciation .....	208	87	126	41	5		23	22			362	150
<b>EBITDA .....</b>	<b>536</b>	<b>59</b>	<b>660</b>	<b>172</b>	<b>57</b>	<b>180</b>	<b>-826</b>	<b>-433</b>			<b>427</b>	<b>-22</b>
Financial result .....							105	-146			105	-146
Share of result of associates .....		102									102	
Income taxes .....							204	-276			204	-276
<b>Result of the year .....</b>	<b>430</b>	<b>-28</b>	<b>534</b>	<b>131</b>	<b>52</b>	<b>180</b>	<b>-948</b>	<b>-325</b>			<b>68</b>	<b>-42</b>
<b>Assets .....</b>	<b>7,787</b>	<b>2,688</b>	<b>3,002</b>	<b>1,878</b>	<b>13,045</b>		<b>5,517</b>	<b>1,686</b>			<b>29,351</b>	<b>6,252</b>
<b>Liabilities .....</b>	<b>2,309</b>	<b>719</b>	<b>971</b>	<b>91</b>	<b>3,715</b>		<b>16,776</b>	<b>4,961</b>			<b>23,771</b>	<b>5,771</b>
Acquisition of property, plant and equipment.....	1,053	1,332	1,123	1,723	928	11					3,104	3,066

### Operating income

Over 2007, Thenergo's operating income has increased to € 20,987 from € 3,787 in 2006 and € 1,303 in 2005. The 2007 operating income increased with a multiplier of x5.5 as compared to the 2006 operating income. This significant increase is caused by both organic and non-organic growth.

Operating income	2007		2006		2005	
Electricity.....	2,173	10%	1,329	35%	271	21%
Heat.....	856	4%	322	9%	104	8%
Green Certificates .....	618	3%	684	18%	161	12%
CHP certificates .....	1,678	8%	900	24%	144	11%
Development fees .....	7,633	36%	497	13%	521	40%
Waste management.....	7,812	37%				
Other revenues .....	40	0%	6	0%	98	8%
Other income .....	177	1%	49	1%	4	0%
<b>Total .....</b>	<b>20,987</b>		<b>3,787</b>		<b>1,303</b>	

Electricity revenues are generated by sales of electricity to both the project partners and to the public grid. The portion of electricity sold to the local partner is limited to an average of 9.4% of the electricity revenues. The rest is sold to the grid. Electricity sales are conducted *via* forward contracts (with a period between 3 and 15 months) and spot sales.

The heat revenues are fully generated by sales of heat to the local partners in the projects.

Energy sales (electricity and heat) increased to € 3,029 in 2007 as compared to € 1,651 in 2006 and € 375 in 2005. This increase is linked to a higher number of operational CHP plants.

Revenues from CHP certificates increased to € 1,678 following the higher number of operational CHP plants. With respect to the green certificates, revenues *slightly* decreased to € 618 in 2007 as compared to € 684 in 2006 which is explained by the lower number of operational hours of the Biocogen plant in 2007 following the scheduled maintenance of the CHP installation and additional *maintenance* at the partner's site not in Thenergo's control.

Development fee revenues relate to concept engineering charged by Thenergo to all of its projects (both in majority and minority held projects) as remuneration for the project development effort and the concept engineering activities, including ad hoc external sales of CHP installations. The development revenues increased to € 6,987 in 2007 as compared to about € 300 in 2006. The 2007 development revenues are linked to the fact that 12 CHP plants were completed in the course of 2007 and project development and engineering activities done for external parties.

Next to the development fee, other fees and commissions are charged (€ 646 in 2007) with respect to sales commissions and management & monitoring activities.

All of the 2007 revenues were generated in Belgium, given that in 2007 Thenergo only had minority participations in the three operational CHP plants in the Netherlands. Furthermore, control of ENRO was only acquired in January 2008 and is therefore only consolidated as of 1 January 2008.

### ***Operating expenses***

#### ***Cost of sales***

##### ***Fuel costs***

Thenergo's operational sites at 31 December 2007 were all from the 'Groeikracht' type, except for one plant, the Biocogen plant. The fuel used for the 'Groeikracht' plants is natural gas, whilst for the Biocogen plant biogas is used as fuel, coming from a purification process of polluted water.

The expenses following the purchase of natural gas serving as fuel for Thenergo's CHP plants increased to € 2,393 in 2007 compared to € 1,063 in 2006 and € 274 in 2005. This increase is linked to the higher number of operational CHP plants, using natural gas as fuel, in 2007 compared to 2006 and 2005.

##### ***Project development costs***

Thenergo incurs costs linked to the project development for its own projects or for external projects, sales of engines or services to third parties. These costs entail cost of studies and cost associated to sales of engines and installations.

Project development costs increased to € 5,565 in 2007 compared to € 104 in 2006 and € 412 in 2005.

##### ***Waste management costs***

The most important costs relating to waste management are linked to the purchase of recovery goods (€ 1,613) mainly the purchase of paper and cardboard and also plastics to a lesser extent. After a minor treatment, these goods are either sold to the paper industry, either exported.

A second important cost is the treatment cost of waste (€ 2,587) which are gate fees that need to be paid to external parties that process the waste. Important to note is that a part of these waste flows are considered as fuel for certain Thenergo projects under construction or in the pipeline and that therefore a certain amount of gate fees will be saved in the future.

##### ***Payroll expenses***

Personnel costs (excluding share based expense — as discussed hereunder) increased to € 2,334 in 2007, compared to € 858 in 2006 and € 220 in 2005. The significant 2007 increase is to a large extent linked to the acquisition of the Leysen group in September 2007, adding extra personnel costs for an amount of € 1,263 to Thenergo's 2007 payroll expenses.

The remaining variance is limited despite the significant revenue growth (also excluding the Leysen revenue), as a consequence of a more effective allocation of staff to projects as well as disciplined management of human resources.

The average number of employees increased to 56 FTE's in 2007, coming from 10 in 2006 and 7 FTE's in 2005. The significant increase in 2007 is mainly linked to the Leysen acquisition in September 2007. At the end of 2007 Thenergo counted in total 190 FTE's, of which 109 employed in the Leysen Group, 51 in tse AG and 30 in Thenergo. This includes management and corporate functions.

### *Share-based expense*

Thenergo's 2007 reported EBITDA is negatively impacted by a share-based expense for an amount of € 2,667. This expense is a non-cash expense of which € 787 is regarded as an operational engineering cost and eventually capitalised as thus, while € 1,880 is not linked to Thenergo's operational business. The expense is a consequence of the share options granted to Key Management and Board members in the course of 2007. See also note 16 *Share-based payments*.

For management reporting purposes, Thenergo did not include such expense in the Recurring EBITDA figures as Thenergo believes that including such expense does not properly reflect the financial performance of the company.

Thenergo's future EBITDA will also be impacted until 2010 in relation with this share-based expense. Thenergo estimates the impact to be € 3,100 in 2008, € 1,200 in 2009 and € 500 in 2010.

### *Other operating expenses*

For 2007, Thenergo's most important other operating expenses (total amount for 2007 is € 2,468) relate to:

- Third party services (€ 870), i.e. mainly insurance, audit fees and accounting fees;
- Usage costs (€ 606), i.e. mainly utilities and office supplies;
- PR, marketing & Sales (€ 659), i.e. mainly communication & PR and representation costs.

### ***Recurring EBITDA***

For discussing the EBITDA and EBIT figures, we exclude the share-based payment expense from these figures in order to properly compare the business performance over the years 2007, 2006 and 2005. Therefore the 2007 'Recurring EBITDA and 'Recurring EBIT' are equal to the 2007 reported EBITDA and EBIT excluding the share-based expense of € 1,880.

For the years 2006 and 2005, the 'Recurring EBITDA' and 'Recurring EBIT' are equal to the reported EBITDA and EBIT.

Thenergo's Recurring EBITDA increased to € 2,515 in 2007 as compared to € 427 in 2006 and € -22 in 2005. Besides the significant increase in absolute figures, the Recurring EBITDA margin also increased to 12.1% in 2007 compared to 11.4% in 2006 and -1.7% in 2005, despite higher communication and representation costs in 2007 following the increased communication efforts of Thenergo as a consequence of the Alternext listing in June 2007.

### ***Recurring EBIT***

#### *Amortisations and depreciations*

Amortisations and depreciations increased to € 1,696 in 2007 compared to € 362 in 2006 and € 150 in 2005. The significant increase in amortisations and depreciations in 2007 is a consequence of the significantly higher number of operational sites in 2007 compared to 2006 and 2005.

#### *Recurring EBIT*

Thenergo's Recurring EBIT increased to € 819 in 2007 as compared to € 65 in 2006 and € -172 in 2005. Besides the significant increase in absolute figures, the Recurring EBIT margin also increased to 3.9% in 2007 compared to 1.8% in 2006 and -13.2% in 2005.

### ***Profit***

#### *Financial result*

Financial income increased to € 1,394 in 2007 compared to € 378 in 2006 and € 41 in 2005. The 2007 financial income increase is caused by the € 70 million of funds raised in June 2007, where after a large part of the proceeds was invested in short-term deposits over the second half of 2007. On 31 December 2007, Thenergo still had a positive cash position of € 49,825.

Financial costs increased to € 1,329 in 2007 compared to € 273 in 2006 and € 187 in 2005.

The 2007 financial cost increase is caused by a higher number of operational plants that have been financed via a project financing structure on the concerning Project company.

The debt and interest expense of all the project company where Thenergo is majority shareholder is consolidated in the Thenergo financials.

#### *Taxes*

As all of Thenergo's projects are structured in separate legal entities, the tax position of each entity is analysed separately in Belgium in order to determine the taxes due. Thenergo has both operational projects which are subject to deferred tax assets (€ 1,755, following tax credit for capital expenditures, notional interest deduction and elimination of intercompany profits) and entities that pay income taxes based on a positive tax base (€ 128). The consolidated tax impact on Thenergo's profit is therefore a positive tax credit worth € 1,627.

#### *Profit*

Thenergo's reported profit (after share-based expense) increased to € 858 in 2007 as compared to € 68 in 2006 and € -42 in 2005. This implies a profit margin of 4.1% in 2007 versus 1.8% in 2006 and -3.2% in 2005.

These profit figures include the share-based expense of € 1,880.

The Thenergo share of the profit in 2007 amounts to € -60 as a consequence of the share-based expense fully relating to Thenergo and not to the minorities.

### **Note 5 — Acquisitions of subsidiaries**

#### ***Polargen acquisition***

On 30 November 2006 the company acquired 51% of the Polargen Holding B.V. shares. Via its subsidiaries and investments in associates Polargen designs and operates cogeneration (combined heat and power — "CHP") installations for agricultural and industrial partners in Belgium and the Netherlands. Polargen holds an 11.66% interest in Groeikracht Merksplas NV and a 13.76% interest in Groeikracht Boechout NV. Since Thenergo already held respectively 44.99% and 41.02% of the voting rights in these companies it obtained control over them. As a result, these subsidiaries are fully consolidated as from 30 November 2006 while they were proportionally consolidated before. The Polargen purchase price amounts to € 5,100 paid in cash.

