



Annual Report 2008





Thenergo (Euronext Brussels: THEB) is an international renewable energy company specialised in the decentralised generation of electricity and heat for greenhouses and industrial partners or for sale on external power exchanges. Thenergo 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 and wood. 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.

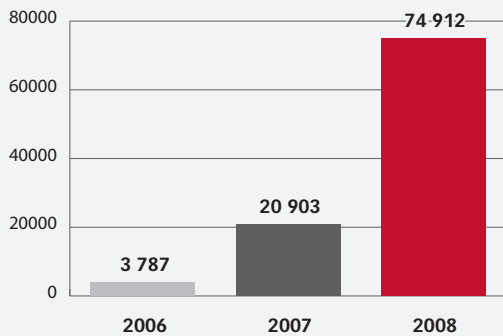
Thenergo is a forward-thinking, proactive and innovative company that combines waste management solutions with renewable energy production. Thenergo helps its project partners save on fuel, money and emissions with one aim in mind: building a greener future.

Table of contents

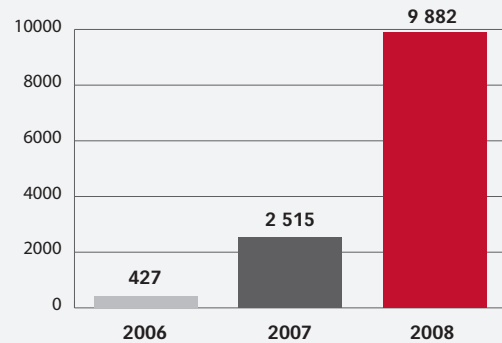
1. Consolidated Key Figures 2008.....	4
2. CEO and Chairman’s Statement	6
3. The Making of Thenergo	8
4. Thenergo’s Proven Business Model	10
5. Thenergo’s Group Activities	12
6. Thenergo’s Environmental Report	14
7. Thenergo’s Operational Sites and Pipeline.....	16
8. Board of Directors and Executive Committee	20
9. 2008 Highlights.....	22
10. Information for Shareholders	24
Financial Report	26
1. Management Report	28
2. Consolidated Financial Statements.....	32
3. Independent Auditor’s Report	74
4. Excerpt from the Thenergo nv Separate (Non-consolidated)	76
Financial Statements Prepared in Accordance with Belgian GAAP	

1. Consolidated Key Figures 2008

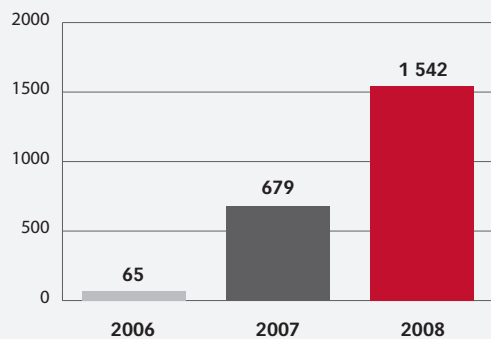
Operating income (in € 000)



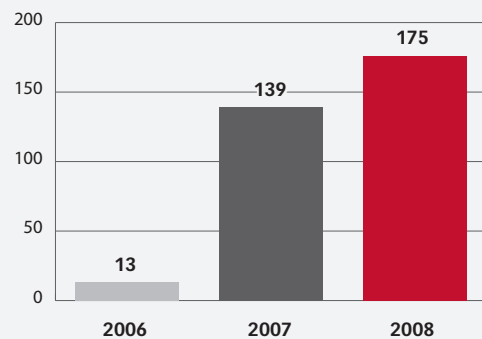
Recurring EBITDA (in € 000)



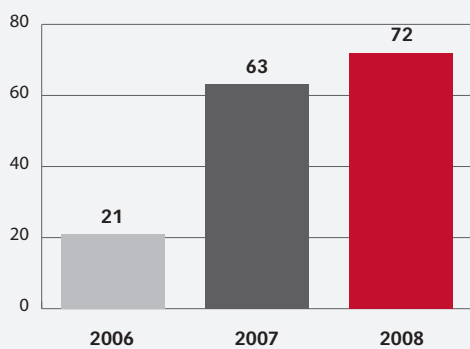
Recurring EBIT (in € 000)



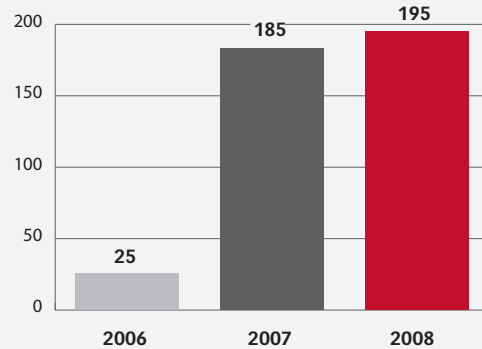
Headcount FTE (fulltime equivalent) (at year end)



Operational capacity (in MWe) (at year end)



Operational capacity (in MWth) (at year end)



Amounts in 000 €

	2008	%	2007*	%	2006	%
Operating income	74 912		20 903		3 787	
Revenue	70 628	100%	20 725	100%	3 738	100%
Recurring EBITDA	9 882	14.0%	2 515	12.1%	427	11%
Depreciation, amortisation	-8 340	11.8%	-1 836	-8.9%	-362	-10%
Recurring EBIT	1 542	2.2%	679	3.3%	65	2%
Goodwill impairment	-52 040	73.7%	0	0.0%		
Other	-7 539	9.2%	-1 879	0.0%		
Operating result (EBIT)	-58 037	82.2%	-1 200	5.8%		
Financial result	-4 547	3.1%	240	7.5%	105	
Contemplated public offering costs	-2 903	4.1%	0	0.0%		
Share of result of associates	1 111	1.6%	227	1.1%	102	
Income taxes	1 051		1 674		-204	
Result	-63 325	89.7%	942	4.5%	68	2%

* The 2007 figures as published were restated in order to reflect the finalisation of the Leysen and Groeikracht De Markvallei purchase accounting. The restatements resulted in an increase of the result by € 84 000.

	2008	2007	2006
Headcount FTE*	175	139	13
Operational capacity (in MWe)*	72	63	21
Operational capacity (in MWth)*	195	185	25
Equity	77 982	122 555	5 580
Balance sheet total	218 399	190 467	29 351

* at year end

2. CEO and Chairman's Statement

2008: a challenging year from many perspectives

Thenergo started the year with a clear plan to fuel its ambitious growth strategy through a secondary public offering on Euronext Brussels and Paris. By the end of June it became apparent that market conditions had deteriorated to the extent that any capital increase would have become too dilutive for shareholders. In early July, the public offering was withdrawn, and the CEO tendered his resignation. After the transfer of the listing from Alternext Paris to Euronext Brussels, and the arrival of a new CEO, Thenergo's focus turned back to organic growth and operational excellence as a means to weather the storm in the financial markets, and to create long-term value for all stakeholders. These events, in a nutshell, made 2008 a year full of challenges for Thenergo.

Key drivers for Thenergo's business remain intact

Increasing environmental concerns, particularly with respect to greenhouse gases and global warming, have resulted in rising demand for alternatives to traditional and polluting fossil fuels.

Furthermore, many European countries are net importers of energy from traditional energy reserves located in countries with a potentially unstable political climate.

Renewable energies can play a major role in tackling the twin challenge of energy security and global warming because they are not depletable and produce less greenhouse-gas emission than fossil fuels.

Many governments have made the security of energy supply a political priority. In March 2007 European leaders signed up to a binding EU-wide target to source 20% of their energy needs from renewables such as biomass, hydro, wind and solar power by 2020. The European Union has renewed and strengthened its commitment to the Kyoto Protocol by proposing a national renewable energy directive that would result in the following overall targets by 2020 (in relation to 2005):

- reducing energy consumption by 20% through increased energy efficiency
- a 20% reduction in greenhouse-gas emissions (30% if international agreement is reached)
- a 20% share of renewables in overall EU energy consumption
- a 10% biofuel component in vehicle fuel

2008: back to basics

Thenergo is a one-stop provider of proven and competitive renewable energy solutions, listed on Euronext Brussels. After the acquisitions and stellar growth realised in 2007, for Thenergo 2008 was a year of integration, consolidation and continued organic growth. Revenues increased from € 20.7 million to € 70.6 million (+241%) thanks to solid operational performance, as five new combined heat and power projects turned operational, and due to the impact of the 2007 acquisitions.

At the end of 2008 Thenergo has 27 operational projects and the company's gross installed capacity has risen to 72 MWe up from 63 MWe in 2007. At the same time, Thenergo's heat production capacity has increased from 185 MWth to 195 MWth. This strong operational track record will serve as a key driver for the company's future strategy.

In 2008 Thenergo's activities were predominantly focused on the operations of the current sites in order to fully optimise the profitability of these operational units. This focus will be pursued in 2009, along with the implementation of six new projects currently under construction.

In addition, Thenergo has identified a significant pipeline of future projects based on four different fuels (biogas, bio-oil, woody biomass and natural gas). Thenergo can build on its acquired knowhow of existing plants and estimates that it will execute a significant part of these identified projects.

When writing this introduction, Thenergo also announced the investment of € 10 million by ParticipatieMaatschappij Vlaanderen. This investment reinforces Thenergo's capital base and allows the company to further develop its future investments and growth plans. The composition of the Board of Directors was also changed, with Norbert Van Leuffel taking over as chairman from Jacques Putzeys.

Thenergo's Board and Management Team trust that the information provided in this annual report will strengthen the confidence in the company and strategic direction. Thenergo thanks all of its partners, customers and shareholders for their continued support and commitment.



Norbert Van Leuffel*
Chairman of the Board of Directors

* for Sofinan bvba



Carl Malbrain*
Chief Executive Officer

* for Carl Malbrain bvba

3. The Making of Thenergo

Under its original name, Energo nv was founded in March 2002 and was positioned as a biomass specialist in the renewable energy sector, and a developer of combined heat and power (CHP) projects.

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. Having decided to separate its non-wind assets, Theolia listed its CHP and biomass assets as an independent company in June 2007 on Alternext Paris, renaming it Thenergo nv.

In September 2007, Thenergo acquired Leysen, a Belgian waste management group, with two core activities: organic waste procurement and upstream logistics. Leysen is also active in the development of jatropa oil as fuel for CHP units. In November 2007 Thenergo nv acquired the remaining minority share (49%) of Polargen via a share swap. In December 2007 Thenergo nv acquired a majority stake in ENRO, a German biomass CHP developer and operator. In March 2008 ENRO AG was rebranded Thenergo Sustainable Energy.AG (tse.AG). tse.AG has an operating portfolio of 14 MWe (electrical) and 127 MWth (thermal). The portfolio contains two woody biomass CHP plants fuelled by fresh cut and waste wood and one biogas CHP plant, generating a total of 14 MW electrical power and 23 MW thermal power. tse.AG also co-owns and co-operates two heat distribution companies supplying power, heat and gas to industrial and residential clients. Additionally, tse.AG has brought valued expertise in the field of rankine cycle engineering to Thenergo and has helped it secure a strong commercial foothold in one of Europe's most fertile renewable energy markets.

Five new projects put in operation in 2008

In 2008 Thenergo brought five new renewable energy projects into operation: Valmass (Vleteren, Belgium), Biogasanlage Beckum (Beckum, Germany) and three natural gas CHP projects (Belgium and the Netherlands).

Valmass

The Valmass biogas CHP plant converts organic waste from the vegetable processing industry to create green electricity and heat. The fermented residue is refined into high-quality granules for use in agriculture and horticulture. The facility has a total capacity of 1.7 MWe and 1.9 MWth, and supplies approximately 3 500 households with green electricity.



In April 2008 Agri Investment Fund, an investment entity of the Belgian Farmers Association, invested € 10 million in Thenergo. As a concrete result of this partnership, a joint venture CHP (combined heat and power) project on the Fertikal site in Kallo, Belgium is being established, using biofuel as a feedstock for the production of renewable energy and where manure is dried and converted into fertiliser.

In July 2008 Kurt Alen resigned as CEO of Thenergo. In August 2008 Carl Malbrain was appointed current CEO of the company. Carl brings more than 20 years of executive experience in the energy (nuclear) and environmental (water, waste, wastewater) sector to this position. He has experience in acquisition and post-acquisition integration. Previously Carl served as CEO of the Belgian Nuclear Research Centre, Biffa Waste Services and Seghers Better Technology, and he was executive chairman of Indaver.

At the end of August 2008, Thenergo transferred its listing from Alternext Paris to Euronext Paris and Brussels. In October 2008, the former Leysen shareholders invested € 2 million in Thenergo which resulted in the creation of 357 143 new shares. The former Leysen shareholders currently hold 21.7% of the Thenergo shares, out of a total of 19 634 137 shares. In December 2008, Theolia sold its 24% participation in Thenergo to Hestiun Ltd, maintaining the option to repurchase the 4 716 480 shares within two years, at 110% within one year and 120% within two years of the selling price.

For Thenergo, 2008 was a year of integration, consolidation and continued organic growth. Polargen moved its offices to Thenergo's headquarters in Antwerp and fully assumed the Thenergo brand. Furthermore, together with Leysen, a new platform was developed to simplify and focus biomass sourcing, in order to improve fuel supply to the energy units. In Germany, the tse.AG Aufsichtsrat was extended, and six members of Thenergo's executive committee were appointed as members of the tse.AG board.



Biogasanlage Beckum

Biogasanlage Beckum is a biogas CHP plant able to generate a maximum electricity capacity of 1.1 MWe. Sugar beets are used as substrate for biogas production. The facility supplies approximately 2 500 households with green electricity.

Groeikracht

Groeikracht stands for projects where a greenhouse owner and Thenergo join forces in developing a CHP project based on the energy needs of the greenhouse. The CHP plant is dimensioned based on the demand for heat, electricity and CO₂. With three additional Groeikracht projects in operation, Thenergo holds 20 Groeikracht projects with a total capacity of 56 MWe and 65 MWth.