The 2006 consolidated revenue and profit would have been higher by respectively € 4,441 and € 458 if the acquisition date had been 1 January 2006.

During the year 2007 the company completed its purchase accounting for Polargen. The changes in the acquired net assets as compared to the numbers published at 31 December 2006 are as follows:

	Amounts at 31 December 2006 as published in June 2007	Final values upon completion purchase accounting	Difference
Intangible assets.....	14,662	5,232	9,430
Deferred tax liabilities .....	-4,984	-1,779	-3,205
Trade payables.....	-6,073	-5,934	-139
<b>Total .....</b>	<b>3,605</b>	<b>-2,481</b>	<b>6,086</b>

The changes in the net assets were allocated as follows :

Goodwill.....	2,841
Goodwill on investments in associates .....	655
Retained earnings.....	-139
Minority interests.....	2,729
<b>Total .....</b>	<b>6,086</b>

The significant decrease in the recognised intangible assets is explained by the fact that the initial value of € 14,662 was purely based on business plan data lacking intangible assets recognisable under IFRS.



On 30 November 2007 Thenergo acquired the remaining minority interest of 49% in Polargen in exchange for 556,000 Thenergo shares. The transaction was valued at € 4,900 and resulted in an additional goodwill of € 2,994. The total Polargen goodwill of € 5,835 is justified by (i) the Polargen know-how, (ii) revenue synergies and (iii) the proven profitability of Polargen and its investments in associates.

Directly attributable expenses for the Polargen acquisition amount to € 16.

### ***Leysen acquisition***

In September 2007 Thenergo concluded the acquisition of Leysen Invest NV (“Leysen”), a Belgian waste management group, active in two core areas; Waste Procurement solutions for agribusinesses, industry, regional authorities and ports in the Benelux area and Upstream Logistics activities including waste collection, sorting, treatment and processing for energy recovery. The integration of Leysen’s fuel procurement and logistics know-how, with Thenergo’s concept engineering, operational management, electricity sales and trading experience will enhance both companies’ strengths, while the highly complementary industrial partnership will allow Thenergo to expand its existing business model and to accelerate the development of biomass units. At the same time, Thenergo’s turnover and earnings will substantially increase, and recurrent cash flows will be enhanced thanks to Leysen’s on-going waste management activities.

Founded in 2002, Leysen Group was a privately owned company, headquartered in Turnhout, Belgium. Its core activities include collection, pre-treatment & treatment of waste in the Benelux region, and biomass for energy, biomass application, investing in projects and companies in the field of renewable energy on a more global scale.

The total purchase price amounts to € 56,000, of which € 20,000 was paid in cash, leveraged by debt financing of € 10,000, while € 16,000 was settled against 1,727,862 Thenergo shares and € 20,000 will be settled in 2012 by issuing 2,159,827 Thenergo shares subject to the achievement of new business development targets in the renewable energy business budgeted at € 80,000 in revenue and € 16,000 in EBITDA at the end of 2011. In case of a liquidity event, the contribution in kind and the resulting capital increase must occur within 30 working days following the latest of the following dates: (i) the date of the liquidity event; or (ii) 31 July 2009, unless the nature of the transaction requires the contribution to occur before the date of the liquidity event (e.g. in case of a sale of all shares in the company or a merger) (see section “5.6. Undertaking to issue shares”). Consequently, the goodwill and conditional capital (see also note 12 *Share capital*) stemming from the recognition of the € 20,000 € contingent consideration may be reduced to as low as zero during the subsequent years if the performance targets are not met. The € 9.26 value of a Thenergo share, used in determining the number of Thenergo shares to be issued to settle the acquisition price, is, because of the thinness of the market, based on the average market price of the Thenergo share between the IPO date of 14 June 2007 and 31 August 2007.

Directly attributable expenses for the Leysen transaction amount to € 578. Leysen contributed € 42 to the 2007 profit. It was estimated that the 2007 consolidated revenue would have been € 15,005 higher while profit would have been € 1,142 lower if the acquisition date had been 1 January 2007.

At 31 December 2007 the Leysen purchase accounting was only provisional because management had not yet completed its analysis of the existing contracts nor the fair value measurement of the assets and liabilities acquired.

### ***Other acquisitions***

On 28 December 2007 Thenergo concluded the acquisition of the majority interest of 74.87% in Groeikracht de Markvallei NV for a cash consideration of € 616 paid at 31 December 2007. As a result, the company obtained control of this company based on which the assets and liabilities of Groeikracht de Markvallei NV were included in the consolidated balance sheet at 31 December 2007 while the income statement of this new subsidiary was accounting for under the equity method until 31 December 2007. Due to the timing of the transaction management was not yet able to complete the purchase accounting for this transaction. Therefore, the purchase price of € 616 was recognised against the outstanding minorities with the difference of € –175 being recognised tentatively as deferred income as part of the *other current liabilities*. If the acquisition date would have been 1 January 2007 consolidated revenue and profit would have been higher by respectively € 2,943 and € 34. The amount of directly attributable expenses related to this acquisition was insignificant.

On 26 December 2007 Thenergo completed the buy out of the 43.34% minority interests in Groeikracht Merksplas NV for a purchase price of € 445 settled in cash at 31 December 2007. This purchase price was recognised against the outstanding minorities with the difference of € 162 being recognised as goodwill — see also note 6 *Goodwill*.

At the end of December 2007 Thenergo acquired 40.76% minority interests in Groeikracht Boechout NV for a cash purchase price of € 525 payable in 2008. This purchase price was recognised against the outstanding minorities with the

difference of € 68 being recognised as goodwill — see also note 6 *Goodwill*. At 31 December 2007 minorities in Groeikracht Boechout NV amount to 4.46%.

The table below summarises the impact of the acquisitions (figures at the respective dates that control was obtained over the subsidiaries) on the financial position of Thenergo:

	2007	2006	2005
Intangible assets .....	2,654	5,232	
Property, plant and equipment .....	13,074	968	
Investments .....	87	1,197	
Deferred tax assets .....		97	
<b>Non-current assets .....</b>	<b>15,815</b>	<b>7,494</b>	
Trade receivables .....	7,812	5,303	
Other receivables .....	886	224	
Inventories .....	52		
Other current assets .....	202		
Cash and cash equivalents .....	739	438	
<b>Current assets .....</b>	<b>9,691</b>	<b>5,965</b>	
Long-term borrowings .....	-4,282	-64	
Leases .....	-7,058	-337	
Deferred tax liabilities .....	-918	-1,903	
<b>Non-current liabilities .....</b>	<b>-12,258</b>	<b>-2,304</b>	
Short-term borrowings .....	-2,263	-107	
Leases .....	-340	-63	
Trade payables .....	-6,818	-6,073	
Other payables .....	-875	-476	
Other current liabilities .....	-124	-6	
<b>Current liabilities .....</b>	<b>-10,420</b>	<b>-6,725</b>	
<b>Net identifiable assets and liabilities .....</b>	<b>2,828</b>	<b>4,430</b>	
<b>Share acquired in the net identifiable assets and liabilities .....</b>	<b>2,828</b>	<b>2,259</b>	
Minorities .....		-655	
Goodwill on acquisitions .....	53,788	3,496	
<b>Consideration .....</b>	<b>56,616</b>	<b>5,100</b>	
(Conditional) settlement in Thenergo shares .....	-36,000		
Bank loan to finance Leysen acquisition .....	-10,000		
Cash acquired .....	-739	-744	
<b>Net cash outflow .....</b>	<b>9,877</b>	<b>4,356</b>	

The 2006 cash acquired of € -744 includes € -306 with regard to Groeikracht Merksplas NV and Boechout NV following the change in consolidation method — see above: Polargen acquisition.

### **ENRO acquisition**

In order to secure a critical foothold in Germany, generally perceived as a high potential business region in Europe and a gateway to Central and Eastern Europe, Thenergo acquired 51% in ENRO AG, a German biomass-to-energy company listed on the Open Market (regulated unofficial market) at the Frankfurt Stock Exchange, during December 2007.

In a share swap, ENRO investors received one new Thenergo share for every 2.25 ENRO shares, based on the € 9.00 average market price of the Thenergo share during the 90 trading days preceding the initiation of the private placement. In addition, Thenergo bought in the market during 2007 21% of ENRO shares at an average price of € 3.70 per share.

All these transactions occurred without the consent of the supervisory board and management board of ENRO AG. On 5 December 2007 Thenergo publicly announced that it had obtained a controlling interest in ENRO AG. On 20 December 2007 the ENRO supervisory board announced its resignation, effective 31 December 2007. On 10 January 2008 the Essen (Germany) court decided to appoint members of Thenergo's key management as the new members of the ENRO supervisory board. Consequently, effective 10 January 2008 Thenergo obtained the ability to determine ENRO's strategic operating and financing policies as well as the power to protect, maintain or increase the level of benefits from its investment in ENRO. During the beginning of 2008 ENRO changed its name into THENERGO sustainable energies AG ("tse AG") and Thenergo acquired an additional 35% in tse AG, of which 25% against € 3,098 of cash and 10% by issuing 165,376 Thenergo shares.

Based on the above the 51% interest in ENRO AG was in the financial statements ended 31 December 2007 reported as an investment at cost for a total value of € 8,014. The AG will be fully consolidated starting 1 January 2008. The company has not yet started its accounting for the business combination and is therefore unable to provide the IFRS 3 disclosures for acquisitions made after the balance sheet date.

The acquisition will allow Thenergo to accelerate the growth and structure of its existing business model while increasing its revenue and earnings.

#### Note 6 — Goodwill

	<u>Gross Value</u>	<u>Impairment</u>
<b>At 31 December 2005</b>		
Acquisition 51% Polargen — November 2006.....	2,841	
<b>At 31 December 2006.....</b>	<b>2,841</b>	
Acquisition 100% Leysen — September 2007 .....	53,788	
Acquisition 49% minority interest Polargen — November 2007 .....	2,994	
Acquisition 43% minority interest Groeikracht Merksplas — December 2007 .....	162	
Acquisition 41% minority interest Groeikracht Boechout — December 2007.....	68	
<b>At 31 December 2007.....</b>	<b>59,853</b>	

Goodwill has been tested for impairment at the segment level based on a fair value less cost to sell approach. The Polargen goodwill is less than four times the budgeted profit of Polargen for the coming years. With regard to the Leysen goodwill of € 53,788 it should be noted that this amount includes € 20,000 which is contingent upon the achievement of new business development targets in the renewable energy business budgeted at € 80,000 in revenue and € 16,000 in EBITDA by the end of 2011 — see also note 5 *Acquisitions of subsidiaries*. Further, this amount is subject to the finalisation of the purchase accounting during 2008, after which a detailed impairment testing approach can be set-up.

In the fourth quarter of 2007, Thenergo completed its annual impairment test for goodwill and concluded, based on the information described above, that no impairment charge was warranted. The company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. Thenergo believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company is not aware of any reasonably possible change in a key assumption used that would cause a business unit's carrying amount to exceed its recoverable amount.

#### Note 7 — Intangible assets

	<u>Acquisition value</u>	<u>Amortisation</u>	<u>Impairment</u>
<b>At 31 December 2005</b>			
Polargen development contracts .....	5,232	–13	
<b>At 31 December 2006.....</b>	<b>5,232</b>	<b>–13</b>	
Leysen service contracts waste .....	2,654	–366	
<b>At 31 December 2007.....</b>	<b>7,886</b>	<b>–379</b>	

The Polargen development contracts represent acquired contractual rights to deliver and operate cogeneration installations and the commitment of the customer to purchase cogeneration installations and services from Thenergo. These rights are initially recognised at fair value as part of the Polargen purchase accounting (see also note 5 *Acquisitions of subsidiaries*) and amortised on a straight-line basis over the estimated useful life of the related cogeneration project which is typically 10 years.

Future cash flows from the commissioning of cogeneration installations for a total capacity of 40 Mw as well as management fees with regard to existing and contracted cogeneration installations were projected on a 10 year basis and discounted at 10% per year to determine the fair value of the development contracts.

The Leysen service contracts waste represent acquired contractual rights to provide waste collection services and the commitment of the customer to purchase such services from Thenergo. These rights are initially recognised at fair value following the provisional purchase accounting for the September 2007 Leysen acquisition (see also note 5 *Acquisitions of subsidiaries*) and amortised on a straight-line basis over the estimated useful life of the related contract which ranges between 5 and 10 years.

## Note 8 — Property, plant and equipment

	2007					2006	2005
	Land and buildings	Installations, machinery & equipment	Leased equipment	Furniture, vehicles & other	PPE under construction	Total	Total
<b>Acquisition cost</b>							
Balance at end of previous year .....		5,307	2,640	255	1,085	9,287	700
Entry in the consolidation scope .....	1,764	2,027	9,197	86		13,074	2,820
Acquisitions .....	236	7,188	3,625	586	6,294	17,929	3,104
Change in accounting policy .....							-893
Other .....		-41				-41	
<b>Balance at end of year .....</b>	<b>2,000</b>	<b>14,481</b>	<b>15,462</b>	<b>927</b>	<b>7,379</b>	<b>40,249</b>	<b>3,766</b>
<b>Depreciation and impairment losses</b>							
Balance at end of previous year .....		-432	-363	-107		-902	-195
Depreciations .....	-28	-497	-676	-130		-1,331	-349
Change in accounting policy .....							132
<b>Balance at end of year .....</b>	<b>-28</b>	<b>-929</b>	<b>-1,039</b>	<b>-237</b>		<b>-2,233</b>	<b>-195</b>
<b>Carrying amount</b>							
at 31 December 2007 .....	<b>1,972</b>	<b>13,552</b>	<b>14,423</b>	<b>690</b>	<b>7,379</b>	<b>38,016</b>	
at 31 December 2006 .....		<b>4,875</b>	<b>2,277</b>	<b>148</b>	<b>1,085</b>		<b>8,385</b>
at 31 December 2005 .....							<b>3,571</b>

During the year 2007 the accounting policy with regard to government grants for property, plant and equipment was changed: the grants are presented in the balance sheet as a deduction of the related fixed asset instead of deferred income — see also note 2 *Statement of compliance*.

Government grants were recognised as follows in the balance sheet:

<b>Government grants</b>	<b>31/12/2007</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Government assistance for cogeneration installations — deducted from the acquisition cost .....	1,770	893	666
Government assistance for the financing of cogeneration installations — deferred income included in <i>other liabilities</i> .....	354	455	264
<b>Total .....</b>	<b>2,124</b>	<b>1,348</b>	<b>930</b>

There were no unfulfilled conditions relating to the government grants recognised in the balance sheet.

The residual value of the cogeneration installations was estimated at 10% of the acquisition cost.

The company leases cogeneration installations (carrying amount of € 8,679 at 31 December 2007 and € 2,277 at 31 December 2006) as well as containers, furniture and vehicles (carrying amount of € 5,744 at 31 December 2007 and € 0 at 31 December 2006) under a number of finance lease agreements.

*PPE under construction* relates to two biomass cogeneration plants.

## Note 9 — Investments

The increase in the carrying amount of investments by € 8,004 between 31 December 2006 and 31 December 2007 is primarily explained by the ENRO acquisition (carrying amount of € 8,014 — see also note 5 *Acquisitions of subsidiaries* above).

## Note 10 — Trade and other receivables

Trade receivables consist of the following:

	2007	2006	2005
Accounts receivable .....	10,970	2,520	928
Contracts under construction .....	1,200	4,331	
<b>Total .....</b>	<b>12,170</b>	<b>6,851</b>	<b>928</b>

The ageing of the accounts receivable is as follows:

	Net carrying amount as of December 31	Of which: neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due as follows			
			Past due — less than 30 days	Past due — between 30 and 60 days	Past due — between 60 and 90 days	Past due — more than 90 days
At 31 December 2007 .....	10,970	5,566	1,849	1,325	156	2,074
At 31 December 2006 .....	2,520	2,055	146	220	12	87
At 31 December 2005 .....	928	928				

The aged receivables relate primarily to the waste business (Leysen). As part of the Leysen integration program, management took initiatives to improve collection of overdue receivables.

The 2007 and 2006 impairment loss on trade receivables amounted to respectively € –117 (reversal of a provision) and € 150.

No impairment loss was incurred during 2005.

Other receivables consist of the following:

	2007	2006	2005
VAT to recover .....	1,283	263	12
Current income and withholding taxes to recover .....	151	16	47
Grants to collect .....	1,246	896	776
Trade receivables from associates .....	1,664		
Loan to ENRO AG .....	650		
Other .....	453	49	21
<b>Total .....</b>	<b>5,447</b>	<b>1,224</b>	<b>856</b>

Contracts under construction consist of the following:

	2007	2006	2005
Contract costs incurred .....	3,971	4,602	
Progress billing on contract costs incurred .....	–2,771	–271	
<b>Total .....</b>	<b>1,200</b>	<b>4,331</b>	

Contract costs incurred relate for an amount of € 3,760 to six cogeneration projects under construction.

#### Note 11 — Cash and cash equivalents

	2007	2006	2005
Cash on hand .....	3,733	2,062	434
Short-term demandable deposits .....	46,092	917	13
<b>Total .....</b>	<b>49,825</b>	<b>2,979</b>	<b>447</b>

Short-term demandable deposits comprised at 31 December 2007 € 46,080 deposits maturing between 2 January 2008 and 11 February 2008, yielding 4.4% of interest.

## Note 12 — Share capital

The company's share capital changed over the last three years as follows:

	Thousands of Euros	Thousands of shares
<b>At 1 January 2005</b> .....	<b>806</b>	<b>8</b>
Share capital increase of December 2005 .....	875	9
<b>At 31 December 2005</b> .....	<b>1,681</b>	<b>17</b>
Share capital increase of February 2006 .....	2,178	28
<b>At 31 December 2006</b> .....	<b>3,859</b>	<b>45</b>
23 April 2007: multiplication of the number of shares by 100 .....		4,405
Share capital increase of May 2007 (by Theolia SA) .....	5,628	666
Share capital increase of May 2007 .....	5,004	592
Share capital increase of June 2007 .....	64,996	7,692
Share capital increase Leysen acquisition September 2007 .....	16,000	1,728
Contingent share capital increase Leysen acquisition September 2007 .....	20,000	
Share capital increase December 2007 Polargen 49% .....	4,900	556
Share capital increase December 2007 ENRO acquisition .....	4,266	474
<b>Total share capital at 31 December 2007</b> .....	<b>124,653</b>	<b>16,158</b>

Transaction costs directly attributable to capital increase	Thousands of Euros
<b>At 31 December 2005</b>	
Share capital increase of February 2006 .....	-388
<b>At 31 December 2006</b> .....	<b>-388</b>
Share capital increases of May and June 2007 .....	-9,214
Share capital increases September and December 2007 .....	-203
<b>At 31 December 2007</b> .....	<b>-9,805</b>
<b>Total share capital net</b> .....	<b>114,848</b>

The company's shares are ordinary shares without par value. All shares that have been issued are fully paid and have the same rights. The holders of Thenergo shares are entitled to dividends in accordance with the Belgian company law and upon decisions of the shareholders' meeting.

Following the February 2007 agreement (referred to as "Program of capital increase") between the company and Amsterdams Effectenkantoor B.V. ("AEK"), as amended in May 2007, AEK assists the company in raising capital during a year of maximum five years through share capital increases for a maximum amount of € 100,000. These share capital increases can be subscribed by investors proposed by AEK or by AEK itself. The € 5,000 and € 65,000 private placements of respectively 22 May 2007 and 18 June 2007 at a price of € 8.45 per share are part of the € 100,000 AEK agreement. It has been agreed that for the remaining € 30,000 share capital that could be raised in the future with the assistance of AEK, Thenergo will issue warrants (share options) to AEK, or qualified investors selected by AEK, at a price of 0.01% of the exercise price of the warrants. The exercise price will be determined as 80% of the weighted (based on volumes) average share price during 90 days before the date of grant. The AEK commission on share capital increases amounts to 5% of the issuance price of the new shares. Further, AEK receives a number of warrants that is determined as 25% of the number of shares issued under the Program of Capital Increase.

Based on the May and June 2007 share capital increases for a total amount of € 70,000 AEK received a commission of € 3,500 as well as 2,071,006 warrants at a purchase price of € 0.0001 per warrant. These warrants have an exercise price of € 8.45 (see note 16 *Share-based payments*).

For more information about the share capital increases with regard to the acquisition of Leysen, Polargen and ENRO we refer to note 5 *Acquisitions of subsidiaries*.

Transactions costs directly attributable to the share capital increases during the year 2007 include share-based payment expenses for an amount of € 5,261 (see also note 16 *Share-based payments*).

## Note 13 — Borrowings and leases

This note provides information about the contractual terms of the company's borrowings. For more information about the company's exposure to interest rate risk we refer to 20 *Financial instruments — market and other risks*.