4. Thenergo's Proven Business Model

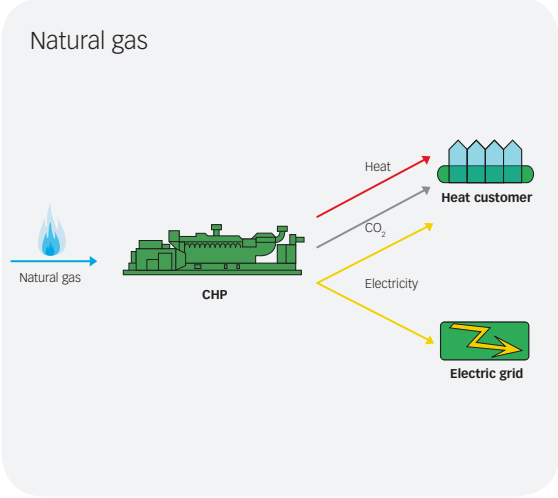
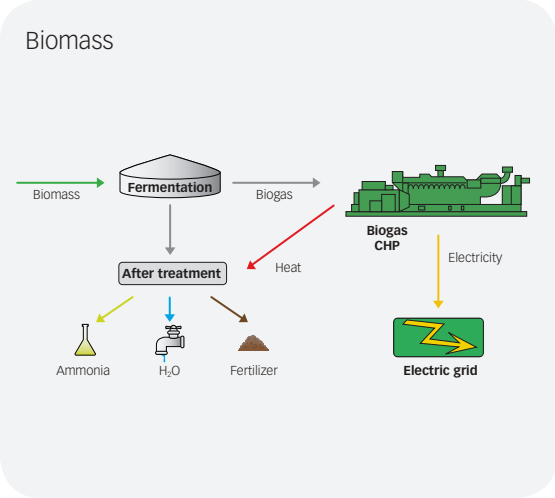
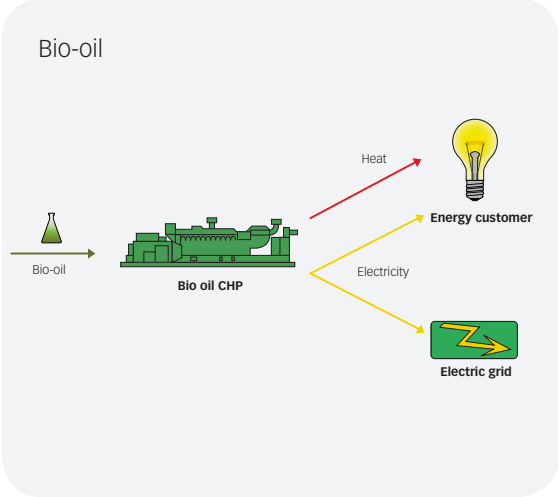
Thenergo works with agricultural and industrial partners using its proven experience in designing, engineering, constructing, integrating, operating and financing renewable energy projects. Thenergo provides tailor-made energy solutions to customers in the 1 MWe to 50 MWe project range. The energy is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

Thenergo differentiates itself in the market by operating under a fully integrated business model, managing the different steps in the value chain in order to help its partners optimise performance and minimise risk.

The business model is based on four fuels: natural gas, biogas, woody biomass and bio-oil. 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 fertiliser pellets.

What is CHP?

The energy generation facilities of Thenergo are based on **Combined Heat and Power (CHP)** technology. In traditional generation facilities, the heat resulting 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.



1. Project Development & Concept Engineering

The initial project phase encompasses project analysis and concept engineering. Thenergo has extensive experience and skills in proven and reliable renewable energy technologies and has a comprehensive understanding of technology applications and efficiencies. The company further manages the complex authorisation 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 site construction and installation Thenergo uses experienced subcontractors.

2. Financing

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

3. Operational Management

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

- **Fuel & Logistics Management**

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

Through its in-house fuel and logistics management activities, Thenergo pursues procuring long-term fuel security at best possible tariffs.

- **Energy Portfolio Management**

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

5. Thenergo's Group Activities

1. Project Development & Concept Engineering

Concept engineering takes place in the project development stage and comprises the engineering and constructing of energy plants. Thenergo provides these services for its projects' partners and, on an occasional basis, for external parties.

2. Operational Management: operational sites

At the end of 2008, Thenergo has 27 sites in operation: 18 sites in Belgium, 4 in the Netherlands and 5 in Germany. The majority of these sites are CHP plants in the agricultural sector and are fuelled by natural gas. The remaining plants are fuelled by biogas and woody biomass.

The operational projects in Europe together represent 72 MWe of installed electric capacity (YE 2008); equivalent to the electricity needs of approximately 102 000 households. Furthermore, the current portfolio also produces 195 MWth thermal capacity, an important additional source of revenues.

In 2008, Thenergo's activities focused predominantly on the operation of current operational sites in order to fully optimise the profitability of these units. This strategy will likewise be pursued in 2009.

3. Fuels & Logistics: waste management

Leysen is active in the consulting and analysis of waste and on-site waste services, the collection, transport, and pre-treatment of waste, and the treatment and final disposal of waste (reuse, recycling, recovery, physical-chemical treatment, incineration and landfill) for the private, public and industrial market.

The total treatment of waste amounted to 160 299 tonnes in 2008, of which about 118 558 tonnes could eventually serve as fuel for future CHP plants. The most important waste categories treated are: paper-related waste (11 000 tonnes), mixed waste from SMEs (46 000 tonnes), bio-waste (39 000 tonnes), and construction waste (30 000 tonnes).



Trading

Leysen has trading departments for the trading of secondary materials and waste products, and for the trading of energetic monostreams.

Leysen is equipped with:

- 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

With respect to trading, Leysen is active in:

- the trading of secondary materials like plastic, cardboard, paper... which is sold within Europe and primarily to the Far East via its former branch "Asia Leysen" where it formed closed partnerships
- energetic monostreams like wood waste and pure plant oil from the agro industry in tropical climates; to be imported in Europe to use as secondary fuel (CO₂-neutral) in power stations.

4. Jatropha oil

Thenergo's jatropha project in Thailand contributes to the success of other energy-generating projects in the project portfolio, as it secures the long-term supply of fuel for planned and future renewable energy projects. The project permits cost control with respect to the delivery of jatropha oil as Thenergo takes control of the entire supply chain, which includes jatropha plantation, oil production, treatment and shipping.

Both the oil and the residue of the oil production (press cake) coming from the production process are fit to use as fuel for energy generation. Parallel to the jatropha project, Thenergo has the possibility to develop projects locally and make use of power plants and power engines fuelled by the jatropha bio-oil. In a first phase, however, Thenergo will use the fuel in CHP units in Europe. The press cake will be used in local projects.

Strategy with respect to jatropha oil

Thenergo considers jatropha oil to be a relevant source of fuel for its project portfolio. Taking into account the risks associated with such an innovative project, however, Thenergo has decided that such a project should be evaluated on a stand-alone basis, separate from the company's core activities. In this respect, Thenergo is looking for a partner in its jatropha activities under a separate unit.



6. Thenergo's Environmental Performance

Thenergo's clean energy activities perfectly fit within the environmental framework of EU and international directives. The Kyoto, EU 2020 targets and other local and national environmental objectives are key drivers of Thenergo's business.

EU 2020 targets:

The European Union has adopted an integrated energy and climate change policy, which includes ambitious targets for 2020. It aims to move Europe towards a sustainable future with a low-carbon, energy-efficient economy by:

- cutting greenhouse gases by 20% (30% if international agreement is reached)
- reducing energy consumption by 20% through increased energy efficiency
- meeting 20% of our energy needs from renewable sources.

In 2007, Thenergo signed the Belgian 'Charter Duurzaam Ondernemen' (Charter for Sustainable Business) with regard to the development of Valmass. By signing the Charter, Thenergo has committed to adhering to specific standards regarding sustainability, social and environmental policy that extend above and beyond Belgian legislation. In 2008 Thenergo recommitted to the Charter with regard to the development of the Bineryg Ieper project.

The Charter focuses on ten specific themes

1. Reducing energy used in the company by applying the principals of rational energy use.
2. Reducing water usage by applying the principals of rational water use.
3. Reducing or preventing waste production, avoiding harmful waste products and developing a useful application for produced waste.
4. Preventing soil pollution.
5. Preventing air pollution.
6. Preventing water pollution.
7. Preventing and minimising inconveniences for the local community.
8. Devising new applications that contribute to the development of environmentally friendly products.
9. Minimising packaging.
10. Pursuing an open communication policy.

Thenergo has committed to implementing these sustainability elements not only for Valmass and Bineryg Ieper, but for its entire project portfolio. These principles are fundamental elements of Thenergo's environmental and social performance.

Thenergo's environmental and social initiatives

- **Optimising energy efficiency and CO₂-savings**

Thenergo has developed an online monitoring system called the Thenergo Power System (TPS). The operational performance of the projects is actively monitored by TPS. The energy producing units are continuously measured with respect to heat, electricity and CO₂ values per hour, allowing Thenergo to easily measure and optimise CO₂-savings, and maximise the use of fuel and efficiency of output. Additionally, the measured values are reported monthly to the 'Vlaamse Reguleringsinstantie voor de Elektriciteits- en Gasmarkt' (VREG).

- **Participating in ongoing and open dialogue with personnel, government, communities and other stakeholders**

Thenergo works closely with local and national authorities to attain environmental and building permits, and maintains a constructive dialogue with environmental organisations and local communities. When, for example, Valmass entered into operation, Thenergo organised an open visit for the local community. During the guided visit to the biogas CHP plant, members of the community had the opportunity to learn more about Thenergo's activities and installations. Thenergo plans similar events for its new sites in 2009.

- **Integrating sustainability into the development of infrastructure, in investment and purchase policy, and in process and product development**

Thenergo's core business is to provide clean energy solutions with an important focus on environmentally friendly and energy-efficient techniques. Thenergo's 30 engineers are charged with continuously exploring and promoting innovative sustainable energy solutions. In fact Thenergo has recently applied for a patent for the ground-breaking energy process being implemented at the Binery leper site. This new process recovers pure water, concentrated ammonia and fertiliser pellets from fermented biomass.

- **Preventing and valorising waste materials**

Various efforts are made to ensure the prevention and valorisation of waste materials. Feedstock, additives and packaging are used in an eco-efficient way. On the Valmass site, for example, a water balance is maintained and waste water is purified on the basis of biological treatment and membrane filtration. Thanks to this intensive recycling of waste water, no additional city or ground water is used. Furthermore, the waste materials from the fermentation process are fully recycled into pure water and durable fertiliser. Additionally, for the construction of project sites, Thenergo works with experienced subcontractors whereby prevention of waste is an important contract criterion.

- **Minimising inconveniences for the local community**

Numerous measures are taken to minimise impact on the local community. When the construction of a site begins, members of the community are informed by letter, in which the activities of the energy-producing unit are detailed and the project manager is introduced. In addition Thenergo regularly organises noise and odour emission measurements. Where needed, additional improvements are continuously made.

- **Minimising local traffic**

Thenergo works with decentralised energy units located on or next to the premises of its partner, who often delivers part of the feedstock. When necessary the feedstock is transported to the installation. In such a case, Thenergo conducts mobility studies in order to organise transport to and from the site in the most efficient, least disruptive way. For example, at the Binery leper site, the weighbridge was repositioned to reduce traffic.

7. Thenergo's Operational Sites and Pipeline

Today, Thenergo has 29 sites in operation of which 19 sites are located in Belgium, 5 in the Netherlands and 5 in Germany. The majority of the sites are currently CHP plants in the agricultural sector and are fuelled by natural gas. The other plants are fuelled by biogas and wood.

Summary table of operational sites:

Project name	Country	Fuel	Stake	Gross Electric capacity MWe	Gross Thermal capacity MWth	Completion Date
Biogasanlage Beckum	Germany	Biogas	89%	0.7	0.8	Nov/2008
Biocogen bvba	Belgium	Biogas	50%	1.4	1.7	Dec/2006
Groeikracht Abelebaan	Belgium	Natural gas	52%	2.0	2.5	Feb/2009
Groeikracht Boechout A nv	Belgium	Natural gas	96%	3.8	4.6	Aug/2005
Groeikracht Boechout B nv	Belgium	Natural gas	96%	1.4	1.9	Aug/2005
Groeikracht Broechem nv	Belgium	Natural gas	25%	1.8	2.1	Jun/2006
Groeikracht Butenpole b.v.	Netherlands	Natural gas	30%	4.0	4.4	Feb/2007
Groeikracht Butenpole II	Netherlands	Natural gas	51%	2.0	2.2	Feb/2009
Groeikracht De Blackt nv	Belgium	Natural gas	51%	2.0	2.5	May/2007
Groeikracht De Boskapel nv	Belgium	Natural gas	52%	2.0	2.5	Apr/2008
Groeikracht De Markvallei nv	Belgium	Natural gas	100%	7.5	8.7	Aug/2006
Groeikracht Etten-Leur b.v.	Netherlands	Natural gas	30%	2.4	2.8	Feb/2006
Groeikracht Etten-Leur b.v.	Netherlands	Natural gas	30%	2.7	2.9	Nov/2007
Groeikracht Lierbaan nv	Belgium	Natural gas	30%	1.5	1.8	Sep/2008
Groeikracht Marvado nv	Belgium	Natural gas	51%	3.3	3.7	Jul/2007
Groeikracht Marveco nv	Belgium	Natural gas	51%	1.1	1.3	May/2007
Groeikracht Merksplas nv	Belgium	Natural gas	100%	2.8	3.5	Dec/2004
Groeikracht Pierstraat nv	Belgium	Natural gas	51%	1.1	1.3	Dec/2007
Groeikracht Prinsenland	Netherlands	Natural gas	95%	3.6	3.9	Sep/2008
Groeikracht Rielbro nv	Belgium	Natural gas	30%	2.0	2.5	Dec/2007
Groeikracht Vremde nv	Belgium	Natural gas	51%	4.1	4.8	Dec/2007
Groeikracht Waver nv	Belgium	Natural gas	30%	1.7	2.1	Jul/2007
Groeikracht Wommelgem bvba	Belgium	Natural gas	51%	2.6	3.0	Dec/2007
Groeikracht Zwarthout bvba	Belgium	Natural gas	100%	3.5	4.1	Dec/2007
Ludwigsfelde biomass CHP plant	Germany	Wood	89%	1.5	10.0	Oct/2007
Elsterwerda biomass CHP plant	Germany	Wood	89%	12.2	12.0	2004
Ludwigsfelde heat plant	Germany	Natural gas	43%	0.0	100.0	1995
Stadtwerk Elsterwerda heat plant	Germany	Natural gas	45%	0.0	3.8	1996
Valmass	Belgium	Biogas	60%	1.6	1.9	Sep/2008
				76	199	
Totals		Biogas		4	4	
		Natural gas		58	173	
		wood		14	22	

Sites under construction

Thenergo currently has 6 sites under construction:

Project name	Country	Fuel	Stake	Gross Electric capacity MWe	Gross Thermal capacity MWth	Projected Completion Date
Binergy Ieper nv	Belgium	Biogas	75%	3.2	3.5	Q3/2009
Greenpower QEF nv	Belgium	Bio-oil	52%	9.0	6.0	Q4/2009
Groeikracht Bavikhove	Belgium	Natural gas	51%	1.0	1.2	Q3/2009
Groeikracht De Blackt II	Belgium	Natural gas	51%	1.4	1.7	Q3/2009
Groeikracht Vrasene	Belgium	Natural gas	51%	1.9	2.2	Q3/2009
Groeikracht Wommelgem II	Belgium	Natural gas	51%	1.5	1.5	Q4/2009
				18.0	16.0	
Totals		Natural gas		6	7	
		Biogas		3	4	
		Bio-oil		9	6	

Priority Pipeline – development

Thenergo currently has 8 projects under development:

Project name	Country	Fuel	Stake	Gross Electric capacity MWe	Gross Thermal capacity MWth
Binergy Meer	Belgium	Bio-oil	100%	6.5	7.0
Elsterwerda I ¹	Germany	Wood	89%	0.0	0.0
Elsterwerda II ²	Germany	Wood	89%	0.0	0.0
Fertikal	Belgium	Bio-oil	51%	9.0	6.0
Groeikracht Bavikhove II	Belgium	Natural gas	51%	1.0	1.2
Groeikracht Prinsenland II	Netherlands	Natural gas	95%	1.8	2.0
Groeikracht Zwarthout II	Belgium	Natural gas	100%	1.4	1.7
CHP plant	Germany	Wood	68%	5.0	10.0
				24.7	27.9

¹ Extensions of current project: wood pre-treatment

² Extensions of current project: heat customer



Project pipeline going forward

In addition to the operational projects and sites under construction, Thenergo has also identified a significant pipeline of future projects.