### Non-current borrowings

	2007	2006	2005
Secured bank loans .....	22,967	1,933	1,345
Unsecured bank loans .....	862	541	
Unsecured other loans.....	335	65	65
<b>Borrowings .....</b>	<b>24,164</b>	<b>2,539</b>	<b>1,410</b>
<b>Leases .....</b>	<b>12,413</b>	<b>2,560</b>	<b>803</b>
<b>Total .....</b>	<b>36,577</b>	<b>5,099</b>	<b>2,213</b>

### Current borrowings

	2007	2006	2005
Secured bank loans .....	2,922	503	215
Unsecured bank loans .....	4,060	3,317	
Secured other loans.....			816
Unsecured other loans.....	8		12
<b>Borrowings .....</b>	<b>6,990</b>	<b>3,820</b>	<b>1,043</b>
<b>Leases .....</b>	<b>885</b>	<b>231</b>	<b>41</b>
<b>Total .....</b>	<b>7,875</b>	<b>4,051</b>	<b>1,084</b>

Our cogeneration plants are primarily financed by external borrowings or leases from financial institutions over a 9 to 10 years period with straight line amortisations. The Leysen acquisition (see note 5 *Acquisitions of subsidiaries*) was leveraged by a € 10,000 bank loan maturing in December 2014 and amortising on a straight line basis starting in March 2009.

The loans with regard to cogeneration installations are typically secured by the cogeneration installations as well as the working capital of the related project company (see also note 23 *Collateral and contractual commitments for capital expenditures*).

Depending on the capital structure of the project company, subordinated loans from the minority shareholders are provided. These loans are included in the above table under *unsecured other loans*.

At 31 December 2007 the outstanding borrowings and leases mature as follows:

	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Secured bank loans .....	25,987	2,922	3,160	9,482	10,423
Unsecured bank loans .....	4,922	4,060	736	80	46
Unsecured other loans.....	343	8			335
Leases .....	13,298	885	1,077	5,921	5,415
<b>Total .....</b>	<b>44,550</b>	<b>7,875</b>	<b>4,973</b>	<b>15,483</b>	<b>16,219</b>

The difference between the total amount of € 44,550 and the total carrying amount in the balance sheet of € 44,452 is explained by € 98 transaction costs directly attributable to the issue of borrowings. These costs are amortised over the life of the related borrowings.

With the exception of long-term borrowings and leases the carrying amounts of our financial assets and liabilities corresponds with the estimation of their fair value. It was estimated that the fair value of our outstanding long-term borrowings was € 309 and € 237 lower at respectively 31 December 2007 and 31 December 2006. For non-current lease obligations the fair value was estimated to be € 432 and € 375 lower at respectively 31 December 2007 and 31 December 2006. The differences between the carrying amount and the fair value stem from the fact that the reference interest rate of the borrowings and leases had increased at both 31 December 2007 and 31 December 2006.

## Note 14 — Trade and other payables

Trade tables consist of the following:

	2007	2006	2005
Accounts payable.....	12,154	7,038	1,395
Accrued expenses .....	479		
Progress billing regarding contracts under construction .....	406	295	
<b>Total .....</b>	<b>13,039</b>	<b>7,333</b>	<b>1,395</b>

Other payables can be detailed as follows:

	2007	2006	2005
Current income tax .....	207	82	
VAT payable.....	405	38	41
Payroll related debt.....	501	51	20
Dividend payable .....	490		
Other .....	714	4,545	159
<b>Total .....</b>	<b>2,317</b>	<b>4,716</b>	<b>220</b>

The dividend payable of € 490 relates to Polargen and is payable to the minority shareholders that were bought out at 30 November 2007 — see also note 5 *Acquisitions of subsidiaries*. At 31 December 2006 the other payables of € 4,545 represent a loan from Theolia SA (France) — see also note 22 *Related parties*.

## Note 15 — Payroll and related benefits

	2007	2006	2005
Wages and salaries.....	1,703	556	179
Social security contributions.....	318	72	37
Other personnel costs.....	300	221	
Pensions and group insurance.....	13	9	4
<b>Total .....</b>	<b>2,334</b>	<b>858</b>	<b>220</b>

Other personnel costs relate primarily to management services received as well as recruitment costs.

The average number of full time equivalents can be split as follows:

	2007	2006	2005
Thenergo NV (parent company) .....	9	8	7
Subsidiaries.....	47	2	
<b>Average number of full time equivalents .....</b>	<b>56</b>	<b>10</b>	<b>7</b>

The increase of the average number of full time equivalents at subsidiaries is explained by the September acquisition of Leysen — see also note 5 *Acquisitions of subsidiaries* as well as the organic growth of the cogeneration activities. At 31 December 2007 the company employed 139 full time equivalents. Tse AG (consolidated as from 1 January 2008) employed 51 people at 31 December 2007.

The low average payroll expense by full time equivalent is explained by significant eliminations of revenues and related costs (against property, plant and equipment) as well as the capitalisation of directly attributable expenses to installations under construction.

## Note 16 — Share-based payments

Following the raise of capital for a total amount of € 70 million (see note 12 *Share capital*) 2,071,006 options («warrants») were granted to Amsterdams Effectenkantoor B.V. (“AEK”) with an exercise price of € 8.45. These options have vested immediately. Further, key management received 1,545,030 warrants at the same exercise price of € 8.45.  $\frac{2}{5}$  of these options was vested immediately while  $\frac{3}{5}$  vests gradually over a 3,5 year period. All these options have a contractual life of 5 years (expiring at 30 June 2012).

To stimulate the further growth of the company key management was granted 490,000 warrants in December 2007. These warrants have the same exercise price and expiration date as the warrants described above. Starting from the



reference point of € 113 million as existing market capitalisation, 70,000 warrants vest each time that the company's market capitalisation has increased by € 50 million (based on the weighted average share price during 20 trading days) with the last portion vesting when a market capitalisation of € 463 million is reached.

The fair value of these share-based payment compensations is estimated at grant date, using the binomial Monte Carlo option pricing model. The weighted average fair value of the options and assumptions used in applying the valuation model are as follows:

<b>Amounts in Euro unless otherwise indicated</b>	<b>2007</b>
Fair value of warrants granted .....	2.78
Share price .....	8.61
Exercise price.....	8.45
Expected volatility .....	41%
Expected dividends.....	0%
Risk-free interest rate.....	4.31%

As Thenergo is only listed since June 2007 expected volatility was based on the historical volatility (non-weighted average), calculated by using historical data of the last 250 days of five other companies in the energy sector. Based on the binomial Monte Carlo model the expected average life of the warrants is 3.0 years. Expected dividends were set at zero because Thenergo has never distributed dividends.

The fair value of the warrants granted to AEK amounts to € 5,261. This amount is considered as a transaction cost directly attributable to the share capital (see also note 12 *Share capital*). The fair value of the warrants granted to key management and vested immediately amounts to € 1,650 while the total fair value of the warrants expensed over their vesting period amounts to € 4,522. The 2007 operating expense of € 1,880 with regard to the above described warrants is net, after capitalisation of direct costs related to installations build or under construction for a total amount of € 754.

During the beginning of the year 2008 380,716 warrants were granted to new members of key management. These warrants have the same exercise price and expiration date as the warrants described above. The warrants vest gradually over the years 2008–2010 and will be expensed as from 2008 accordingly. The total fair value of the 380,716 warrants granted was estimated at € 1,431.

At 31 December 2007 2,764,300 warrants were exercisable. No warrants were forfeited or exercised during 2007.

#### **Note 17 — Other operating expenses**

Other operating expenses can be detailed as follows:

	<b>2007</b>	<b>2006</b>	<b>2005</b>
PR, communication and marketing.....	659	41	
Usage, office and utility costs.....	606	61	
Accounting, reporting and tax compliance support .....	212	74	15
Repair and maintenance.....	219	21	
Impairment charges .....	–117	150	
Rent.....	191	79	51
Travel expenses .....	181	61	
Audit fees.....	229	87	
Insurance.....	135	19	87
Other .....	153	9	196
<b>Total .....</b>	<b>2,468</b>	<b>602</b>	<b>349</b>

The increase in the other operating expenses is primarily explained by the growth of the company and the listing of its shares since June 2007 on Alternext. Utility costs comprise mainly the cost of fuel in the waste collection business.

The 2006 impairment charge of € 150 related to a doubtful debtor which was collected during 2007.

The 2005 other expenses relate primarily to management services which were in the 2006 and 2007 income statement presented as part of personnel costs.

The total amount of future minimum lease payments under non-cancellable operating leases amounted to € 836 at 31 December 2007 of which € 88 due within one year and € 396 due later than five years. No significant non-cancellable operating leases were outstanding at 31 December 2006 or 31 December 2005.

Audit fees in relation to the statutory audit mandate of the auditor amounted to € 43 in 2007. The audit fees for the audit of the group's consolidated financial statements under IFRS amounted to € 126 in 2007. The non-audit fees provided by the auditor and his network in 2007 amounted to € 419, related to other rendered services, mainly additional audit services in the framework of the company's listing on Alternext (€ 177) and limited review procedures as of 30 June 2007 (€ 60), acquisition due diligence procedures (€ 146), various legal missions in the framework of capital increases (€ 18) and tax related services (€ 18). The majority of these non-audit services have been pre-approved by the audit committee.

## Note 18 — Finance costs and income

Finance costs can be detailed as follows:

	2007	2006	2005
Interest expense on borrowings .....	508	148	93
Interest expense on leases .....	241	120	46
Other finance costs .....	29	5	3
Profit sharing arrangements .....	169		
Change in fair value of interest rate swaps not designated in a hedge accounting relationship .....			45
Change in fair value of electricity forward sale contracts not designated in a hedge accounting relationship .....	382		
<b>Total .....</b>	<b>1,329</b>	<b>273</b>	<b>187</b>

If the electricity market prices at 31 December 2007 would have been 20% higher the cost from the change in fair value of electricity forward sale contracts not designated in a cash flow hedge accounting relationship would have been higher by € 251.

No borrowing costs were capitalised during 2005-2007.

Finance income comprises the following:

	2007	2006	2005
Interest income.....	1,070	78	2
Government grants related to interest expense .....	110	85	39
Interest charged to customers as part of the pre-financing of cogeneration projects .....	187		
Gains on hedging instruments that are not part of a hedge accounting relationship .....	20	208	
Other finance income.....	7	7	
<b>Total .....</b>	<b>1,394</b>	<b>378</b>	<b>41</b>

The 2007 interest income of € 1,070 was primarily generated by the company's short-term demandable deposits — see also note 11 *Cash and cash equivalents*. The weighted average interest rate amounted to 4.2%. If this interest rate would have been 100 basis points higher the interest income would have been higher by € 232.

The 2006 gains on hedging instruments that are not part of a hedge accounting relationship of € 208 relate to the electricity forward contracts outstanding at 31 December 2006 — see also note 20 *Financial instruments — Market and other risks*.

## Note 19 — Income taxes

	2007	2006	2005
Expense/(benefit) current taxes.....	128	16	
Expense/(benefit) deferred taxes.....	-1,755	188	-276
<b>Total expense/(benefit) income taxes.....</b>	<b>-1,627</b>	<b>204</b>	<b>-276</b>

	2007	2006	2005
Current taxes of the year .....	128	29	
Adjustments current taxes prior years.....		-13	
Deferred income taxes on the increase or reversal of temporary differences .....	-1,755	188	-276
<b>Total expense/(benefit) income taxes.....</b>	<b>-1,627</b>	<b>204</b>	<b>-276</b>

The reconciliation of the aggregated weighted nominal tax rate with the effective tax rate can be summarised as follows:

	2007	2006	2005
Result before tax .....	-769	272	-318
Share of result of associates .....	227	102	
Result before tax and before share of result of associates .....	-996	170	-318
Aggregated weighted nominal tax rate .....	31%	34%	34%
Tax at aggregated weighted nominal tax rate .....	-309	58	-108
Reconciling items:			
<i>Losses for which no deferred tax asset was recognised</i> .....	235	214	129
<i>Elimination of intercompany profits</i> .....	-638		-136
<i>Expenses not deductible for tax purposes</i> .....	654	9	
<i>Notional interest on equity</i> .....	-718	-7	
<i>Tax credits for capital expenditures</i> .....	-915	-52	-136
<i>Other</i> .....	64	-18	-25
<b>Income tax expense/(benefit) recognised in the income statement .....</b>	<b>-1,627</b>	<b>204</b>	<b>-276</b>

The lower aggregated weighted nominal tax rate of 31% for 2007 stems from the weight of the profit realised by the Dutch entities for which the nominal tax rate is 25.5% compared to 34% for the Belgian entities.

The effect of non deductible expenses in 2007 of € 654 relates primarily to share-based payment expenses which are not tax deductible. Mainly thanks to the 2007 share capital increases of Thenergo NV (see also note 12 *Share capital*) the company benefited from a € 718 notional interest rate deduction during 2007.

Carrying values	Assets			Liabilities		
	2007	2006	2005	2007	2006	2005
<b>Balance at 1 January .....</b>	<b>244</b>	<b>313</b>	<b>37</b>	<b>1,774</b>		
Increase/(decrease) through profit or loss .....	1,591	-188	276	-164		
Acquisitions .....	627	119		962	1,774	
Increase/(decrease) through equity .....	126			9		
<b>Balance at 31 December .....</b>	<b>2,588</b>	<b>244</b>	<b>313</b>	<b>2,581</b>	<b>1,774</b>	

Origin of the deferred taxes at balance sheet date	Assets			Liabilities		
	2007	2006	2005	2007	2006	2005
<b>Temporary differences .....</b>	<b>1,531</b>	<b>112</b>	<b>154</b>	<b>3,032</b>	<b>1,852</b>	<b>2</b>
Other financial assets .....			16			2
Property, plant and equipment .....	1,081	25		812		
Intangible assets .....	239	87	138	2,097	1,774	
Investments .....	112					
Contracts under construction .....				72		
Financial instruments .....	99			43	78	
Other .....				8		
<b>Unused tax losses and tax credits .....</b>	<b>1,508</b>	<b>210</b>	<b>161</b>			
<b>Gross deferred taxes .....</b>	<b>3,039</b>	<b>322</b>	<b>315</b>	<b>3,032</b>	<b>1,852</b>	<b>2</b>
Offsetting between assets and liabilities .....	-451	-78	-2	-451	-78	-2
<b>Net deferred taxes recognised .....</b>	<b>2,588</b>	<b>244</b>	<b>313</b>	<b>2,581</b>	<b>1,774</b>	

Deferred tax assets not recognised	2007	2006	2005
Deductible temporary differences .....	1,363	151	
Tax losses and credits .....	1,088	544	274
<b>Total .....</b>	<b>2,451</b>	<b>695</b>	<b>274</b>

The deductible temporary differences for which no deferred tax assets were recognised relate primarily to transaction costs of the share capital increases. Tax losses carried forward do not have an expiration date.

## Note 20 — Financial instruments — Market and other risks

### Interest rate risk

Due to the capital intensive nature of the company's activities Thenergo has substantial borrowings and leases outstanding as disclosed in note 13 *Borrowings and leases* above. Interest rates on the long-term borrowings for cogeneration plants are fixed either directly in the finance contract or via interest rate swaps. At 31 December 2007 the fixed interest rates applicable on the outstanding borrowings and leases ranged between 3.7% and 6.5%.

At 31 December 2007 the company had one interest rate swap outstanding which is accounted for at fair value through the income statement. The carrying amount of this swap was € 26 (€ 6 at 31 December 2006) resulting in a 2007 gain on hedging instruments that are not part of a hedge accounting relationship of € 20 — see also note 18 *Finance costs and income*.

### Spark spread

The company is exposed to the volatility of the electricity and natural gas prices. For the cogeneration plants fuelled by natural gas the spark spread is mitigated through the correlation of gas prices with electricity prices. To manage the volatility of electricity prices and natural gas, purchase prices of natural gas are fixed with vendors on a six to twelve months basis. Further, the company hedges its highly probable sales of electricity on a 3 to 15 months basis through electricity forward sales contracts. Total monthly MWh hedged ranges between 7,700 and 5,000 for the first nine months of 2008 and is around 3,000 for the last three months of 2008. These hedges allow the company to fix the revenue from planned production while having the flexibility from the decentralised installations to produce more electricity than initially planned when market conditions are favourable.

During the second half of 2007 Thenergo implemented cash flow hedge accounting for these contracts to the extent that the strict hedge accounting rules were met. For the first nine months of 2008, between 65% and 94% of the planned monthly MWe production was designated in the hedge accounting relationship. For the last quarter of 2008 the percentage of monthly production hedged ranges between 34% and 43%. Under the cash flow hedge accounting documentation (a portion of) the electricity forward contracts is designated as the hedging instrument. The hedged risks are the cash flows from the highly probable sales during the periods covered by the hedging instruments.

The fair value of the forward contracts was based on the contractual terms by applying the published ENDEX Futures Exchange power prices for Belgium and the Netherlands or obtaining market quotes from external parties in the case no published ENDEX prices are available. In calculating the fair values, counterparty credit risk was ignored.

The outstanding electricity forward contracts were included in the *other current assets* and *other current liabilities* as follows:

	2007	2006	2005
Part of a cash flow hedge accounting relationship.....	102		
At fair value through the income statement .....	168	231	
<b>Total included in other current assets.....</b>	<b>270</b>	<b>231</b>	
	2007	2006	2005
Part of a cash flow hedge accounting relationship.....	371		
At fair value through the income statement .....	263		46
<b>Total included in other current liabilities .....</b>	<b>634</b>		<b>46</b>

The difference between the change in fair value through the income statement based on the above (cost of € 326) and the cost recognised in the income statement of € 382 is explained by the fact that the above balance sheet data includes Groeikracht de Markvallei NV while this company was accounted for under the equity method until 28 December 2007 — see also note 5 *Acquisitions of subsidiaries*.

The above described hedge accounting resulted in the recognition of a loss (after taxes) of € 152 in the hedge accounting reserve — see also the *statement of changes in equity*. During 2007 no results were released from the hedge accounting reserve to the income statement because all the contracts relate to highly probable sales of electricity during 2008.

Prospective hedge effectiveness is based on the planned production of electricity: the hedge accounting relationships are considered to be effective as long as the designated hedged volume of electricity is below the planned production volume for the related period. Retrospective hedge effectiveness will for the first time be calculated during 2008 (on a quarterly

basis) by using daily production data of electricity. As long as at least 90% of the designated KWh have actually been sold the hedge accounting relationship is considered to be effective.

The 2007 revenue from electricity sales was negatively impacted by the settlement of electricity forward contracts not part of a hedge accounting relationship for € 102. For the year 2006 the impact of the settlement of electricity forward contracts not part of a hedge accounting relationship was positive for an amount of € 261 (€ –170 for 2005).

As regards our biomass installation operating during the years 2005–2007 the spark spread is management by i) using the same index for the purchase of the biomass and the sale of the heat and ii) fixing the sales price of the electricity produced in a long-term contract ending during the second half of 2008.

### ***Liquidity risk***

Each project company has its own external financing of on average 80% of the total investment. Sourcing of external financing is done from different credit institutions. Budgeted cash flows cover the amounts due under to borrowings and leases over the life of the project. Overall, the strong cash position of € 49,825 at 31 December 2007 mitigates the company's liquidity risk while providing Thenergo with the necessary flexibility for future projects.

### ***Credit risk***

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligation to pay Thenergo. Revenue from electricity sales and certificates is collected from prime utility companies on a monthly basis. Revenue from heat is collected from our greenhouse and industrial partners while the customers in our waste business range from small private companies to government institutions. The company monitors counterparty credit exposures closely and recently started working capital initiatives to improve collection of aged receivables.

Based on these factors, Thenergo considers the risk of counterparty default per 31 December 2007 to be limited.

### ***Other risks***

The profitability of the company is highly dependent on government incentives with regard to the production of renewable energy. While the sustainability of existing government incentives is not within management's control we are not aware of any reasonably possible changes to the government incentives based on which the profitability of the company would be significantly deteriorated.

Heat revenue is subject to a limited seasonality as the heat procurement from the greenhouse partners in cold periods is higher than in warm periods. About 15% of revenue from waste management is also subject to seasonality: in warm periods more containers are used on worksites as compared to cold periods or wintertime.

### ***Capital management***

As a fast growing company Thenergo is undergoing significant changes to its capital structure. After the May/June 2007 share capital increases totalling € 75,628 (see note 12 *Share capital*) Thenergo attracted external financing in executing its strategic plan of both organic and external growth. On average, cogeneration projects are leveraged by debt financing for 80% of the investment. When analysing our capital structure we use the same debt/equity classifications as applied in our IFRS reporting.

Thenergo believes that a sound capital structure is of utmost importance in the sector in which it operates and will therefore continue to strive to keep an optimal capital structure throughout the different stages of its growth. In its current growth phase, Thenergo believes it is important to have access to a reasonable cash buffer in order to be able to respond to interesting investment opportunities with respect to its business without being fully depending on access to financial debt markets which, in the recent past, have proven to be volatile.

Each project company has its specific capital requirements as agreed with our financial partners and required by company law. Thenergo NV is not subject to any substantial capital requirements.

## **Note 21 — Earnings per share**

<b>Basic earnings per share</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Result of the year attributable to equity holders of Thenergo (thousands of Euros) ..	–60	–284	–158
Weighted average number of ordinary shares outstanding .....	9,885,381	4,033,000	829,500
Basic earnings per share (Euros) .....	–0.01	–0.07	–0.19

The dilutive weighted average number of ordinary shares outstanding during 2007 amounts to 9,983,907. The potential ordinary shares are antidilutive because their conversion to ordinary shares would decrease the loss per share. Consequently, the diluted earnings per share equal the basic earnings per share.