This pipeline consists of identified projects for building CHP plants with a diversity of the four different fuel types as discussed above.

The total number of identified projects in the pipeline amount to an electrical capacity of about 84 MWe and a thermal capacity of another 54 MWth. The company estimates that it will execute a significant part of these identified projects, which will further diversify the company's portfolio with respect to the fuels used.

Fuel	Number of projects	Country	Gross Electrical Capacity MWe	Gross Thermal Capacity MWth
Natural gas	2	BE, NL	14.4	15.9
Bio-oil	4	BE	39.5	27.5
Biogas	6	BE, PL	10.8	10.5
Waste	2	BE	19.0	0.0
			83.7	53.9

Grants and incentives

The production of green energy is currently not price competitive compared to the standard methods for producing energy. Therefore national authorities have created incentive schemes within the context of EU legislation.

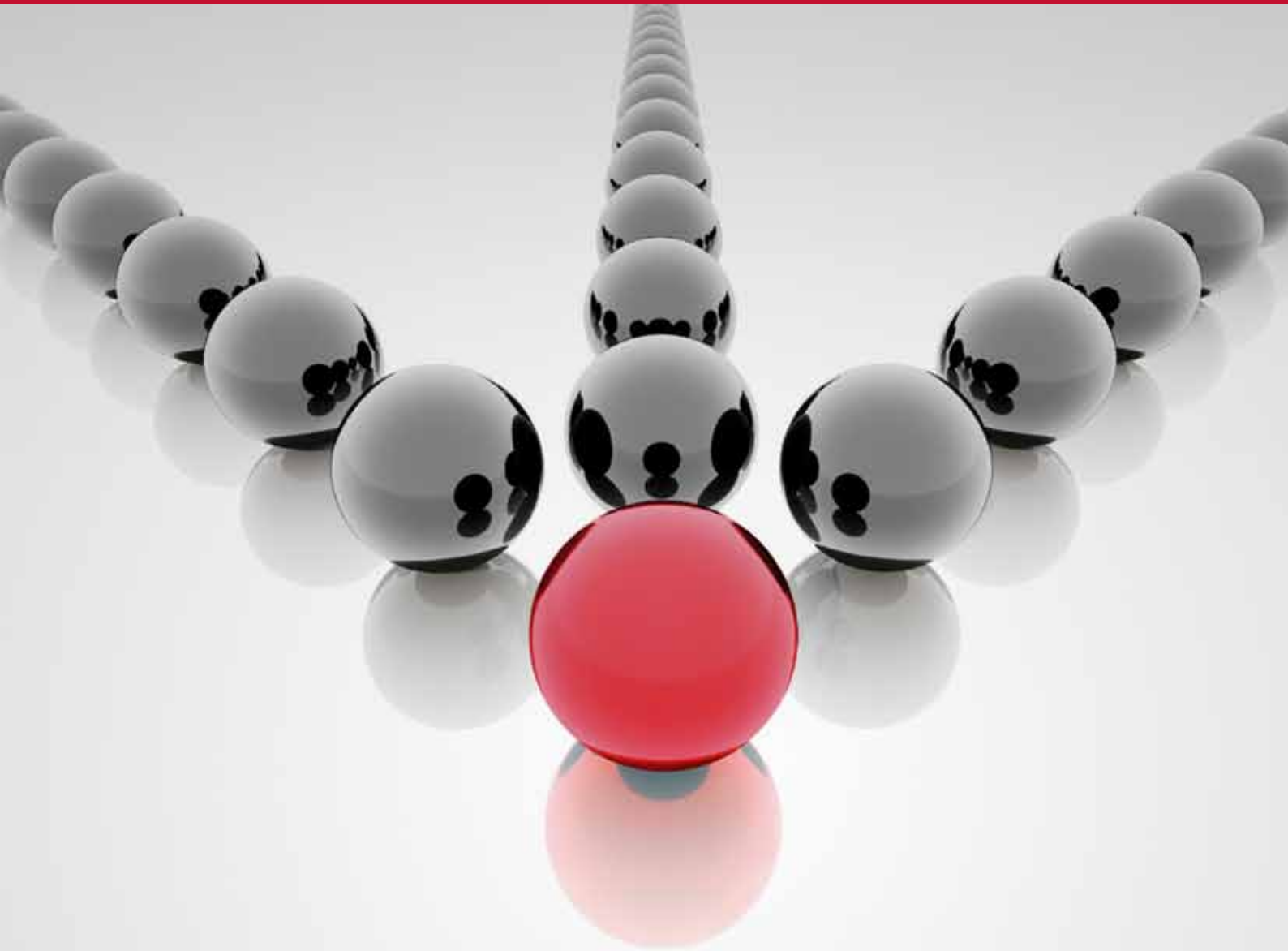
Belgium has a mixture of different support schemes at different policy levels. The most important and essential measure to stimulate renewable energy projects is the obligatory quota (obligation for all electricity suppliers to supply a specific proportion of RES-E by means of green certificates and 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.

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.

In the **Netherlands** the new SDE 2009 (Subsidieregeling Duurzame Energie) policy programme is being introduced. For 2009 the programme has a budget of € 2.6 million. The programme closes 31 October 2009. During the course of 2009 applications can be submitted for solar, wind, biomass, hydropower and wind (excluding offshore wind).

Permits

Each decentralised energy production project requires permits such as an environmental permit and a construction permit. Some larger projects first require an Environmental Impact Assessment (EIA) to evaluate their overall impact on the environment. The procedures to obtain the necessary permits vary in terms of time and administration. However, Thenergo's positive pro-active communication strategy and professional approach mitigate the risk of potential delays.



Thenergo is a forward-thinking, proactive and innovative company, delivering the best possible sustainable energy solutions to the market in order to provide us all with a cleaner future.

8. Board of Directors and Executive Committee

Composition of the Board of Directors

The Board of Directors consists of 7 members, 2 of whom are Executive Directors and 5 of whom are Non-Executive Directors.

Name	Principal Function With The Company	Nature Of Directorship	Initially Appointed	Term Expires
Sofinan bvba, represented by Mr. Norbert Van Leuffel	Chairman Of The Board Of Directors	Non-Executive Director	13 July 2006	2012
Carl Malbrain bvba represented by Mr. Carl Malbrain	Chief Executive Officer	Executive Director	22 October 2008	2013
Mr. Jozef Marc Rosiers	Director	Non-Executive Director	1 November 2008	2013
Bavaco nv represented by Mr. Ivo Van Vaerenbergh	Director	Executive Director	24 March 2008	2013
Mr. Jacques Putzeys or in the past the management companies represented by Jacques Putzeys	Director	Non-Executive Director	6 February 2006	2012
Mr. Olivier Dellacherie	Director	Non-Executive Director	8 January 2008	2013
Mr. Stéphane Garino	Director	Non-Executive Director	7 May 2008	2014



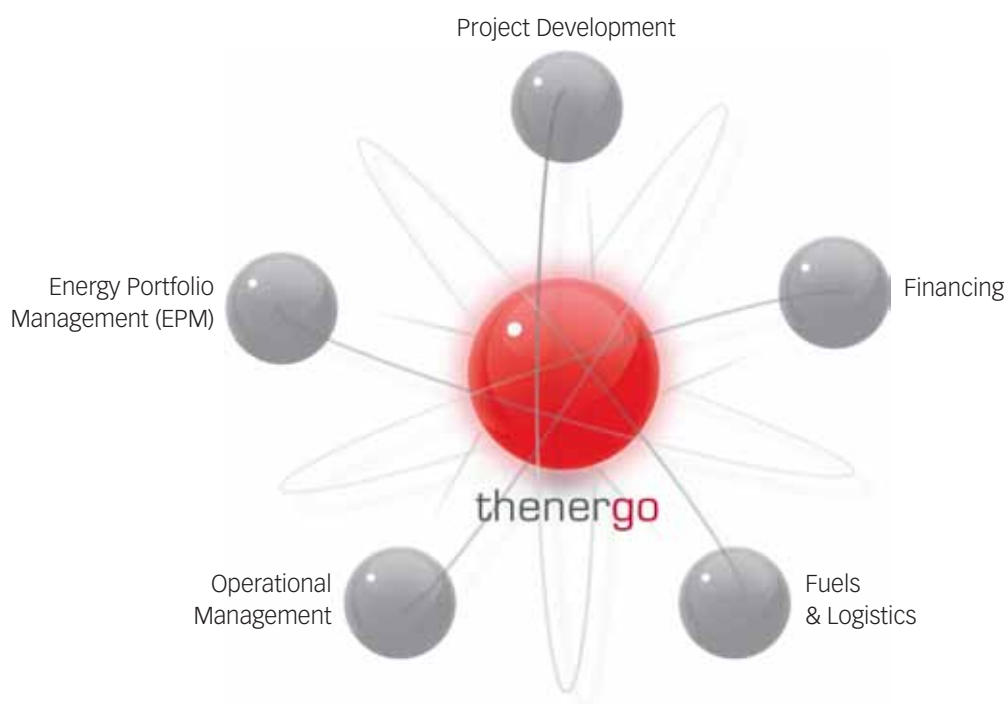
Composition of board of directors

Clockwise from top left: Stéphane Garino, Ivo Van Vaerenbergh, Olivier Dellacherie, Jozef Marc Rosiers, Norbert Van Leuffel, Carl Malbrain (Jacques Putzeys not pictured)

Composition of the Executive Committee

The company's Board of Directors established an Executive Committee on 10 December 2007. 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	CEO	1957
Mr. Christophe Van Nevel	Chief Financial Officer	1969
Belster bvba, represented by Mr. Chris Beliën	General Counsel And Company Secretary	1958
Ecologic 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



9. 2008 Highlights

Revenues

Over the course of 2008, Thenergo's revenues have increased to € 70.6 million, coming from € 20.7 million in 2007 and € 3.7 million in 2006. Compared to 2007 this means the 2008 revenues increased more than 3-fold (x3.4). This significant increase is caused by both non-organic growth and the putting in operation of 5 new projects.

Cost of sales

The 2008 cost of sales primarily relates to fuel costs (mainly natural gas, € 14.8 million), project development costs (€ 7.4 million) and waste management costs (€ 8.3 million).

Recurring EBITDA

Thenergo's recurring EBITDA increased to € 9.9 million in 2008 as compared to € 2.5 million in 2007 and € 0.4 million in 2006. Besides the significant increase in absolute figures, the recurring EBITDA margin also increased to 14.0% in 2008 compared to 12.1% in 2007 and 11.4% in 2006.

Recurring EBIT

Thenergo's recurring EBIT increased to € 1.5 million in 2008 as compared to € 0.7 million in 2007 and € 0.1 million in 2006. The recurring EBIT margin decreased to 2.2% in 2008 as compared to 3.3% in 2007 linked to the start-up of two new biogas plants.

Result

Thenergo's reported result decreased to € -63.3 million in 2008 as compared to € 0.9 million in 2007 as a result of the goodwill impairment of € -52.0 million and other one-off items such as public offering costs and costs linked to discontinued projects. The goodwill impairment charges reflect the economic downturn in the waste business and the unfavourable financial market conditions decreasing the valuation of project pipelines.

Human resources

On 31 December 2008 Thenergo had a FTE (fulltime equivalent) headcount of 175.

Within the employee population Thenergo has a pool of 30 engineers, emphasising 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. In the future, Thenergo will continue to recruit the best available staff on the market.

Assets

Goodwill decreased to € 14.3 million in 2008 following the impairment charges taken on the acquired companies Leysen and tse.AG.

Property, plant and equipment increased to € 114.9 million, following the 5 projects put in operation during 2008 and the consolidation of the tse.AG financials in 2008.

Trade receivables increased to € 22.5 million reflecting the growth of the CHP business and the consolidation of the tse.AG financials in 2008.

Cash and cash equivalents decreased to € 18.6 million following the continued organic growth and new investments made in Thenergo's core business.

Liabilities

Due to several capital increases that took place during the course of 2008, the share capital increased to € 125.3 million.

Retained earnings decreased to € -63.6 million following the results of the 2008 financials, mainly impacted by goodwill impairment charges.

Long-term borrowings increased to € 52.4 million and long-term leases increased to € 29.8 million following the contracting of debt financing of new CHP plants in operation and under construction.

Short-term borrowings increased to € 9.1 million and short-term leases increased to € 4.4 million linked to the reimbursement schedules of operational CHP plants.

Outlook for 2009 and beyond

Due to the completion of 5 new projects in 2008, Thenergo expects a higher revenue contribution in 2009.

Thenergo still has 6 projects under construction*, all of these projects should be brought into service during the course of 2009. The completion of these sites will bring Thenergo's portfolio up to approximately 100 MWe and 200 MWth.

In 2008 Thenergo's activities were predominantly focused on the operations of the current operational sites in order to fully optimise the profitability of these operational units. This focus will be pursued in 2009, along with the implementation of the above-mentioned six new projects. In 2009 Thenergo will focus its activities on its current markets.

* Groeikracht De Blackt II, Groeikracht Wommelgem II (extensions), Groeikracht Bavikhove, Groeikracht Vrasene, Binergy Ieper, Greenpower (new sites)

Dividend policy

Thenergo is a growth company in a dynamic industry. Therefore, no dividends have been paid to shareholders in the past, including 2008.

10. Information for Shareholders

Founded in 2002 and based in Antwerp, Belgium, Thenergo is a fast-growing, fully integrated and independent developer and operator of sustainable energy projects using biogas, natural gas, bio-oil and woody biomass. Thenergo brings solutions and added value to clients' energy needs, from financing and concept design to procurement, operations management and energy sales on Europe's power markets.

Today, Thenergo provides all of its companies, industry partners and customers with the synergies to optimise every step of the value chain.

14 June 2007, Thenergo listed on Alternext, Paris (Ticker: ALTHE). 25 August 2008 Thenergo listed on Euronext Brussels and Paris. Since the introduction of the single order book on 14 January 2009 at Euronext, Thenergo had only one quotation for its listing on the two Euronext exchanges. Therefore, the company decided to cancel its listing on Euronext Paris and since 2 March 2009 has been listed only on Euronext Brussels (Ticker: THEB).

All information for shareholders may be found on: www.thenergo.eu or by contacting the Investor Relations department at the following address:

Thenergo nv/SA

Caroline Kerremans
Communications Manager
Tel +32 (0) 3 292 97 01
caroline.kerremans@thenergo.eu
Gateway House
Brusselstraat 59
B-2018 Antwerp – Belgium

Shareholder calendar:

Full Year Results 2008:	30 March 2009
General Shareholders Meeting 2008:	6 May 2009
Half Year Results 2009:	31 August 2009
Full Year Results 2009:	30 March 2010
General Shareholders Meeting:	5 May 2010

Shareholder structure

The following table reflects the company's shareholding structure on 29 December 2008.

Shareholder	Number of shares	Percentage of shares
AEK	881 133	4.49%
Eureffect Asset Management b.v. and funds managed by Eureffect Asset Management b.v. and subsidiaries of Eureffect Asset Management b.v. ¹	1 261 138	6.42%
Management and former Leysen / Polargen shareholders	4 810 449	24.50%
Spirit AIM	955 000	4.86%
AIF	952 381	4.85%
Free Float ²	6 057 556	30.85%
Hestiun ltd	4 716 480	24.02%
TOTAL	19 634 137	100.00%

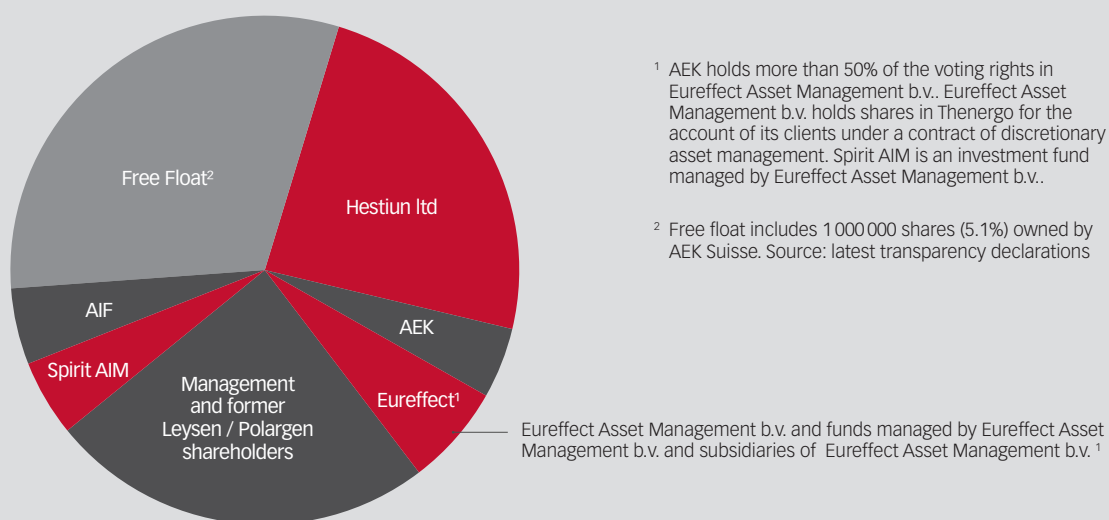
The company issued 4 587 042 registered warrants, pursuant to a shareholders resolution on 23 April 2007 (the "Warrants 2007"). Each of the Warrants 2007 gives right to subscribe to one share in the company.

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. 307 743 Warrants 1 have been offered.

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, 1 348 006 Warrants 2 have been offered.

A third category of 2 071 006 warrants (the Warrants 3) has been offered to Amsterdam's 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 Warrants 2007 can be exercised until 30 June 2012, and 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.



Financial Report

for the year ended 31 December 2008

Index

1. Management Report	28
2. Consolidated Financial Statements	32
Consolidated income statements	32
Consolidated balance sheets	33
Statement of changes in equity	34
Statement of cash flows	35
Notes to the consolidated financial statements	36
Note 1 – Corporate information	36
Note 2 – Statement of compliance	36
Note 3 – Summary of significant accounting policies	36
Note 4 – Segment reporting	44
Note 5 – Acquisitions of subsidiaries	50
Note 6 – Goodwill	54
Note 7 – Intangible assets	56
Note 8 – Property, plant and equipment	57
Note 9 – Investments	58
Note 10 – Trade and other receivables	58
Note 11 – Cash and cash equivalents	59
Note 12 – Share capital	59
Note 13 – Borrowings and leases	61
Note 14 – Trade and other payables	62
Note 15 – Payroll and related benefits	62
Note 16 – Share-based payments	63
Note 17 – Other operating expenses	64
Note 18 – Finance costs and income	64
Note 19 – Income taxes	65
Note 20 – Financial instruments – market and other risks	67
Note 21 – Earnings per share	69
Note 22 – Related parties	69
Note 23 – Collateral and contractual commitments for capital expenditures	71
Note 24 – Events after the balance sheet date	71
Note 25 – List of subsidiaries, joint ventures and investments in associates	72
3. Independent Auditor’s Report	74
4. Excerpt from the Thenergo nv Separate (Non-consolidated) Financial Statements Prepared in Accordance with Belgian GAAP	76

1. Management Report

This management report should be read in conjunction with Thenergo's consolidated financial statements ended 31 December 2008. All amounts are in thousands of €, unless explicitly stated differently.

1.1. Main transactions in 2007 and 2008

EURONEXT™ BRUSSELS LISTING – COLLECTION OF € 70 MILLION OF CAPITAL IN 2007 – FURTHER STRENGTHENING OF CAPITAL BASE DURING 2008

On 14 June 2007 the Thenergo shares were listed on Alternext by Euronext TM Paris. In preparation of the Alternext admission, Thenergo raised € 5 million capital with qualified investors. Immediately after the Alternext listing, Thenergo further increased its share capital through a private placement of € 65 million with qualified investors which was completed on 18 June 2007. All shares were issued at € 8.45 per share.

On 25 August 2008 the Alternext Paris listing was replaced by a dual Euronext listing in Brussels and Paris.

To further accelerate the company's growth, significant resources were dedicated to the strengthening of Thenergo's capital base during the first six months of 2008. As a result, in May 2008, Thenergo concluded an industrial partnership agreement with Agri Investment Fund (AIF), an investment entity of M.R.B.B., the financial holding company of the Boerenbond. AIF invested € 10 million in the share capital of Thenergo.

In June 2008, Thenergo filed an offering prospectus revealing the company's plan to raise new funds through a public offering in Belgium and France and a private placement with institutional investors in Europe. Due to worsening market conditions the Board of Directors decided on 10 July 2008 to withdraw the public offering. Instead, the company plans to secure its long term growth and project pipeline execution through alternative funding.

Thanks to the introduction of the single order book on 14 January 2009 at Euronext, Thenergo had only one quotation for its listing on the two Euronext stock exchanges (Brussels and Paris). Consequently, Thenergo decided on 2 March 2009 to cancel its Euronext Paris listing.

Note 12 *Share capital of the financial statements* explains in detail the changes in the company's share capital during the years 2006-2008.

ACQUISITION OF LEYSEN IN SEPTEMBER 2007

In September 2007 Thenergo concluded the acquisition of Leysen Invest nv ("Leysen"), a Belgian organic waste-to-energy group, active in two 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 enhances both companies' strengths, while the highly complementary industrial partnership allows Thenergo to expand its existing business model and to accelerate the development of biomass units. At the same time, Thenergo's revenue and earnings substantially increase, and recurrent cash flows are enhanced thanks to Leysen's on-going waste management activities.

ACQUISITION OF TSE.AG (PREVIOUSLY ENRO AG) EFFECTIVE 1 JANUARY 2008

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 share swap. 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. Based on the above, ENRO is consolidated starting 1 January 2008. At 31 December 2007 the 51% interest in ENRO AG was in the financial statements reported as an investment at cost for a total value of € 8 014.

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. At 31 December 2008 Thenergo holds 89% of the tse.AG shares.

OPERATIONAL HIGHLIGHTS

After the acquisitions and organic growth in 2007, for Thenergo 2008 was a year of integration, consolidation and continued organic growth. The companies acquired in 2007 were further integrated during the course of 2008. In August 2008 Polargen moved its offices to Antwerp (the Thenergo offices) and was rebranded into Thenergo. Furthermore together with Leysen a new platform was developed to simplify, focus and direct the biomass sourcing, in order to improve the fuel supply to the energy units. In Germany the Board of Directors of tse.AG was extended and six members of Thenergo's executive committee were appointed as members of the Board.

In 2008 Thenergo brought five new projects into operation. Thenergo's core business has achieved strong growth with Valmass (Vleteren, Belgium), Biogasanlage Beckum (Beckum, Germany) and three natural gas CHP projects (Belgium and The Netherlands) that reached the operational status in 2008.

At the end of 2008 Thenergo holds 27 operational projects in Europe, representing a total of 72 MW electrical and 195 MW thermal capacity. The gross installed capacity increased to 72 MWe at the end of 2008, up from 63 MWe at the end of 2007.

In 2008 Thenergo's activities were predominantly focused on the operations of the current operational sites in order to fully optimise the profitability of these operational units. This focus will be pursued in 2009, along with the implementation of the projects under construction.

2008 GOODWILL IMPAIRMENT CHARGE OF € 52 MILLION

At the end of 2008 Thenergo recognised a goodwill impairment charge of € 52 million related to the Leysen and tse.AG acquisitions. The impairment was triggered by the economic downturn in the waste business as well as the unfavourable financial market conditions decreasing the valuation of project pipelines. Note 6 *Goodwill* of the financial statements explains in detail the goodwill impairment charge.

1.2. Financial performance

The key financial data can be summarised as follows:

thousands of €

	2008	%	2007*	%	2006	%
Operating income	74 912		20 903		3 787	
Revenues	70 628	100%	20 725	100%	3 738	100%
Recurring EBITDA	9 882	14%	2 515	12%	427	11%
Depreciation, amortisation and impairment	-8 340	12%	-1 836	9%	-362	10%
Recurring operating result (REBIT)	1 542	2%	679	3%	65	2%
Non-cash share-based payment expense	-1 069		-1 880			
Goodwill impairment	-52 040					
Costs discontinued projects	-6 470					
Operating result (EBIT)	-58 037		-1 200		65	
Financial income	2 222		1 569		378	
Financial costs	-6 769		-1 329		-273	
Contemplated public offering costs	-2 903					
Share of result of associates	1 111		227		102	
Income taxes	1 051		1 674		-204	
Result for the year	-63 325		942		68	
Attributable to:						
Equity holders of Thenergo	-62 151		23		-284	
Minority interests	-1 174		894		352	
Basic earnings per share (€)	-3.59		0.00		-0.07	
Diluted earnings per share (€)	-3.59		0.00		-0.07	

* The 2007 figures as published were restated in order to reflect the finalisation of the Leysen and Groeikracht De Markvallei purchase accounting. The restatements resulted in an increase of the result by € 84.

OPERATING ACTIVITIES BY SEGMENT

Over 2008, Thenergo's revenue has increased to € 70 628 coming from € 20 725 in 2007 and € 3 738 in 2006. The 2008 revenues increased with a multiplier of 3.4 as compared to the 2007 figures. The increase originates from both organic and non-organic growth. The recurring EBIT increased to € 1 542 as compared to € 679 in 2007.

During the year 5 new CHP projects became operational, bringing the total number of plants in operation to 27. The installed electrical capacity rose from 63.3 MWe at the end of 2007 (including tse.AG) to 72.3 MWe at the end of 2008.

This recently installed capacity comes on top of the 12 CHP plants that became operational during the course of 2007. Consequently revenue from energy production increased accordingly to € 42 381 in 2008 from € 5 296 in 2007, generating an EBIT of € 5 698 in 2008 compared to € 1 107 in 2007.

Revenue from project development and monitoring services (€ 12 225 in 2008) remained stable, while recurring EBIT of these activities decreased to € -311 in 2008 from € 2 017 in 2007.

In the fuels & waste business revenue increased to € 19 552 in 2008 from € 7 852 in 2007, following the full year inclusion of the Leysen group (acquired September 2007).

Detailed information on the segment performance is disclosed in note 4 *Segment reporting*.

CASH FLOWS

During the year 2008 Thenergo raised new share capital for a total amount of € 12 000 (€ 11 851 after directly attributable cash expenses). Borrowings and leases were repaid for a total amount of € 11 736. Acquisitions of property, plant and equipment amounted to € 21 409 while the proceeds from new borrowings amounted to € 13 815.

The cash flow from operating activities was negative (€ -5 172) due to an increase of working capital (€ -13 002).

2. Consolidated Financial Statements

Consolidated income statements

thousands of €

	Note	2008	%	2007*	%	2006	%
Operating income		74 912		20 903		3 787	
Revenues	4	70 628	100%	20 725	100%	3 738	100%
Other income		4 284		177		49	
Operating expenses		-132 949	-188%	-22 103	-107%	-3 722	-100%
Cost of sales	4	-46 290	66%	-13 585	-66%	-1 900	-51%
Payroll expenses	15	-10 891	15%	-2 334	-11%	-858	-23%
Depreciation and amortisation		-8 340	12%	-1 836	-9%	-362	-10%
Impairment goodwill	6	-52 040	74%				
Costs discontinued projects		-6 470	9%				
Share-based payment expense	16	-1 069	2%	-1 880			
Other operating expenses	17	-7 849	11%	-2 468	-12%	-602	-16%
Operating result		-58 037	-82%	-1 200	-6%	65	2%
Financial result		-7 450		240		105	
Finance income	18	2 222		1 569		378	
Contemplated public offering costs		-2 903					
Finance costs	18	-6 769		-1 329		-273	
Share of result of associates		1 111		227		102	
Result before tax		-64 376		-733		272	
Income tax benefit/(expense)	19	1 051		1 674		-204	
Result for the year		-63 325	-90%	942	5%	68	2%
Attributable to:							
Equity holders of Thenergo		-62 151		23		-284	
Minority interests		-1 174		919		352	
Basic earnings per share (Euros)	21	-3.59		0.00		-0.07	
Diluted earnings per share (Euros)	21	-3.59		0.00		-0.07	

* The 2007 figures as published were restated in order to reflect the finalisation of the Leysen and Groeikracht De Markvallei purchase accounting. The restatements resulted in an increase of the result by € 84.

Consolidated balance sheets

thousands of €

	Note	2008	2007*	2006
Non-current assets		156 346	121 861	18 017
Goodwill	5,6	14 283	51 951	2 841
Intangible assets	5,7	20 978	19 720	5 219
Property, plant and equipment	8,23	114 863	38 016	8 385
Investments	9	1 601	9 332	1 328
Deferred tax assets	19	4 026	2 718	244
Other non-current assets		595	124	
Current assets		62 053	68 606	11 334
Trade receivables	10	22 531	12 170	6 851
Other receivables	10	11 912	5 426	1 224
Inventories		3 206	205	
Other current assets	20	5 814	980	280
Cash and cash equivalents	11	18 590	49 825	2 979
Total assets		218 399	190 467	29 351
Equity		77 982	122 555	5 580
Share capital	12	125 292	114 849	3 471
Retained earnings		-63 645	-1 305	-1 566
Share-based payments	16	8 985	7 916	
Hedging reserves	20	1 536	-152	
Minority interests		5 814	1 247	3 675
Non-current liabilities		92 472	43 691	6 873
Long-term borrowings	13	52 355	24 164	2 539
Leases	13	29 827	12 794	2 560
Employee benefits and provisions		1 309		
Deferred tax liabilities	19	8 838	6 733	1 774
Other non-current liabilities		143		
Current liabilities		47 945	24 221	16 898
Short-term borrowings	13	9 095	6 990	3 820
Leases	13	4 373	885	231
Trade payables	14	24 448	13 039	7 333
Other payables	14	3 872	2 296	4 716
Other current liabilities	20	6 157	1 011	798
Total equity and liabilities		218 399	190 467	29 351

* The 2007 figures as published were restated in order to reflect the finalisation of the Leysen and Groeikracht De Markvallei purchase accounting. The restatements resulted in an increase of equity by € 81.