## Note 22 — Related parties

### *Transactions with associates*

Thenergo's transactions with associates can be summarised as follows:

	2007	2006	2005
Revenue .....	3,174		
Finance income .....	189		
Other receivables .....	1,664		
Other payables .....	32		

The revenue realised with associates relates primarily to concept engineering for new cogeneration projects.

The summarised financial data of our associates is as follows:

<b>Balance sheet</b>	2007	2006	2005
Non-current assets .....	16,031	11,136	
Current assets .....	5,312	5,472	
<b>Total assets .....</b>	<b>21,343</b>	<b>16,608</b>	
Equity .....	2,095	2,514	
Non-current liabilities .....	12,533	9,772	
Current liabilities .....	6,715	4,322	
<b>Total liabilities .....</b>	<b>21,343</b>	<b>16,608</b>	

<b>Income statement</b>	2007	2006	2005
Revenues .....	5,024	476	
Operating result .....	1,353	211	
Financial result .....	-1,340	312	
<b>Result of the year .....</b>	<b>737</b>	<b>404</b>	

### *Transactions with Board and Executive Committee members (key management personnel)*

In addition to short-term employee benefits (primarily salaries) Thenergo's key management personnel is eligible for the company's warrant program (see also note 16 *Share-based Payments*). Total Board members and Executive committee members remuneration can be detailed as follows:

	2007		2006		2005	
	Board members	Executive committee	Board members	Executive committee	Board members	Executive committee
Short-term employee benefits .....	101	1,122	80	303		139
Share-based payments .....	1,220	1,414				
<b>Total .....</b>	<b>1,321</b>	<b>2,536</b>	<b>80</b>	<b>303</b>		<b>139</b>

The increase of the short-term employee benefits reflects the company's growth. As regards share-based payments we refer to note 16 *Share-based payments*.

The company had a total debt towards executive committee members outstanding of € 609 of which € 490 relates to the Polargen dividend — see also note 14 *Trade and other payables*.

### *Transactions with Theolia SA*

Theolia SA is a public French company that was the majority shareholder of Thenergo until its listing on Alternext in June 2007. At 31 December 2007 Theolia SA held 29% of the Thenergo shares.

At 31 December 2006 Thenergo had a loan outstanding from Theolia SA of € 4,545 which was increased to € 5,628 during the first half of 2007. This loan was reimbursed in May 2007 following Thenergo's share capital increase. The total interest charge on this intercompany financing amounted to € 119.

On 29 June 2007 and 30 July 2007 Thenergo granted short term loans of respectively € 400 and € 900 to Theolia SA which were reimbursed 30 November 2007. Interest income on these loans amounts to € 30.

All related party transactions were made at arm's length.

#### **Note 23 — Collateral and contractual commitments for capital expenditures**

Borrowings and leases with regard to cogeneration installations are typically secured by the cogeneration installations as well as the working capital of the related project company. The carrying amount of property, plant and equipment securing outstanding borrowings and leases amounted to € 24,464 at 31 December 2007 and € 6,934 at 31 December 2006. The carrying amount of working capital items collateralised amounted to € 9,683 and € 2,508 at respectively 31 December 2007 and 31 December 2006.

The company's contractual commitments for capital expenditures relate primarily to cogeneration installations and plants under construction. At 31 December 2007 the total capital expenditure commitment for these installations and plants under construction amounted to € 22,991. As disclosed in note 20 *Financial instruments — Market and other risks* 80% of the capital expenditures is financed by borrowings or leases.

#### **Note 24 — Events after the balance sheet date**

In March 2008 the company announced it has commenced development of a 9MWe CHP bio-oil to energy plant in Merksplas (Belgium). The project will be operational for up to 8,000 hours per year, generating 6MWth of heat for two industrial partners, and 9MWe of electricity for the equivalent of 20,000 households. The project, named Greenpower, and representing a total investment of € 11 million, is expected to become operational in February 2009. Greenpower is a joint venture between Thenergo, the majority shareholder and operator, and the Quirynen and the Dielis families.

Further, the launch of a new CHP project in Meer, Hoogstraten, named 'Binergy Meer' was announced in March 2008. The project will generate between 6.5 and 25 MWe of renewable electricity and similar amounts of renewable heat. The project will be built in several phases due to the need to modify the local grid to inject the generated electricity. The current available injection capacity will allow 6.5 MWe of electricity generation. In a second phase, extensions are planned to extend generation capacity to 13 and to 25 MWe. Binergy Meer, a fully owned project, will represent an initial investment of € 28.5 million, rising to at least € 50 million if 25MWe capacity is reached. It is fully permitted, with construction expected to start September 2008. The plant should be operational in the fourth quarter of 2009 with the potential to deliver between 52,000 and 200,000MWh of electricity covering the needs of 15,000 to 55,000 households.

#### **Note 25 — List of subsidiaries and investments in associates**

The main subsidiaries included in the consolidated financial statements are:

<b>Name</b>	<b>Country</b>	<b>% economic interest</b>	<b>% voting power</b>	<b>Activity</b>
Binergy Ieper NV .....	Belgium	75.00%	75.00%	Cogeneration based on biogas — under construction
Biocogen BVBA.....	Belgium	50.00%	50.00%	Cogeneration based on biogas
Groeikracht Boechout NV .....	Belgium	95.54%	95.54%	Cogeneration based on natural gas
Cintras NV.....	Belgium	100%	100%	Fuel
Groeikracht de Boskapel NV .....	Belgium	51.56%	51.56%	Cogeneration based on natural gas
Leysen NV.....	Belgium	100%	100%	Waste
Groeikracht de Markvallei NV .....	Belgium	100%	100%	Cogeneration based on natural gas
Groeikracht Marveco NV .....	Belgium	50.79%	50.79%	Cogeneration based on natural gas
Groeikracht Merksplas NV.....	Belgium	100%	100%	Cogeneration based on natural gas
Groeikracht Pierstraat NV .....	Belgium	51.00%	51.00%	Cogeneration based on natural gas
Polargen BVBA.....	Belgium	100%	100%	Design and operation of cogeneration projects

Polargen Holding BV .....	The Netherlands	100%	100%	Holding
Groeikracht Prinsenland BV .....	The Netherlands	95%	95%	Cogeneration based on natural gas — under construction
Valmass NV .....	Belgium	60.00%	60.00%	Cogeneration based on biogas and biomass — under construction
Groeikracht Wommelgem BVBA .....	Belgium	51.13%	51.13%	Cogeneration based on natural gas
Groeikracht Zwarthout NV .....	Belgium	100%	100%	Cogeneration based on natural gas

When Thenergo's voting power is around 50% it is assessed whether based on other factors (e.g. management contracts in place) the company actually controls the financial and operating policy decisions of the project company. When this is the case, the project company is fully consolidated.

The main investments in associates accounted for under the equity method are the following:

Name	Country	% economic interest	% voting power	Activity
Groeikracht Lierbaan NV .....	Belgium	30.21%	30.21%	Cogeneration based on natural gas
Groeikracht Rielbro NV .....	Belgium	30.16%	30.16%	Cogeneration based on natural gas
Groeikracht Meer NV .....	Belgium	30.00%	30.00%	Cogeneration based on natural gas
Groeikracht Waver NV .....	Belgium	30.48%	30.48%	Cogeneration based on natural gas
Groeikracht de Blackt NV .....	Belgium	29.92%	29.92%	Cogeneration based on natural gas
Groeikracht Butenpole BV .....	The Netherlands	30.00%	30.00%	Cogeneration based on natural gas
Groeikracht Broechem NV .....	Belgium	25.00%	25.00%	Cogeneration based on natural gas
Groeikracht Vremde NV .....	Belgium	28.57%	28.57%	Cogeneration based on natural gas
Groeikracht Marvado NV .....	Belgium	29.97%	29.97%	Cogeneration based on natural gas
Groeikracht Etten-Leur BV .....	The Netherlands	30.00%	30.00%	Cogeneration based on natural gas

### 9.3 Auditor's reports

#### *Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2007*

#### STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

#### **Unqualified audit opinion on the consolidated financial statements, with an explanatory paragraph relative to the 2006 restated financial statements**

We have audited the accompanying consolidated financial statements of THENERGO NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 186,047 (000) EUR and the consolidated income statement shows a consolidated profit for the year then ended of 858 (000) EUR.



The financial statements of several significant entities included in the scope of consolidation which represent total assets of 16,957 (000) EUR and a total profit of 82 (000) EUR have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the “Institut des Reviseurs d’Entreprises/Instituut der Bedrijfsrevisoren”. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group’s financial position as of 31 December 2007, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Without modifying the opinion expressed above, we draw your attention to note 5 of the consolidated financial statements, in which it is explained that the comparative figures as of 31 December 2006 have been restated as a result of the finalization of the purchase accounting for certain business combinations. This restatement does not change the nature of our unqualified audit opinion issued on 7 June 2007 on the 31 December 2006 financial statements.

#### **Additional comment**

The preparation and the assessment of the information that should be included in the directors’ report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors’ report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 23 April 2008

#### **The statutory auditor**

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**DELOITTE Bedrijfsrevisoren/Reviseurs d’Entreprises**  
BV o.v.v.e. CVBA/SC s.f.d. SCRL  
Represented by Gert Vanhees

***Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2006***

**STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

To the shareholders

**Unqualified audit opinion on the consolidated financial statements as of 31 December 2006**

**Disclaimer of opinion on the consolidated financial statements of the comparative period**

We have audited the consolidated financial statements of THENERGO SA (formerly "THEOLIA BENELUX SA") ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 36,012 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 190 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2006, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Given the fact that we were only appointed as auditors on 18 December 2006, we are not able to express an opinion on the comparative figures, as included in the attached consolidated financial statements.

Diegem, 7 June 2007

**The statutory auditor**

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**DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises**  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by Gert Vanhees

*Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2005*

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us.

**Unqualified audit opinion on the 2005 consolidated financial statements**

We have audited the accompanying consolidated financial statements of THENERGO NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 6,252 (000) EUR and the consolidated income statement shows a consolidated loss for the year then ended of 42 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2005, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Diegem, 23 April 2008

**The statutory auditor**

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**DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises**  
BV o.v.v.e. CVBA/SC s.f.d. SCRL  
Represented by Gert Vanhees

## 9.4 Unaudited pro forma consolidated 2007 income statement and balance sheet

*All amounts in thousands of euros unless explicitly stated differently.*

The below pro forma financial information has been prepared for illustrative purposes only. Because of its nature, the below pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.