Statement of changes in equity

thousands of €

	Share capital	Treasury shares	Retained earnings	Hedging Reserve	Share-based payments	Equity attributable to equity holders of Thenergo	Minority interests	Total equity
Balance at 1 January 2006	1 681		-1 450			231	250	481
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 for the year			-190			-190	226	36
Balance at 31 December 2006	3 471	-70	-1 640			1 761	6 369	8 130
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
Balance at 1 January 2007	3 471	-70	-1 496			1 905	3 675	5 580
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 for 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
Balance at 31 December 2007	114 848	-43	-1 343	-152	7 916	121 226	1 247	122 473
Finalisation purchase accounting Leysen and De Markvallei:								
– income statement impact			84			84		84
– equity impact			-3			-3		-3
Balance at 1 January 2008	114 848	-43	-1 262	-152	7 916	121 307	1 247	122 554
Share capital increase	11 610					11 610		11 610
Transaction costs directly attributable to capital increase	-1 166					-1 166		-1 166
Change in consolidation scope							5 047	5 047
Change in consolidation method							-360	-360
Result for the year			-62 151			-62 151	-1 174	-63 325
Share-based payments						1 069		1 069
Correction purchase accounting Leysen			-194			-194		-194
Share capital increases subsidiaries by minority shareholders							305	305
Cash flow hedge accounting				1 688		1 688	894	2 582
Dividends							-146	-146
Actuarial gains and losses			7			7	1	8
Currency translation difference			-2			-2		-2
Balance at 31 December 2008	125 292	-43	-63 602	1 536	8 985	72 168	5 814	77 982

Statement of cash flows

thousands of €

	2008	2007*	2006
Result before tax	-64 376	-733	272
<i>Non-cash or non-operating items</i>			
Share of result of associates	-1 111	-227	-102
Elimination result with associates	343	362	
Financial result	7 451	-240	-105
Allowance/(reversal) doubtful debtors	172	-117	150
Share-based payment expense	1 069	1 880	
Depreciation and amortisation	11 450	1 835	362
Impairment goodwill	52 040		
Other	1 546		
Change in working capital	-13 002	-2 747	-2 493
Income tax paid	-754	-43	-27
Cash flow from operating activities	-5 172	-30	-1 943
Acquisition of property, plant and equipment	-21 409	-13 600	-2 205
Acquisition of subsidiaries	-10 498	-19 773	-2 826
Acquisitions and incorporations of associates		-3 648	
Change in consolidation method	368		
Cash flow from investing activities	-31 539	-37 021	-5 031
Proceeds from the issue of share capital	12 000	75 628	2 178
Transaction costs directly attributable to the share capital increases	-149	-4 156	-399
Proceeds from borrowings	13 815	24 080	7 864
Repayment of borrowings and leases	-11 736	-10 807	
Interest paid	-6 026	-749	-137
Interest received	1 192	1 000	
Contemplated public offering costs	-2 903		
Loans granted	-500	-750	
Minority interests in subsidiaries	305	124	
Dividends paid	-557	-271	
Dividends received from associates	32	102	
Profit sharing arrangements	-92	-169	
Other	94	-135	
Cash flow from financing activities	5 475	83 897	9 506
Net cash flow for the year	-31 236	46 846	2 532
Cash and cash equivalents at the beginning of the year	49 825	2 979	447
Cash and cash equivalents at the end of the year	18 590	49 825	2 979

* The 2007 figures as published were restated in order to reflect the finalisation of the Leysen and Groeiracht De Markvallei purchase accounting. The restatements resulted in an increase of the result by € 84.

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 2008 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 1 April 2009.

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 2008. The accounting policies applied are consistent with those applied in the annual consolidated financial statements ended 31 December 2007. Thenergo has not applied IFRS requirements that are not yet effective at 31 December 2008. Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

The consolidated financial statements are presented in thousands of €, 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, joint ventures 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 20 and 30 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 | 5 – 20 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 Thenergo'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 Thenergo'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 similar to the valuation model applied at the transaction date. 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 or one level below.

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. For defined benefit plans, the pension expense is determined by applying the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on any plan assets, past service costs and the effect

of any curtailments or settlements. The pension obligations recognised in the balance sheet are measured at the present value of the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability, less any past service costs not yet recognised and the fair value of any plan assets. Past service costs result from the introduction of, or changes to, post-employment benefits. They are recognised as an expense over the average period that the benefits vest. Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of changes in equity. The company operated one defined benefit plan at the balance sheet date.

(M) SHARE-BASED PAYMENTS

The company's 2007 share option ("warrant") programme 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 for 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.

Revised IAS 1 presentation of financial statements

In September 2007 the IASB issued revised IAS 1 Presentation of Financial Statements. The IAS 1 revisions introduce the concept of comprehensive income and need to be applied for the first time in the 2009 annual financial statements. Comprehensive income represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. Thenergo intends to provide total comprehensive income in an income statement and a separate statement of other comprehensive income in the 2009 financial statements.

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 management services of all operational plants.
- Fuels & waste: this segment includes the procurement of fuels for energy processing and the upstream waste collection activities.

Year ended 31 December	Energy from natural gas		Energy from biogas and biomass		Concept engineering energy plants		Fuels & waste		Holding		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Operating income	33 312	4 079	12 605	1 205	12 225	12 165	19 823	7 909			-3 053	-4 455	74 912	20 903
Revenue external customers	32 842	4 103	9 539	1 193	8 659	7 577	19 552	7 852					70 628	20 725
Revenue other segments					3 053	4 455					-3 053	-4 455		
Recurring EBITDA	7 240	1 191	4 045	701	290	2 377	3 168	806	-3 975	-1 539	-886	-1 021	9 882	2 515
Depreciation, amortisation and impairment	-3 038	-659	-2 549	-126	-601	-360	-2 033	-669	-119	-22			-8 340	-1 836
Recurring operating result (REBIT)	4 202	532	1 496	575	-311	2 017	1 135	137	-4 094	-1 561	-886	-1 021	1 542	679
Non-cash share-based payment expense									-1 069	-1 879			-1 069	-1 880
Impairment goodwill					-13 539		-38 501						-52 040	
Costs discontinued projects					-1 752		-4 355		-363				-6 470	
Operating result (EBIT)	4 202	532	1 496	575	-15 602	2 017	-41 721	137	-5 526	-3 440	-886	-1 021	-58 037	-1200
Financial result	-1 530	-707	-2 397	-382	-871		-802	-208	1 053	1 538			-4 547	240
Contemplated public offering costs									-2 903				-2 903	
Share of result of associates, excluding Van Dijke Recycling	420	227											420	227
Share of result of associate Van Dijke Recycling							690						690	
Income tax benefit/ (expense)	174	703	1 229	887	24	-112	37	22	-412	62	112		1 051	1 674
Result for the year	3 266	755	328	1 080	-16 449	1 905	-41 796	-49	-7 788	-1 840	-886	-909	-63 325	942
Assets	56 964	24 055	63 059	9 489	19 709	17 988	31 752	76 521	47 799	63 313	-886	-909	218 398	190 467
Liabilities	42 149	19 619	44 362	7 975	18 688	7 823	20 884	20 055	14 332	12 440			140 415	67 912
Acquisition of property, plant and equipment	8 665	9 817	15 174	4 670	1 933	3 258	7 306	858	118	347	-886	-1 021	31 144	17 929

Year ended 31 December	Energy from natural gas		Energy from biogas and biomass		Concept engineering energy plants		Fuels & waste 2007	Holding		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006		2007	2006	2007	2006	2007	2006
Operating income	4 079	1 578	1 205	1 699	12 165	780	7 909			-4 455	-319	20 903	3 738
Revenue external customers	4 103	1 538	1 193	1 698	7 577	502	7 852					20 725	3 738
Revenue other segments				1	4 455	278				-4 455	-319		
Recurring EBITDA	1 191	536	701	660	2 377	57	806	-1 539	-826	-1 021		2 515	427
Depreciation, amortisation and impairment	-659	-208	-126	-126	-360	-5	-669	-22	-23			-1 836	-362
Recurring operating result (REBIT)	532	328	575	534	2 017	52	137	-1 561	-849	-1 021		679	65
Non-cash share-based payment expense								-1 879				-1 880	
Impairment goodwill													
Costs discontinued projects													
Operating result (EBIT)	532	328	575	534	2 017	52	137	-3 440	-849	-1 021		-1 200	65
Financial result	-707		-382				-208	1 538	105			240	105
Contemplated public offering costs													
Share of result of associates, excluding Van Dijke Recycling	227	102										227	102
Share of result of associate Van Dijke Recycling													
Income tax benefit/(expense)	703		887		-112		22	62	-204	112		1 674	-204
Result for the year	755	430	1 080	534	1 905	52	-49	-1 840	-948	-909		942	68
Assets	24 055	7 787	9 489	3 002	17 988	12 045	76 521	63 313	5 517	-909		190 467	29 351
Liabilities	19 619	2 309	7 975	971	7 823	3 715	20 055	12 440	16 776			67 912	23 771
Acquisition of property, plant and equipment	9 817	1 053	4 670	1 123	3 258	928	858	347		-1 021		17 929	3 104

The geographical segment data is as follows:

Year ended 31 December	Belgium		Germany		Other		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	49 824	20 103	17 381	0	3 423	622	70 628	20 725
Assets	169 754	188 762	41 589	0	7 055	1 705	218 398	190 467
Acquisition of property, plant and equipment	26 479	16 035	3 576	0	2 255	1 894	32 310	17 929

The acquisition of property, plant and equipment includes acquisitions through financial leases.

OPERATING INCOME

Over 2008, Thenergo's operating income has increased to € 74 912 from € 20 903 in 2007 and € 3 787 in 2006. The 2008 operating income increased with a multiplier of 3.6 as compared to the 2007 operating income. This significant increase is caused by both organic and non-organic growth.

Operating income	2008		2007		2006	
Electricity	23 501	31%	2 173	10%	1 329	35%
Heat	7 865	10%	856	4%	322	9%
Green Certificates	419	1%	618	3%	684	18%
CHP certificates	7 108	10%	1 678	8%	900	24%
Development fees	8 386	11%	7 549	36%	497	13%
Waste management	19 492	26%	7 812	37%		
Other revenues	3 857	5%	40	0%	6	0%
Other income	4 284	6%	177	1%	49	1%
Total	74 912		20 903		3 787	

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 2.7% 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 – see note 20 *Financial instruments – Market and other risks*.

The heat revenues are fully generated by sales of heat to the local partners in the projects.

Energy sales (electricity and heat) increased to € 31 366 in 2008 as compared to € 3 029 in 2007 and € 1 651 in 2006. This increase is linked to a higher number of operational CHP plants.

Revenues from CHP certificates increased to € 7 108 following the higher number of operational CHP plants. With respect to the green certificates, revenues decreased to € 419 in 2008 as compared to € 618 in 2007. The start-up of the Valmass plant in the last quarter of 2008 is more than offset by the change in consolidation method of Biocogen.

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 € 8 386 in 2008 as compared to about € 7 549 in 2007. The 2008 development revenues are linked to the fact that 5 CHP plants were completed in the course of 2008 and project development and engineering activities performed for external parties.

Next to the development fee, other fees and commissions are charged (€ 1 070 in 2008) with respect to sales commissions and management & monitoring activities.

OPERATING EXPENSES

Cost of sales

Fuel costs

Thenergo's operational sites at 31 December 2008 were all from the 'Groeikracht' type, except for the Biocogen and the Valmass plant in Belgium, and the plants in Germany. The fuel used for the 'Groeikracht' plants is natural gas, whilst for the Biocogen and Valmass plants biogas is used as fuel. The source of the biogas used by Biocogen comes from a purification process of polluted water, whereas Valmass uses organic waste. The plant in Ludwigsfelde uses fresh wood while the plant in Elsterwerda has waste wood as energy source.

The expenses following the purchase of natural gas serving as fuel for Thenergo's CHP plants increased to € 14 833 in 2008 compared to € 2 393 in 2007 and € 1 063 in 2006. This increase is linked to the higher number of operational CHP plants, using natural gas as fuel, in 2008 compared to 2007 and 2006.

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 engineering expenses and cost associated to sales of engines and installations.

Project development costs increased to € 7 356 in 2008 compared to € 5 565 in 2007 and € 104 in 2006.

Waste management costs

The waste management expenses relate to the purchase of recovery goods (€ 573 in 2008) and to treatment costs of waste (€ 7 762 in 2008). While the expenses for recovery goods mainly relate to the purchase of paper and cardboard and also plastics to a lesser extent, the treatment cost of waste 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 can be saved in the future.

Payroll expenses

Personnel costs (excluding share based expense – as discussed hereunder) increased to € 10 891 in 2008, compared to € 2 334 in 2007 and € 858 in 2006. The significant 2008 increase is largely linked to the full-year impact of the Leysen group (acquired in September 2007) and the activities of the German plants. Furthermore the payroll expenses rose because of the extension of the Thenergo staff and the Fertikal acquisition in May 2008.

The average number of employees increased to 170 FTEs in 2008, coming from 56 in 2007 and 10 FTEs in 2006. The significant increase in 2008 is mainly linked to the full year inclusion of the Leysen staff (acquisition in September 2007) and the operations in Germany. At the end of 2008 Thenergo counted in total 175 FTEs, of which 91 employed in the Leysen Group, 42 in tse.AG and a total of 42 FTEs in the other Thenergo companies. This includes operational management of plants and corporate functions.

Other operating expenses

For 2008, Thenergo's most important other operating expenses (total amount for 2008 is € 7 849) relate to:

- maintenance and rent of installations (€ 2 381)
- third party services (€ 2 325), i.e. mainly insurance, audit and accounting fees;
- usage costs (€ 1 795), i.e. mainly utilities and office supplies;
- PR, marketing & sales (€ 974), i.e. mainly communication & PR and representation costs;

RECURRING EBITDA

Thenergo's Recurring EBITDA increased to € 9 882 in 2008 as compared to € 2 515 in 2007 and € 427 in 2006. Besides the significant increase in absolute figures, the recurring EBITDA margin also increased to 14.0% in 2008 compared to 12.1% in 2007 and 11.4% in 2006.

RECURRING EBIT

Amortisations and depreciations

Amortisations and depreciations increased to € 8 340 in 2008 compared to € 1 836 in 2007 and € 362 in 2006. The significant increase in amortisations and depreciations in 2007 is a consequence of the significantly higher number of operational sites in 2008 compared to 2007 and 2006, and the full year incorporation of the Leysen activities and the operations of the plants in Germany.