### *Unaudited pro forma consolidated 2007 income statement*

	2007 as published	8 months Leysen Unaudited	12 months tse (ENRO) Unaudited	Other Unaudited	2007 pro forma Unaudited
Note .....		1	2	3	
<b>Operating income</b> .....	<b>20,987</b>	<b>15,533</b>	<b>16,616</b>	<b>4,185</b>	<b>57,321</b>
Revenues .....	20,810	15,005	15,011	3,987	54,813
Other income .....	177	528	1,605	198	2,508
<b>Operating expenses</b> .....	<b>-22,048</b>	<b>-15,998</b>	<b>-22,360</b>	<b>-3,541</b>	<b>-63,947</b>
Cost of sales .....	-13,670	-8,623	-9,919	-2,533	-34,745
Payroll expenses .....	-2,334	-3,637	-2,740		-8,711
Depreciation and amortisation .....	-1,696	-871	-1,483	-966	-5,016
Share-based payment expense .....	-1,880				-1,880
Other operating expenses .....	-2,468	-2,867	-8,218	-42	-13,595
<b>Operating result</b> .....	<b>-1,061</b>	<b>-465</b>	<b>-5,744</b>	<b>644</b>	<b>-6,626</b>
<b>Financial result</b> .....	<b>65</b>	<b>-525</b>	<b>-1,590</b>	<b>-654</b>	<b>-2,704</b>
Finance income .....	1,394	22	168	94	1,678
Finance costs .....	-1,329	-547	-1,758	-748	-4,382
Share of result of associates .....	227			-49	178
<b>Result before tax</b> .....	<b>-769</b>	<b>-990</b>	<b>-7,334</b>	<b>-59</b>	<b>-9,152</b>
Income tax expense/(income) .....	-1,627	73	-317	-189	-2,060
<b>Result of the year</b> .....	<b>858</b>	<b>-1,063</b>	<b>-7,017</b>	<b>130</b>	<b>-7,092</b>
Attributable to:					
Equity holders of Thenergo .....	-60	-1,063	-6,046	75	-7,094
Minority interests .....	918		-971	55	2

**Unaudited pro forma consolidated balance sheet at 31 December 2007**

	2007 as published	Leysen	tse (ENRO)	Other	Pro forma Adjustments	2007 Pro forma
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Note.....		1	2	3	4	
<b>Non-current assets.....</b>	<b>117,420</b>	<b>-1,063</b>	<b>41,095</b>	<b>6,542</b>	<b>-716</b>	<b>163,278</b>
Goodwill .....	59,853	-1,063			7,268	66,058
Intangible assets .....	7,507		10			7,517
Property, plant and equipment .....	38,016		40,184	6,316		84,516
Investments .....	9,332		11	17	-7,984	1,376
Deferred tax assets .....	2,588		876	209		3,673
Other non-current assets.....	124		14			138
<b>Current assets.....</b>	<b>68,627</b>		<b>5,967</b>	<b>983</b>	<b>-3,097</b>	<b>72,480</b>
Trade receivables .....	12,170		2,409	564		15,143
Other receivables.....	5,447		59	58		5,564
Inventories.....	205		306			511
Other current assets.....	980		1,170			2,150
Cash and cash equivalents.....	49,825		2,023	361	-3,097	49,112
<b>Total assets.....</b>	<b>186,047</b>	<b>-1,063</b>	<b>47,062</b>	<b>7,525</b>	<b>-3,813</b>	<b>235,758</b>
<b>Equity .....</b>	<b>122,473</b>	<b>-1,063</b>	<b>-839</b>	<b>193</b>	<b>-3,813</b>	<b>116,951</b>
Share capital.....	114,848				1,489	116,337
Retained earnings.....	-1,386	-1,063	-2,205	127	-5,302	-9,830
Share-based payments.....	7,916					7,916
Hedging reserves.....	-152			-4		-156
Minority interests .....	1,247		1,366	70		2,683
<b>Non-current liabilities.....</b>	<b>39,158</b>		<b>38,518</b>	<b>5,346</b>		<b>83,022</b>
Provisions.....			1,399			1,399
Long-term borrowings .....	24,164		29,746	177		54,087
Leases.....	12,413		4,162	5,169		21,744
Deferred tax liabilities.....	2,581		312			2,893
Other non-current liabilities .....			2,899			2,899
<b>Current liabilities .....</b>	<b>24,416</b>		<b>9,383</b>	<b>1,986</b>		<b>35,785</b>
Short-term borrowings .....	6,990		1,126			8,116
Leases.....	885			377		1,262
Trade payables .....	13,039		4,972	1,102		19,113
Other payables.....	2,317		1,056	420		3,793
Other current liabilities .....	1,185		2,229	87		3,502
<b>Total equity and liabilities.....</b>	<b>186,047</b>	<b>-1,063</b>	<b>47,062</b>	<b>7,525</b>	<b>-3,813</b>	<b>235,758</b>

**Notes to the pro forma consolidated 2007 income statement and balance sheet**

*1. 8 months Leysen — unaudited*

As explained in note 5 *Acquisitions of subsidiaries* of the 2007 historical consolidated IFRS financial statements Thenergo concluded the Leysen acquisition in September 2007. As a result, the historical 2007 consolidated financial statements include only four months of operation for Leysen. In the above 2007 pro forma IFRS consolidated income statement we have added the first eight months of the Leysen operations in the column “8 months Leysen — unaudited” in order to illustrate what the full year 2007 consolidated income statement would have been if Leysen was included for the full year. These figures were derived from the unaudited management accounts of Leysen as of 31 August 2007 under IFRS.

Since the 31 December 2007 historical consolidated IFRS balance sheet includes the balance sheet of Leysen, the impact of the pro forma adjustment for Leysen on the pro forma consolidated balance sheet is limited to the inclusion of the result of the first 8 months of 2007 in the pro forma retained earnings against the goodwill.

*2. 12 months tse (ENRO) — unaudited*

Effective January 2008 Thenergo obtained control over tse AG (formerly ENRO AG) — see also note 5 *Acquisitions of subsidiaries — ENRO acquisition* of the 2007 historical consolidated IFRS financial statements. Tse AG and its subsidiaries (together referred to as “tse”) were not consolidated in the 2007 historical consolidated financial statements of Thenergo because control was only obtained in January 2008. At 31 December 2007 the company held an interest of 51% in tse AG which was reported as an investment of 8,014 €. During the beginning of 2008 an additional 35% of the

tse AG shares was acquired of which 25% against 3,097 € cash and 10% by issuing 165,376 Thenergo shares. In the above 2007 pro forma IFRS consolidated income statement we have included twelve months of the tse operations in the column “12 months tse — unaudited” in order to illustrate what the full year 2007 consolidated income statement would have been if tse would have been acquired at 1 January 2007. In the pro forma consolidated balance sheet the tse figures are included in the column “tse (ENRO)”. The tse figures were derived from the 2007 unaudited management accounts prepared by tse AG in conformity with the Thenergo 2007 IFRS accounting policies.

The pro forma tse goodwill (included in the column “Pro forma adjustments”) was calculated as follows:

	<u>EUR '000</u>
Equity tse at 31/12/2007 .....	-839
Result tse 2007.....	-7,017
Equity tse 1/1/2007.....	6,178
86,3% of net assets held at 7/5/2008.....	5,334
Purchase price.....	12,602
Goodwill .....	7,268

### 3. Other — unaudited

The column “Other” in the above pro forma information reflects the impact of:

- consolidating Groeikracht de Markvallei NV as from 1 January 2007 instead of 31 December 2007 (acquisition date was 28 December 2007 — see also note 5 *Acquisitions of subsidiaries* of the 2007 historical consolidated IFRS financial statements). The figures used for the pro forma income statement are identical to the figures used in the historical financial statements, while the accounting method is different : in the historical consolidated IFRS financial statements the equity method was applied until 30 December 2007 while in the pro forma figures Groeikracht de Markvallei has been consolidated as from 1 January 2007;
- consolidating Groeikracht Butenpole BV as from 1 January 2007 : effective 1 January 2008 Thenergo increased its share in Groeikracht Butenpole BV from 30% at 31 December 2007 to 51% against a cash consideration of 70 €. In the historical 2007 IFRS financial statements this investment was accounted for under the equity method. The figures used for the pro forma income statement and balance sheet are identical to the figures used in the historical financial statements, while the accounting method is different : in the historical consolidated IFRS financial statements the equity method was applied while in the pro forma figures Groeikracht Butenpole BV has been consolidated as from 1 January 2007;
- consolidating Groeikracht Vremde NV as from 1 January 2007 : effective 1 January 2008 Thenergo increased its share in Groeikracht Vremde NV from 29% at 31 December 2007 to 51% against a cash consideration of 14 €. In the historical 2007 consolidated IFRS financial statements this investment was accounted for under the equity method. The figures used for the pro forma income statement and balance sheet are identical to the figures used in the historical financial statements, while the accounting method is different : in the historical consolidated IFRS financial statements the equity method was applied while in the pro forma figures Groeikracht Vremde NV has been consolidated as from 1 January 2007.

The column “Other” in the pro forma balance sheet therefore reflects the combined impact of Groeikracht Butenpole BV and Groeikracht Vremde NV.

### 4. Pro forma adjustments — unaudited

The figures in the column “Pro forma adjustments — unaudited” of the above pro forma balance sheet can be detailed as follows :

- *Investments*: -7,984 €: this is the effect of eliminating the investment in tse of 8,014 € at 31 December 2007 combined with the change from equity method to full consolidation for the investments in Groeikracht Butenpole BV and Groeikracht Vremde NV;
- *Cash and cash equivalents*: -3,097 €: this is the cash paid to acquire an additional 25% in tse AG during the beginning of 2008;
- *Share capital*: 1,489 €: this amounts corresponds with the 165,376 Thenergo shares issued (see note 2 above) at 9 € per share;

- *Retained earnings*: –5,302 €: this reflects the effect of consolidating tse as of 1 January 2007.

#### 5. *Adjustments necessary to reflect the fair values of identifiable assets, liabilities and contingent liabilities*

The pro forma information does not include any purchase accounting adjustments to reflect the fair values of identifiable assets, liabilities and contingent liabilities as required by IFRS 3 *Business Combinations*. As explained in note 5 *Acquisitions of subsidiaries* of the 2007 historical consolidated IFRS financial statements the Leysen purchase accounting was only provisional because management had not yet completed its analysis of the existing contracts nor the fair value measurement of the assets and liabilities acquired. This is still the case at the date that this prospectus was prepared and equally applies to the purchase accounting for Groeikracht de Markvallei which was acquired on 28 December 2007 as well as the 2008 acquisitions of tse AG, Groeikracht Butenpole BV and Groeikracht Vremde NV.

#### 6. *Non-recurring items*

The Leysen pro forma financials contain non-recurring expenses linked to contemplated corporate finance transactions and realized losses on the sale of equipment and on an onerous contract for a total amount of 925 €. The tse pro forma financials contain non-recurring expenses related to the replacement of Board members, an impairment on PPE and an impairment on a receivable for a total amount of 4.306 €.