Recurring EBIT

Thenergo's Recurring EBIT increased to € 1 542 in 2008 as compared to € 679 in 2007 and € 65 in 2006. The recurring EBIT margin decreased to 2.2% in 2008 compared to 3.9% in 2007 and 1.8% in 2006, which is caused by the capital-intensive biomass/biogas units in Belgium and Germany during the start up phase.

OPERATING RESULT (EBIT)

Share-based payment expense

Thenergo's 2008 reported EBITDA is negatively impacted by a share-based payment expense for an amount of € 1 069. This expense is a non-cash expense related to the share options granted to Key Management and personnel. 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 in relation with this share-based payment expense. For the next two years, the impact of the share-based payment charges was estimated at € 789 in 2009 and € 297 in 2010.

Goodwill impairment

At the end of 2008 Thenergo recognised a goodwill impairment charge of € 52 040 related to the Leysen and tse.AG acquisitions for respectively € 38 501 and € 13 539. The impairment was triggered by the economic downturn in the waste business as well as the unfavourable financial market conditions decreasing the valuation of project pipelines – see also note 6 *Goodwill*. As this cost is non-recurring it was not included in the recurring EBITDA.

Costs discontinued projects

Costs related to discontinued projects include € 1 752 with regard to two German projects that were abandoned at the end of 2008 following our decision to restructure the tse.AG activities. Further, the decision to focus on one crushing line of 200 ton jatropha nuts per day, due to the slower than expected development of the jatropha project, has triggered a total charge of € 4 355 of which € 3 024 are impairment charges of PPE under construction – see also note 8 *Property, plant and equipment*. As a result, the carrying amount of the jatropha related fixed assets is now aligned with the amended planning of the project.

RESULT FOR THE YEAR

Financial result

Financial result -excluding contemplated public offering costs- total an expense of € 4 547 in 2008 compared to an income of € 240 in 2007 and € 105 in 2006. The higher financial expense is caused by the full year impact of the tse.AG financial result and the higher number of operational plants, which to a large extent are financed by bank loans and financial leasing.

The debt and interest expense of all the project companies where Thenergo is majority shareholder is consolidated in the Thenergo financials.

In 2008 Thenergo has charged € 2 903 to the income statement as expenses made for the secondary public offering, withdrawn in July 2008.

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 (€ 1 498, 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 (€ 447). The consolidated tax impact on Thenergo's 2008 result is therefore a positive tax credit worth € 1 051.

Result

Thenergo reports a loss of € 63 325 in 2008 as compared to a profit of € 942 in 2007 and € 68 in 2006.

The Thenergo share of the result in 2008 amounts to € -62 151.

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. At the time of acquisition Polargen held an 11.66% interest in Groeikracht Merksplas nv and a 13.76% interest in Groeikracht Boeichout 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 were fully consolidated as from 30 November 2006 while they were proportionally consolidated before. The Polargen purchase price amounted 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
Total	3 605	-2 481	6 086

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
Total	6 086

The significant decrease in the recognised intangible assets is explained by the fact that the initial value of € 14 662 was 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.

LEYSSEN 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 shall enhance both companies’ strengths, while the highly complementary industrial partnership allows Thenergo to expand its existing business model and to accelerate the development of biomass units. At the same time, Thenergo’s turnover and earnings increase substantially, and recurrent cash flows are enhanced thanks to Leysen’s on-going waste management activities.

Founded in 2002, Leysen 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 € 54 000, 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 in September 2007 and € 18 000 (the contingent consideration) was settled in October 2008 by issuing 1 943 844 Thenergo shares following the August 2008 Euronext listing (liquidity event). Since the contingent consideration was initially estimated at € 20 000 the purchase price was reduced by € 2 000 in 2008. 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.

During 2008 the Leysen purchase accounting was completed and the 2007 figures were restated accordingly. The impact of the restatement can be summarised as follows:

	Amounts at 31 December 2007 as published	Final values upon completion purchase accounting	Difference
Intangible assets	2 528	14 880	12 352
Deferred tax liabilities	-939	-5 006	-4 067
Leases	-2 534	-2 919	-385
Total	-945	6 955	7 900

As a result, the goodwill on the Leysen transaction decreased from the provisional amount of € 53 788 to the final amount of € 45 888 while the 2007 amortisation charge related to intangibles increased by € 139. The strong increase of the estimated fair value of the acquired intangible assets is explained by the adoption of the revenue valuation method instead of the gross margin approach – see also note 7 *Intangible assets*.

OTHER 2007 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 accounted for under the equity method until 31 December 2007. During 2008 the purchase price accounting was finalised, resulting in the recognition of an excess of € 175 in the 2007 restated income statement. 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 buyout 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*.

tse.AG (formerly ENRO AG) acquisition

As explained in note 5 *Acquisitions of subsidiaries* of our 2007 annual report Thenergo obtained control over tse.AG (formerly ENRO AG) on 10 January 2008. As a result, tse.AG and its subsidiaries (together referred to as "tse") are included in the consolidated financial statements of Thenergo as from 1 January 2008. At 31 December 2007 the tse.AG investment amounted to € 8 014, reported at cost as part of the balance sheet caption Investments.

At 31 December 2008 Thenergo had an 89% equity interest in tse.AG. The tse purchase price, including directly attributable expenses of € 706, amounts to € 12 310 of which € 6 707 was paid in cash (€ 2 903 during November-December of 2007 and € 3 804 in February 2008) while € 5 603 was settled against 599 thousand Thenergo shares (€ 4 266 in December 2007 and € 1 128 in February 2008). Goodwill on this transaction amounts to € 13 539 and was justified by (i) the tse know-how (e.g. Rankine cycle) and (ii) revenue and cost synergies following Thenergo's access to the German energy market.

The 2008 tse revenue and result (before the goodwill impairment charge – see note 6 *Goodwill*) amounted to respectively € 17 381 and € -4 132.

Acquisitions of controlling stakes in four CHP plants

Effective 1 January 2008 Thenergo increased its minority share in Groeikracht de Blackt nv, Groeikracht Bûtenpole b.v., Groeikracht Vremde nv and Groeikracht Marvado nv to a controlling stake of 51%. The total purchase price for these acquisitions amounted to € 366, paid in cash during the second half of 2008. As a result, these CHP plants are fully consolidated as from 1 January 2008 while they were previously accounted for under the equity method. Total goodwill for these acquisitions amounts to € 200. € 490 goodwill related to the acquired CHP plants was accordingly reclassified from Investments to goodwill.

The 2008 revenue and result of the four acquired CHP plants amounted to respectively € 7 362 and € 883.

Acquisition of Binergy Meer site

In March 2008 Thenergo acquired 100% of the Binergy Meer nv (formerly Bioprom bvba) shares against a total cash consideration of € 4 525. The main assets of Binergy Meer nv are the land, the grid connection and permits; together referred to as the "Binergy Meer site". Goodwill from this acquisition amounts to € 1 785 and is justified by the future profits from this multi-fuel bio energy project that is planned to become operational in 2010.

Fertikal CVBA acquisition

At the end of May 2008 Thenergo acquired a 51% controlling interest in Fertikal CVBA for a total cash consideration of € 5 259 of which € 1 630 is deferred. Fertikal CVBA is an existing plant for drying manure fuelled by natural gas. This plant will be converted to a 9 MWe sustainable CHP plant running on bio-oil. In addition, a new multi-fuel plant is planned to be constructed on the Fertikal site. During the conversion phase, the operating losses of Fertikal CVBA are carried by the seller Agri Investment Fund (AIF), an investment entity of M.R.B.B., the financial holding company of the Boerenbond. This project is the first tangible result of the industrial partnership with the Boerenbond – see also note 8 *Share capital*.

The goodwill on this acquisition amounts to € 358. This goodwill is justified by the future profits from this site generated from both revenue and cost synergies.

The 2008 revenue and other operating income (primarily AIF compensation for incurred operating losses) amounted to respectively € 747 and € 1 286 while the 2008 result of Fertikal was € 92. It was estimated that the 2008 consolidated revenue would have been € 499 higher while the result would have been at the same level if the acquisition date had been 1 January 2008.

Impact of the acquisitions on the financial position of Thenergo

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:

	2008	2007	2006
Intangible assets	2 602	14 866	5 232
Property, plant and equipment	57 484	13 074	968
Investments		87	1 197
Deferred tax assets	1 163	130	97
Non-current assets	61 249	28 157	7 494
Trade receivables	4 188	7 812	5 303
Other receivables	1 315	886	224
Inventories	317	52	
Other current assets	621	202	
Cash and cash equivalents	4 652	739	438
Current assets	11 093	9 691	5 965
Long-term borrowings	-26 298	-4 282	-64
Leases	-12 841	-7 439	-337
Deferred tax liabilities	-2 115	-918	-1 903
Other non-current liabilities	-1 504	-4 152	
Non-current liabilities	-42 758	-16 791	-2 304
Short-term borrowings	-719	-2 263	-107
Leases	-674	-340	-63
Trade payables	-5 547	-6 818	-6 073
Other payables	-1 422	-875	-476
Other current liabilities	-3 703	51	-6
Current liabilities	-12 065	-10 245	-6 725
Net identifiable assets and liabilities	17 519	10 812	4 430
Share acquired in the net identifiable assets and liabilities	11 983	10 812	2 259
Minorities			-655
Goodwill on acquisitions	15 882	45 885	3 496
Consideration	27 865	56 697	5 100
(Conditional) settlement in Thenergo shares	-1 128	-36 000	
Bank loan to finance Leysen acquisition		-10 000	
Cash acquired	-4 652	-739	-744
Deferred payments	-1 630		
2007 acquisition value tse	-8 014		
Net cash outflow	12 441	9 958	4 356

NOTE 6 – GOODWILL

The acquisition value of goodwill developed as follows during the past three years:

	Acquisition value
At 31 December 2005	
Acquisition 51% Polargen – November 2006	2 841
At 31 December 2006	
Acquisition 100% Leysen – September 2007	45 888
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
At 31 December 2007	
Acquisition 86% tse.AG – January 2008	13 539
Acquisition of controlling stake in four CHP plants – January 2008	200
Reclassification related goodwill from Investments	490
Acquisition 100% Bineryg Meer – March 2008	1 785
Acquisition 51% Fertikal – May 2008	358
Settlement Leysen purchase price – October 2008	-2 000
At 31 December 2008	
	66 323

For details on the above mentioned acquisitions we refer to note 5 *Acquisitions of subsidiaries*.

Goodwill has been tested for impairment at the respective cash generating unit level based on a fair value less cost to sell approach. The acquisition value of goodwill by cash generating unit is as follows:

Cash generating unit	31/12/2008	31/12/007
Thenergo and former Polargen projects	8 899	6 064
Leysen waste business	16 505	17 505
tse.AG business (Germany)	13 539	
Leysen Renewable Energy Solutions ("RES") business	27 380	28 382
Total	66 323	51 951

The main assumptions used in our goodwill impairment testing are as follows:

Cash generating unit	WACC	Number of years discounted	Estimated CAGR	Terminal value?
Thenergo and former Polargen projects	6.8%	12	9.2%	No
Leysen waste business	9.5%	11	3.0%	Yes
tse.AG business	7.9%	20	2.6%	No
Leysen RES business	6.5%	10	0%	No

The Weighted Average Cost of Capital ("WACC") was determined by weighting the current cost of debt after taxes with our cost of equity. The weighting is done based on the existing share of external debt in the respective cash generating units. Our cost of equity was determined by the Capital Asset Pricing Model ("CAPM") based on the market 10 years risk free rate, an equity risk premium of around 7% and a Beta of 1.0-1.3. The latter was based on a peer group versus European indices.

The Compound Average Growth Rate (“CAGR”) is the average annual increase starting from the 2008 recurring EBITDA to arrive at the EBITDA used in the last year of projected cash flows (e.g. 2018 for the Leysen waste business). Estimated 2009 EBITDA is based on the company’s budget as approved by the Board of Directors. No perpetual growth rate was applied in the terminal value. The high growth rate of 9.2% for the Thenergo and former Polargen projects reflects the full year impact of projects that were started during 2008 as well as projects that were under construction at 31 December 2008 and will become operational in 2009/2010. We believe that the applied growth rates are robust based on the growth realised in 2008 and measures taken to secure further EBITDA growth during 2009 and thereafter. Consequently, a reasonably possible change in an assumption is not expected to cause a cash-generating units’ recoverable amount to become smaller than its carrying amount.

The goodwill related to the former Polargen activities of € 6 756 is less than six times the budgeted profit of this cash generating unit for the coming year.

Due to the overall economic downturn the estimated CAGR of the Leysen waste business was substantially decreased compared to the business plan of 2007 on which the acquisition was based. As a result, the present value of the expected cash flows from our waste activities, a proxy for the enterprise value of this business, became significantly smaller than the book value of its invested capital. Invested capital is determined as the sum of the carrying amounts of goodwill, intangible assets and property, plant and equipment. Based on the above, the goodwill related to the waste business of € 16 505 was fully impaired at 31 December 2008.

In June 2008, Thenergo filed an offering prospectus revealing the company’s plan to raise new funds (base offering of € 50 million) through a public offering in Belgium and France and a private placement with institutional investors in Europe. Due to worsening market conditions the Board of Directors decided on 10 July 2008 to withdraw the public offering. During the second half of 2008 market conditions to raise new capital remained unfavourable as a result of which no alternative funding was secured to execute a significant part of the company’s project pipeline. With regard to the German tse business, the company announced in December 2008 the restructuring of tse.AG. Based on the reassessment of the expected future cash flows from the German projects as well as the challenges to raise new capital needed to execute pipeline projects, the estimated enterprise value of the German activities reduced substantially as compared to the beginning of 2008. As a result, the € 13 539 goodwill stemming from the tse.AG acquisition was fully impaired at 31 December 2008.

The € 27 380 goodwill related to the Leysen RES cash generating unit is predominantly based on pipeline projects. To estimate the fair value of this unit, the recoverable amount was based on the potential value creation (estimated equity value of the project minus share capital needed) of the different pipeline projects, corrected for external financing probability in the near future. Due to the unfavourable market conditions to attract new capital, the estimated fair value of the Leysen RES cash generating unit decreased substantially compared to the valuation used in the summer of 2007 to close the Leysen acquisition. Consequently, the estimated enterprise value of the Leysen RES business became significantly smaller than the book value of its invested capital and goodwill was impaired for an amount of € 21 996 at 31 December 2008.

In summary, the 2008 goodwill impairment charge is as follows:

Cash generating unit	Goodwill acquisition value	Goodwill Impairment	Book value goodwill 31/12/2008
Thenergo and former Polargen projects	8 899		8 899
Leysen waste business	16 505	-16 505	
tse.AG business (Germany)	13 539	-13 539	
Leysen Renewable Energy Solutions (“RES”) business	27 380	-21 996	5 384
Total	66 323	-52 040	14 283

For management reporting purposes, Thenergo did not include the goodwill impairment charge of € 52 040 in the recurring EBIT figures since this is a one-time cost.