#### 7. *Trading results*

The pro forma statements do not take into account any trading results of the company subsequent to 31 December 2007. See “Report regarding unaudited pro forma income statement and balance sheet of the Enlarged Thenergo Group” for the report by Deloitte Bedrijfsrevisoren on these unaudited pro forma income statement and balance sheet.

#### ***Statutory auditor report regarding the unaudited pro forma consolidated 2007 income statement and balance sheet***

The Board of Directors of THENERGO NV  
Avenue Louise 505 boîte 2  
1050 BRUXELLES

KBC Securities NV  
Havenlaan 12  
1080 Brussels

DEXIA Bank  
Pachecolaan 44  
1000 Brussels

10 June 2008

Dear Sirs,

#### **Thenergo NV (the “Company”) and together with its subsidiaries (the “Group”)**

We report on the pro forma financial information (the “Pro forma financial information”) set out in Part 9.4 of the prospectus dated 10 June 2008 (the “Prospectus”), which has been prepared on the basis described in notes 1 to 7 of the section ‘Notes to the pro forma consolidated 2007 income statement and balance sheet’, for illustrative purposes only, to provide information about how the acquisition of Groeikracht De Markvallei NV, Leysen Invest NV and subsidiaries, ENRO AG and subsidiaries, and the increased participation in Groeikracht Butenpole BV and Groeikracht Vremde NV might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2007. This report is required by Annex II item 7 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by Annex II item 7 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility arising under Annex I item 1.2 of the Prospectus Directive Regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the standards applicable in Belgium, as issued by the “Institut des Reviseurs d’Entreprises/Instituut der Bedrijfsrevisoren. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

For the purposes of Annex I item 1.2 of the Prospectus Directive Regulation we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

**DELOITTE Bedrijfsrevisoren/Reviseurs d’Entreprises**

BV o.v.v.e. CVBA/SC s.f.d. SCRL

Represented by Gert Vanhees



## 10. GLOSSARY

Alternative energy .....	Forms of energy that can substitute conventional forms of energy based on fossil fuels such as natural gas, coal, oil and nuclear
Base load.....	The minimum level of demand on an electrical supply system over a certain period of time (eg. 24-hours)
Biocoal.....	A coal like produced product through the torrefaction (see Torrefaction) process out of biomass.
Biogas .....	A gaseous mixture of mainly CH <sub>4</sub> and CO <sub>2</sub> produced by biological activity in an anaerobic environment.
Bio-oil.....	Oil of vegetable or animal origin
Biowaste .....	Waste of biological origin (E.g. Wood chips)
BRUGEL .....	BRUssel Gas Elektriciteit. Energy market regulator in the Brussels region
C <sub>2</sub> H <sub>4</sub> .....	a gaseous hydrocarbon and plant hormone that has profound (negative) effects upon plant growth and development
CH <sub>4</sub> or Methane .....	See Methane
CHP .....	Combined Heat and Power. A type of energy plant that produces electricity but also recovers and uses large parts of the heat that is generated during this process. Also know as cogeneration.
CHP certificates .....	Electronic attestation which certifies that in Flanders 1,000 kilowatt hours (kWh) of primary energy were saved in a qualitative CHP-facility compared to a situation in which the same quantity of electricity and/or mechanical energy and heat are generated separately
CHP-E.....	Electricity produced based on CHP technology
CO.....	Carbon Monoxide
CO <sub>2</sub> .....	Carbon Dioxide, considered as an important greenhouse gas and absorbed by plants in their photosynthesis process
Cogeneration.....	See CHP
CWAPE .....	Commission Wallonne Pour L'Energie. Energy market regulator in the Walloon region
Digestate .....	The product released out of a digester (see Digester) once the input material stayed in the device for a certain number of days (E.g. 20 days).
Digester.....	A device used to harvest biogas, a gas largely comprised of methane and carbon dioxide to supplement conventional energy sources, from organic origin.
Discounted Cash Flow analysis .....	An evaluation method to value a project, company, or financial asset using the concepts of the time value of money. All future cash flows are estimated and discounted to give them a present value. The discount rate used is generally the appropriate cost of capital, and incorporates judgments of the uncertainty (risk) of the future cash flows.
EBIT .....	Earnings Before Interest and Tax
EBITDA.....	Earnings Before Interest, Tax, Depreciation and Amortization
EIA .....	Energie-Investeringsaftrek
EIA .....	Environmental Impact Assessment
Emission Trading Scheme .....	A scheme in which an administrative approach is used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants.
EU-25.....	The European Union in its previous composition of 25 member states
EU-27.....	The European Union in its current composition of 27 member states
Feedstock .....	The input material used to produce energy
Fermentation.....	The process of energy production in a cell under anaerobic conditions (without oxygen)
Fossil Fuel.....	Hydrocarbon energy sources found within the top layer of the earth's crust. They range from very volatile materials with low carbon/hydrogen ratios like methane, over liquid petroleum to non-volatile materials composed of almost pure carbon, like anthracite coal.
Green certificates .....	Electronic attestation that certifies that 1,000 kilowatt hours (kWh) of primary energy were generated in the Flemish Region from renewable energy sources.
Greenhouse Gasses or GHG .....	Gasses in our atmosphere which are considered to be responsible for global warming (e.g. CO <sub>2</sub> , CH <sub>4</sub> )
H <sub>2</sub> S.....	Hydrogen sulphide is the chemical compound with the formula H <sub>2</sub> S. This colourless, toxic and flammable gas is responsible for the foul odour of rotten eggs. H <sub>2</sub> S is a typical contaminant in biogas.

Internal Rate of Return or IRR .....	The internal rate of return (IRR) is a capital budgeting metric used by firms to decide whether they should make investments. It is an indicator of the efficiency of an investment. The IRR is the annualized effective compounded return rate which can be earned on the invested capital, i.e., the yield on the investment.
KWh .....	Kilo Watt hour. Unit for power in relation with time
MEP .....	Milieu-kwaliteit Elektriciteitsproductie. The name of a Dutch incentive scheme that promotes the production of more environmental friendly energy.
Methane or CH <sub>4</sub> .....	The principal chemical component of natural gas and biogas. The oxidation of methane (burning) produces water and CO <sub>2</sub>
MIA .....	Milieu- Investeringsaftrek
Mtoe .....	Million ton oil equivalent
MW .....	Mega Watt. Unit for power. 1 MW corresponds with 1,000,000 Watts which corresponds with 1,000,000 joules per second.
MW <sub>e</sub> .....	Mega Watt of electrical power
MWh .....	Mega Watt hour. Unit for power in relation with time
MWh <sub>lhv</sub> .....	MWh (see MWh) lhv: Lower heating Value. The lower heating value of a fuel is defined as the amount of heat released by combusting a specified quantity (initially at 25 °C or another reference state) and returning the temperature of the combustion products to 150 °C. The LHV assumes that the latent heat of vaporization of water in the fuel and the reaction products is not recovered. It is useful in comparing fuels where condensation of the combustion products is impractical, or heat at a temperature below 150 °C cannot be put to use.
MW <sub>th</sub> .....	Mega Watt of thermal power
Natural gas .....	A gaseous fossil fuel consisting primarily of methane but including significant quantities of ethane, propane, butane, and pentane — heavier hydrocarbons removed prior to use as a consumer fuel — as well as carbon dioxide, nitrogen, helium and hydrogen sulfide. It is found in oil fields (associated) either dissolved or isolated in natural gas fields (non associated), and in coal beds
NH <sub>3</sub> .....	Ammonia. It is normally encountered as a gas with a characteristic pungent odor. Ammonia contributes significantly to the nutritional needs of terrestrial organisms by serving as a precursor to foodstuffs and fertilizers.
NO <sub>x</sub> .....	A generic term for mono-nitrogen oxides (NO and NO <sub>2</sub> ). These oxides are produced during combustion, especially combustion at high temperatures.
Otto cycle .....	A thermodynamic cycle which converts heat into work. Its power cycle consists of adiabatic compression, heat addition at constant volume, adiabatic expansion and rejection of heat at constant volume, characterized by four <i>strokes</i> , or reciprocating movements of a piston in a cylinder
Peak load .....	the maximum level of demand on an electrical supply system over a certain period of time
Press cake .....	The solid material obtained when pressing <i>Jatropha</i> seeds.
Primary Energy .....	Energy that has not been subjected to any conversion or transformation process. It is contained in the raw fuels and any other forms of energy received by a system as input to the system.
Rankine cycle .....	A thermodynamic cycle which converts heat into work. The heat is supplied externally to a closed loop, which usually uses water as the working fluid. This cycle generates about 86% of all electric power used throughout the world, including almost all solar thermal, biomass, coal and nuclear power plants. It is named after William John Macquorn Rankine, a Scottish polymath.
Renewable energy .....	Energy produced from renewable energy sources
Renewable Energy Sources or RES .....	Renewable energy (sources) or RES capture their energy from existing flows of energy, from on-going natural processes, such as sunshine, wind, flowing water, biological processes, and geothermal heat flows
RES-E .....	Electricity produced from renewable energy sources
Return on Equity or RoE .....	Indicator of profitability. Determined by dividing net income for the past 12 months by common stockholder equity. Result is shown as a percentage.
SDE .....	Stimulerend Duurzame Energie (Stimulating Sustainable Energy). The name of a Dutch incentive scheme that promotes the production of sustainable energy.
Secondary (Recovered) Fuels .....	Fuel produced out of product specific (industrial) waste stream
SPV or Special Purpose Vehicle .....	A legal entity created especially for the project purpose.
Substrate .....	The natural environment in which an organism lives, or the surface or medium on which an organism grows or is attached, or feedstock used to produce biogas

Torrefaction .....	A thermal process in which biomass is carbonized. Compared to wood, coal or biomass pellets, biocoal contains a far lower amount of volatile organic compounds (VOCs), no water, and is fully carbon neutral and hydrophobic.
TPES .....	Total Primary Energy Supply
VAMIL .....	Willekeurige afschrijving milieu-investering
VREG .....	Vlaamse Reguleringsinstantie voor Electriciteits- en Gasmarkt, Energy market regulator in the Flemish Region
W or Watt .....	Unit of power, named after James Watt. 1 W = 1 Joule per second
Waste-to-energy .....	Term that refers to the conversion of waste in energy
Woody biomass .....	Specific class of biomass with a wood origin

## **COMPANY**

### **Thenergo NV**

*Statutory seat*  
Louizalaan 505/2  
1050 Brussels  
Belgium

*Operating seat*  
Brusselstraat 59  
2018 Antwerpen  
Belgium

## **LISTING AGENT**

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#### **Dexia Bank Belgium NV**

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## **ADVISOR TO THE COMPANY**

### **ING Belgium**

## **LEGAL ADVISORS**

### **To the Company**

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*As to French law*  
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## **INDEPENDENT AUDITOR**

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