The company cannot predict whether other events that trigger goodwill impairment will occur, when they will occur or how they will affect the asset values reported. Thenergo believes that all of its estimates are reasonable: they are consistent with the internal reporting, external market data 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 units' carrying amount to exceed its recoverable amount.

NOTE 7 – INTANGIBLE ASSETS

	2008	2007	2006
Acquisition cost			
Balance at end of previous year	20 237	5 232	
Acquisitions through business combinations	2 602	2 528	5 232
Finalisation purchase accounting		12 352	
Other	-179	125	
Balance at end of year	22 660	20 237	5 232
Amortisation and impairment			
Balance at end of previous year	-577	-13	
Amortisations	-1 105	-366	-13
Finalisation purchase accounting		-198	
Balance at end of year	-1 682	-577	-13
Carrying amount			
at 31 December 2008	20 978		
at 31 December 2007		19 660	
at 31 December 2006			5 219

In 2006, Thenergo acquired intangible assets for an amount of € 5 232, being development contracts of Polargen. 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.

Upon the Leysen acquisition in 2007 (see also note 5 *Acquisitions of subsidiaries*), the Leysen service contracts waste were recognised as intangible assets, representing acquired contractual rights to provide waste collection services and the commitment of the customer to purchase such services from Thenergo. These rights were primarily valued based on the revenue valuation approach and are amortised on a straight-line basis over the estimated useful life of the related contract which ranges between 20 and 30 years.

The intangible assets acquired in 2008 relate mainly to the fair value of the permits of the Binergy Meer site following the purchase price accounting – see also note 5 *Acquisitions of subsidiaries*.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	2008						2007	2006
	Land and buildings	Installations, machinery & equipment	Leased equipment	Furniture, vehicles & other	PPE under construction	Total	Total	Total
Acquisition cost								
Balance at end of previous year	2 000	14 481	15 462	927	7 379	40 249	9 287	3 766
Change in consolidation method		-901	-689			-1 590		
Acquisitions through business combinations	9 260	35 565	12 378	233	49	57 485	13 074	2 820
Acquisitions	389	19 587	1 962	609	8 598	31 144	17 929	3 104
Change in accounting policy								-893
Other							-41	
Balance at end of year	11 649	68 732	29 113	1 769	16 026	127 288	40 249	8 797
Depreciation and impairment losses								
Balance at end of previous year	-28	-929	-1 039	-237		-2 233	-902	-195
Change in consolidation method		206	75			281		
Depreciations	-206	-3 375	-3 522	-346		-7 449	-1 331	-349
Impairment					-3 024	-3 025		
Change in accounting policy								132
Balance at end of year	-234	-4 098	-4 486	-583	-3 024	-12 425	-2 233	-412
Carrying amount								
at 31 December 2008	11 415	64 634	24 627	1 185	13 002	114 863		
at 31 December 2007	1 972	13 552	14 423	690	7 379		38 016	
at 31 December 2006		4 875	2 277	148	1 085			8 385

The company is not aware of any 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 € 18 603 at 31 December 2008 and € 8 679 at 31 December 2007) as well as containers, furniture and vehicles (carrying amount of € 6 023 at 31 December 2008 and € 5 744 at 31 December 2007) under a number of finance lease agreements.

PPE under construction at 31 December 2008 relates for an amount of € 14 251 to two biomass/biofuel cogeneration plants.

The 2008 impairment charge on *PPE under construction* of 3 024 relates to the downsizing of the jatropha projects – see also note 4 *Segment reporting – Costs discontinued projects*.

Government grants were recognised as follows in the balance sheet:

Government grants	31/12/2008	31/12/2007	31/12/2006
Government assistance for cogeneration installations – deducted from the acquisition cost	6 034	1 770	893
Government assistance for the financing of cogeneration installations – deferred income included in <i>other liabilities</i>	265	354	455
Total	6 299	2 124	1 348

NOTE 9 – INVESTMENTS

The decrease in the carrying amount of investments by € 7 731 between 31 December 2007 and 31 December 2008 is primarily explained by the ENRO acquisition that is consolidated as from 1 January 2008 (carrying amount of € 8 014 at 31 December 2007 – see also note 5 *Acquisitions of subsidiaries* above).

NOTE 10 – TRADE AND OTHER RECEIVABLES

Trade receivables consist of the following:

	2008	2007	2006
Accounts receivable	21 694	10 970	2 520
Contracts under construction	836	1 200	4 331
Total	22 531	12 170	6 851

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 2008	21 694	13 728	2 573	924	324	4 145
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

The 2007 aged receivables relate primarily to the waste business (Leysen). As part of the Leysen integration programme, management took initiatives to improve collection of overdue receivables. The increase in aged receivables during 2008 reflects the growth of the CHP business.

The 2008, 2007 and 2006 impairment loss on trade receivables amounted to respectively € 172, € -117 (reversal of a provision) and € 150.

Other receivables consist of the following:

	2008	2007	2006
VAT to recover	2 187	1 283	263
Current income and withholding taxes to recover	449	151	16
Grants to collect	3 552	1 246	896
Trade receivables from associates	1 258	1 664	
Compensation Fertikal losses by AIF	2 067		
Cash guarantees	581		
Loans granted	519	650	
Other	1 299	453	49
Total	11 912	5 447	1 224

The increase in VAT to recover and grants to collect by respectively € 904 and € 2 306 reflects the growth of the business and the projects under construction.

As explained in note 5 *Acquisitions of subsidiaries* Thenergo recovers during the construction phase the operating losses of its subsidiary Fertikal CVBA. The related receivable amounts to € 2 067 at 31 December 2008.

The € 581 cash guarantee has been settled against a short term borrowing in the first quarter of 2009.

The € 1 299 other receivables at 31 December 2008 includes insurance coverage to collect for an amount of € 541 with regard to our German operations.

Contracts under construction consist of the following:

	2008	2007	2006
Contract costs incurred	2 729	3 971	4 602
Progress billing on contract costs incurred	-1 893	-2 771	-271
Total	836	1 200	4 331

Contract costs incurred relate for an amount of € 2 558 to three cogeneration projects under construction.

NOTE 11 – CASH AND CASH EQUIVALENTS

	2008	2007	2006
Cash on hand	6 940	3 733	2 062
Short-term demandable deposits	11 649	46 092	917
Total	18 590	49 825	2 979

Short-term demandable deposits comprised at 31 December 2008 € 9 500 deposits maturing by no later than 2 February 2009, yielding on average 3.15% of interest.

NOTE 12 – SHARE CAPITAL

The company's share capital, including share premiums, changed over the last three years as follows:

	Thousands of €	Thousands of shares
At 1 January 2006	1 681	17
Share capital increase of February 2006	2 178	28
At 31 December 2006	3 859	45
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
At 31 December 2007	124 653	16 158
Share capital increase February 2008 against 282 thousand tse.AG shares	1 128	125
Share capital increase May 2008 Agri Investment Fund (AIF)	10 000	953
Derivative component share capital increase AIF	-538	
Share capital increase AEK following AIF share capital increase	1 020	97
Settlement contingent share capital increase Leysen acquisition September 2008	-20 000	
Share capital increase via contribution in kind by former Leysen shareholders October 2008	18 000	1 944
Share capital increase in cash by former Leysen shareholders October 2008	2 000	357
Total share capital at 31 December 2008	136 263	19 634

Transaction costs directly attributable to capital increase	Thousands of €
At 1 January 2006	
Share capital increase of February 2006	-388
At 31 December 2006	-388
Share capital increases of May and June 2007	-9 214
Share capital increases September and December 2007	-203
At 31 December 2007	-9 805
Share capital increase May 2008 Agri Investment Fund (AIF)	-1 112
Share capital increase October 2008 former Leysen shareholders	-53
At 31 December 2008	-10 970
Total share capital net	125 293

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 «programme 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 period 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. Following 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 and a placement of € 17 000 with respect to the AIF transaction, a remaining amount of € 13 000 could be raised in the future with the assistance of AEK.

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 and had a fair value of € 5 261 at grant date – see also note 16 *Share-based payments*. Both the commission of € 3 500 and the fair value of the warrants granted to AEK of € 5 261 are included in the 2007 transactions costs directly attributable to the share capital increases of May and June 2007.

AEK was rewarded 97 143 Thenergo shares (€ 1 020) for the May 2008 share capital increase by Agri Investment Fund (AIF) of € 10 000. The agreement with AIF to subscribe to Thenergo's share capital for € 10 000 was partly conditional upon the company raising additional share capital by the end of 2008 at a minimum share price. In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* this condition was considered a derivative that needs to be reported separately. At inception, the fair value of the derivative was estimated at € 538. At 31 December 2008 the fair value of this derivative was estimated at € 1 238. The change in fair value of € 700 was recognised as a finance cost – see also note 18 *Finance costs and income*.

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*.

NOTE 13 – BORROWINGS AND LEASES

This note provides information about the contractual terms of the company's borrowings and leases. For more information about the company's exposure to interest rate risk we refer to note 20 *Financial instruments – market and other risks*.

Non-current borrowings

	2008	2007	2006
Secured bank loans	44 808	22 967	1 933
Unsecured bank loans	6 114	862	541
Secured other loans	125		
Unsecured other loans	1 308	335	65
Borrowings	52 355	24 164	2 539
Leases	29 827	12 794	2 560
Total	82 182	36 958	5 099

Current borrowings

	2008	2007	2006
Secured bank loans	3 032	2 922	503
Unsecured bank loans	6 055	4 060	3 317
Unsecured other loans	8	8	
Borrowings	9 095	6 990	3 820
Leases	4 373	885	231
Total	13 468	7 875	4 051

Our cogeneration plants are primarily financed by external borrowings or leases from financial institutions over a period of 8 to 10 years 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 2008 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	47 958	3 072	6 196	18 253	20 437
Unsecured bank loans	12 188	6 065	85	254	5 784
Secured other loans	125				125
Unsecured other loans	1 320	8	1 006	260	46
Leases	34 260	4 381	4 262	13 669	11 948
Total	95 852	13 526	11 549	32 437	38 340

The difference between the total amount of € 95 852 and the total carrying amount in the balance sheet of € 95 650 is explained by € 202 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 correspond 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 and € 62 lower at 31 December 2008. 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. At 31 December 2008 the fair value was estimated to be € 34 higher. 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 changed at the respective balance sheet dates.

NOTE 14 – TRADE AND OTHER PAYABLES

Trade payables consist of the following :

	2008	2007	2006
Accounts payable	22 454	12 154	7 038
Accrued expenses	1 994	479	
Progress billing regarding contracts under construction		406	295
Total	24 448	13 039	7 333

Other payables can be detailed as follows:

	2008	2007	2006
Current income tax	54	207	82
VAT payable	812	405	38
Payroll related debt	931	501	51
Dividend payable	1	490	
Other	2 074	714	4 545
Total	3 872	2 317	4 716

At 31 December 2008 the € 2 074 of other items includes € 1 238 fair value of the derivative embedded in the agreement with AIF to subscribe the Thenergo's share capital for € 10 000 – see also note 12 *Share capital*.

NOTE 15 – PAYROLL AND RELATED BENEFITS

	2008	2007	2006
Wages and salaries	8 847	1 703	556
Social security contributions	1 307	318	72
Other personnel costs	531	300	221
Pensions and group insurance	206	13	9
Total	10 891	2 334	858

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:

	2008	2007	2006
Thenergo nv (parent company)	13	9	8
Subsidiaries	157	47	2
Average number of full time equivalents	170	56	10

The increase of the average number of full time equivalents at subsidiaries is explained by the effect of the Leysen employees accounted for a full year and the tse.AG acquisition as from 1 January 2008 – see also note 5 *Acquisitions of subsidiaries* as well as the organic growth of the cogeneration activities. At 31 December 2008 the company employed 175 full time equivalents. tse.AG (consolidated as from 1 January 2008) employed 42 people at 31 December 2008, Leysen employed 91 people and all other Thenergo companies employed 42 people.

For 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 during 2007 1 545 030 warrants at the same exercise price of € 8.45. 40% of these options were vested immediately while 60% vests gradually over a 3.5 year period. All these options have a contractual life of 5 years (expiring at 30 June 2012). 607 287 of these warrants were forfeited during 2008 following the changes in key management.

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 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. 380 000 of these warrants forfeited during 2008 following the changes in key management.

The fair value of the warrants granted to AEK in 2007 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 2007 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 built or under construction for a total amount of € 754.

During 2008 members of key management and personnel received in total 608 006 warrants at an exercise price between € 4.50 and € 10. 78 920 of these options (fair value of € 140) vested immediately, 474 086 options (fair value of € 922) vest gradually over a 2.5 year period while 55 000 options (fair value of € 140) cliff vest on 24 April 2010. All these options expire at 30 June 2012.

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:

Amounts in € unless otherwise indicated	2008	2007
Fair value of warrants granted	2.10	2.78
Share price	7.25	8.61
Exercise price	7.62	8.45
Expected volatility	37%	41%
Expected dividends	0%	0%
Risk-free interest rate	3.96%	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 3.6 years. Expected dividends were set at zero because Thenergo has never distributed dividends.

At 31 December 2008 2 543 085 warrants were exercisable. A total of 987 287 warrants forfeited during 2008 resulting in a true-up of € 344 recognised in the 2008 income statement related to 2007 share-based payment expenses. No warrants were exercised during 2008.

NOTE 17 – OTHER OPERATING EXPENSES

Other operating expenses can be detailed as follows:

	2008	2007	2006
PR, communication and marketing	974	659	41
Usage, office and utility costs	1 795	606	61
Accounting, reporting and tax compliance support	429	124	13
Repair and maintenance	1 311	219	21
Impairment charges		-117	150
Rent	1 071	191	79
Travel expenses	236	181	61
Audit fees	524	229	87
Insurance	757	135	19
Legal fees	422	88	61
Consulting fees	193	14	
Other	137	139	9
Total	7 849	2 468	602

The increase in the other operating expenses is primarily explained by (i) the fact that these figures reflect a full year of Leysen and tse.AG, (ii) the growth of the company and (iii) the listing of its shares since June 2007 on Alternext. Utility costs comprise mainly the cost of fuel in the waste collection business.

The total amount of future minimum lease payments under non-cancellable operating leases amounted to € 1 496 at 31 December 2008 of which € 176 due within one year and € 616 due later than five years.

Audit fees in relation to the statutory audit mandate of the auditor amounted to € 21 in 2008. The audit fees for the audit of the group's consolidated financial statements under IFRS amounted to € 127 in 2008. The non-audit fees provided by the auditor and his network in 2008 amounted to € 295, related to other rendered services, mainly procedures in the framework of the proposed public offering transaction and the listing transfer (€ 180), limited review procedures as of 30 June 2008 (€ 51), acquisition due diligence and agreed upon procedures (€ 50), various legal missions in the framework of capital increases (€ 14) 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:

	2008	2007	2006
Interest expense on borrowings	3 842	508	148
Interest expense on leases	1 751	241	120
Other finance costs	873	29	5
Profit sharing arrangements	91	169	
Change in fair value of interest rate swaps not designated in a hedge accounting relationship	212		
Change in fair value of electricity forward sale contracts not designated in a hedge accounting relationship		382	
Total	6 769	1 329	273

The 2008 other finance costs of € 873 contain € 700 with regard to the derivative component of the AIF share capital increase – see also note 12 *Share capital*.

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.

In 2008 borrowing costs have been capitalised for an amount of € 322.

Finance income comprises the following:

	2008	2007	2006
Interest income	1 198	1 070	78
Government grants related to interest expense	115	110	85
Interest charged to customers as part of the pre-financing of cogeneration projects		187	
Gain on hedging instruments that are not part of a hedge accounting relationship	909	20	208
Other finance income		182	7
Total	2 222	1 569	378

The 2008 interest income of € 1 198 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 3.8%. If this interest rate would have been 100 basis points higher the interest income would have been higher by € 231 (2007: € 232).

If the electricity market prices at 31 December 2008 would have been 20% higher the gain from the change in fair value of electricity forward sale contracts not designated in a cash flow hedge accounting relationship would have been lower by € 336.

The 2007 other finance income includes the excess of € 175 on the acquisition of Groeikracht de Markvallei NV – see also note 5 *Acquisition of subsidiaries*.

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

	2008	2007	2006
Benefit/(expense) current taxes	-448	-128	-16
Benefit/(expense) deferred taxes	1 499	1 755	-188
Total benefit/(expense) income taxes	1 051	1 627	-204

	2008	2007	2006
Current taxes of the year	-448	-128	-29
Adjustments current taxes prior years			13
Deferred income taxes on the increase or reversal of temporary differences	1 499	1 755	-188
Total benefit/(expense) income taxes	1 051	1 627	-204

The reconciliation of the aggregated weighted nominal tax rate with the effective tax rate can be summarised as follows:

	2008	2007	2006
Result before tax	-64 376	-732	272
Share of result of associates	1 111	-227	-102
Result before tax and before share of result of associates	-65 487	-959	170
Aggregated weighted nominal tax rate	32%	31%	34%
Tax at aggregated weighted nominal tax rate	21 172	297	-58
Reconciling items:			
<i>Losses for which no deferred tax asset was recognised</i>	-5 196	-235	-214
<i>Realisation of losses for which no deferred tax asset was recognised</i>	241		
<i>Elimination of intercompany profits</i>	41	638	
<i>Expenses not deductible for tax purposes</i>	-18 132	-654	-9
<i>Notional interest on equity</i>	1 228	718	7
<i>Tax credits for capital expenditures</i>	1 256	915	52
<i>Other</i>	441	-5	18
Income tax benefit/(expense) recognised in the income statement	1 051	1 674	-204

The income tax effect on the 2008 losses for which no deferred tax asset was recognised of € 5 196 relates primarily to holding companies as well as tse.AG. The high level of expenses not deductible for tax purposes in 2008 (€ 18 132) stems for an amount of € 17 694 from the goodwill impairment charges that are not deductible for tax purposes. Further, the reconciling items with regard to non deductible expenses include the share-based payment expense which is not deductible for income tax purposes.

Carrying values	Assets			Liabilities		
	2008	2007	2006	2008	2007	2006
Balance at 1 January	2 718	244	313	6 733	1 774	
Acquisitions through business combinations	1 163	757	119	2 115	5 114	1 774
Change in consolidation method	41			-158		
Increase / (decrease) through profit or loss	1 549	1 591	-188	50	-164	
Increase / (decrease) through equity	-1 445	126		98	9	
Balance at 31 December	4 026	2 718	244	8 838	6 733	1 774

Origin of the deferred taxes at balance sheet date	Assets			Liabilities		
	2008	2007	2006	2008	2007	2006
Temporary differences	4 963	1 661	112	13 181	7 184	1 852
Property, plant and equipment	1 492	1 211	25	4 651	812	
Intangible assets	1 429	239	87	6 883	6 249	1 774
Investments	71	112				
Contracts under construction					72	
Financial instruments		99		1 442	43	78
Borrowings and leases	1 967			205		
Other	24				8	
Unused tax losses and tax credits	3 386	1 508	210			
Gross deferred taxes	8 349	3 169	322	13 181	7 184	1 852
Offsetting between assets and liabilities	-4 343	-451	-78	-4 343	-451	-78
Net deferred taxes recognised	4 026	2 718	244	8 838	6 733	1 774

Deferred tax assets not recognised	2008	2007	2006
Deductible temporary differences	1 389	1 363	151
Tax losses and credits	17 489	1 088	544
Total	18 878	2 451	695

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 and leases for cogeneration plants are fixed either directly in the finance contract or via interest rate swaps. At 31 December 2008 the fixed interest rates applicable on the outstanding borrowings and leases ranged between 3.3% and 11.3%.

At 31 December 2008 the company had two interest rate swaps outstanding which are accounted for at fair value through the income statement. The carrying amount of these swaps was € -75 (against € 208 at 31 December 2007 and € 6 at 31 December 2006) resulting in a 2008 loss on hedging instruments that are not part of a hedge accounting relationship of € -283 – see also note 18 *Finance costs and income*. Further, the company entered in April 2008 into an interest rate swap to fix the variable interest rate exposure on the € 10 000 debt financing of the Leysen acquisition as well as € 4 500 of working capital financing at Leysen. This interest rate swap is designated as a cash flow hedge of the floating interest rate risk and effectiveness is determined in accordance with the fixed benchmark method. At 31 December 2008 the fair value of € -564 was recognised in the hedging reserve within equity against other current liabilities.

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 10 800 and 22 300 for the first nine months of 2009 (5 000 and 7 700 for the first nine months of 2008) and is around 14 500 for the last three months of 2009 (3 000 for the last quarter 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 66% and 88% (2007 between 65% and 94%) of the planned monthly MWh production was designated in the hedge accounting relationship. For the last quarter of 2008 the percentage of monthly production hedged ranges between 66% and 72% (2007 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 risk is the risk of variability in the future cash flows from highly probable electricity sales attributable to fluctuations in the electricity price.

The fair value of the forward contracts was based on the contractual terms by obtaining market quotes from an external party. 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:

	2008	2007	2006
Part of a cash flow hedge accounting relationship	4 150	102	
At fair value through the income statement	539	168	231
Total included in other current assets	4 664	270	231

	2008	2007	2006
Part of a cash flow hedge accounting relationship		371	
At fair value through the income statement		263	
Total included in other current liabilities		634	

For 2008 the difference between the change in fair value through the income statement based on the above (income of € 609) and the income recognised in the income statement of € 909 is explained by the fact that the above 2007 balance sheet data does not include the fair values of the outstanding electricity forward contracts of the four CHP plants that were acquired effective 1 January 2008 – see note 5 *Acquisitions of subsidiaries*.

For 2007 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 2007 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 gain (after taxes) of € 1 688 (2007 a loss of € 152) in the hedge accounting reserve – see also the *statement of changes in equity*. During 2008 € 921 of losses were released from the hedge accounting reserve to the income statement. During 2007 no results were released from the hedge accounting reserve to the income statement because all the contracts related 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 was for the first time 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. No hedge ineffectiveness was observed during 2008.

As regards our biomass installation operating during the years 2006 – 2008 the spark spread is managed 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 at 31 December 2009.

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 the borrowings and leases over the life of the project. Overall, the cash position of € 18 590 at 31 December 2008 mitigates the company's liquidity risk.

At 31 December 2008 the balance sheet shows negative retained earnings for an amount of € -63 645. The Board of Directors is of the opinion that the application of the existing valuation rules under going concern is still justified because the 2008 loss of €-63 325 stems primarily from non-recurring items – see also note 4 *Segment reporting – Operating result and Result for the year*. Further, the company announced on 1 April 2009 the subscription in cash of PMV (Participatie Maatschappij Vlaanderen) to Thenergo's share capital for an amount of € 10 000 through a mandatory convertible obligation, subject to the approval of Thenergo's extraordinary shareholders meeting – see also note 24 *Events after the balance sheet date*.

Under the € 10 000 debt financing related to the Leysen acquisition Thenergo is required to have a minimum level of equity. The necessary measures will be taken to ensure that the legal entity holding the € 10 000 debt financing is not in breach with any covenants.

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 started working capital initiatives to improve collection of aged receivables.

Based on these factors, Thenergo considers the risk of counterparty default per 31 December 2008 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 minimal cash buffer in order to be able to absorb unforeseen cash needs without being dependent on access to financial debt markets which, in the recent past, have proven to be difficult to access.

Each project company has its specific capital requirements as agreed with our financial partners and required by company law.

NOTE 21 – EARNINGS PER SHARE

Basic earnings per share	2008	2007	2006
Result for the year attributable to equity holders of Thenergo (thousands of €)	-62 151	23	-284
Weighted average number of ordinary shares outstanding	17 303 716	9 885 381	4 033 000
Basic earnings per share (€)	-3.59	0.00	-0.07

The dilutive weighted average number of ordinary shares outstanding during 2008 amounts to 17 312 522. 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:

	2008	2007	2006
Revenue	381	3 174	
Finance income	44	189	
Other receivables	1 258	1 664	
Other payables	297	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:

Balance sheet	2008	2007	2006
Non-current assets	10 296	16 031	11 136
Current assets	7 188	5 312	5 472
Total assets	17 484	21 343	16 608
Equity	4 287	2 095	2 514
Non-current liabilities	7 665	12 533	9 772
Current liabilities	5 532	6 715	4 322
Total equity and liabilities	17 484	21 343	16 608

Income statement	2008	2007	2006
Revenues	6 741	5 024	476
Operating result	3479	1 353	211
Financial result	291	-1 340	312
Result for the year	3 083	737	404

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 programme – see also note 16 *Share-based Payments*. Total Board members and Executive committee members remuneration can be detailed as follows:

	2008		2007		2006	
	Board members	Executive committee	Board members	Executive committee	Board members	Executive committee
Short-term employee benefits	239	1 421	101	1 122	80	303
Share-based payments	460	571	1 220	1 414		
Total	699	1 992	1 321	2 536	80	303

The increase of the short-term employee benefits reflects the company's growth. The strong decrease in the share-based payment expense during 2008 is explained by forfeitures following changes in key management – see also note 16 *Share-based payments*.

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 the end of 2008 Theolia SA sold its 24% of the Thenergo shares to Hestiun Limited while retaining an option to buy back the shares within a two year period.

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 € 96 234 at 31 December 2008, compared to € 24 464 at 31 December 2007 and € 6 934 at 31 December 2006. The carrying amount of working capital items collateralised amounted to € 18 920, € 9 683 and € 2 508 at respectively 31 December 2008, 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 2008 the total capital expenditure commitment for these installations and plants under construction amounted to € 24 101. As disclosed in note 20 *Financial instruments – Market and other risks* 80% of the capital expenditures are financed by borrowings or leases.

NOTE 24 – EVENTS AFTER THE BALANCE SHEET DATE

On 1 April 2009, Thenergo announced the investment by PMV (Participatie Maatschappij Vlaanderen) of € 10 million in Thenergo's equity, subject to the approval of Thenergo's extraordinary shareholders meeting. This amount will be injected in cash through a mandatory convertible obligation. The conversion of this obligation to shares will take place at the same time and pro rata a planned private placement of at least another € 10 million. The conversion price lies between € 2 and € 3.55 per share and is equal to the price of the private placement. The final conversion date is 31 December 2010.

NOTE 25 – LIST OF SUBSIDIARIES, JOINT VENTURES AND INVESTMENTS IN ASSOCIATES

The main subsidiaries included in the consolidated financial statements are:

Name	Country	% economic interest	% voting power	Activity
Bineryg leper nv	Belgium	75.00%	75.00%	Cogeneration based on biogas – under construction
Groekracht Boechout nv	Belgium	95.54%	95.54%	Cogeneration based on natural gas
Cintras nv	Belgium	100%	100%	Fuel
Groekracht de Boskapel nv	Belgium	51.56%	51.56%	Cogeneration based on natural gas
Leysen nv	Belgium	100%	100%	Waste
Groekracht de Markvallei nv	Belgium	100%	100%	Cogeneration based on natural gas
Groekracht Marveco nv	Belgium	50.79%	50.79%	Cogeneration based on natural gas
Groekracht Merksplas nv	Belgium	100%	100%	Cogeneration based on natural gas
Groekracht Pierstraat nv	Belgium	51.14%	51.14%	Cogeneration based on natural gas
Thenergo Operations bvba (formerly Polargen bvba)	Belgium	100%	100%	Design and operation of cogeneration projects
Thenergo Nederland b.v. (formerly Polargen Holding b.v.)	The Netherlands	100%	100%	Holding
Groekracht Prinsenland b.v.	The Netherlands	95.00%	95.00%	Cogeneration based on natural gas – under construction
Valmass nv	Belgium	60.00%	60.00%	Cogeneration based on biogas and biomass – under construction
Groekracht Zwarthout nv	Belgium	100%	100%	Cogeneration based on natural gas
Groekracht de Blackt nv	Belgium	51.18%	51.18%	Cogeneration based on natural gas
Groekracht Bûtenpôle b.v.	The Netherlands	51.11%	51.11%	Cogeneration based on natural gas
Groekracht Vremde nv	Belgium	50.79%	50.79%	Cogeneration based on natural gas
Groekracht Marvado nv	Belgium	51.26%	51.26%	Cogeneration based on natural gas
tse.AG	Germany	88.87%	88.87%	Design and operation of cogeneration projects
ENRO Energie und Service GmbH	Germany	88.87%	100%	Cogeneration based on natural gas
BBL Bio-Brennstoff Ludwigsfelde GmbH	Germany	88.87%	100%	Cogeneration based on biomass
Bio-Heizkraftwerk Ludwigsfelde GmbH	Germany	88.87%	100%	Cogeneration based on biomass
Bio-Heizkraftwerk Hünxe GmbH	Germany	88.87%	100%	Cogeneration based on biomass
Bio-Heizkraftwerke Elsterwerda GmbH	Germany	88.87%	100%	Cogeneration based on biomass
Stadtwerk Elsterwerda GmbH	Germany	45.32%	51.00%	Cogeneration based on natural gas
Groekracht Abeelebaan nv	Belgium	51.56%	51.56%	Cogeneration based on natural gas – under construction
Bineryg Meer nv	Belgium	100%	100%	Cogeneration based on biomass – under construction
Fertikal CVBA	Belgium	51.11%	51.11%	Drying manure
Biofuel Record Co LTD	Thailand	49.00%	90.00%	Fuel

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.

Joint ventures proportionally consolidated:

Name	Country	% economic interest	% voting power	Activity
ENRO Ludwigsfelde Energie GmbH	Germany	43.16%	50.00%	Cogeneration based on natural gas
Biocogen bvba	Belgium	50.00%	50.00%	Cogeneration based on biogas
Groeikracht Wommelgem bvba	Belgium	51.13%	51.13%	Cogeneration based on natural gas

Before 2008 Biocogen bvba and Groeikracht Wommelgem bvba were fully consolidated. Based on a reassessment of the facts it was decided to consider these entities as joint ventures. Prior year figures were not restated because the impact on the 2007 figures is immaterial.

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 Broechem nv	Belgium	25.00%	25.00%	Cogeneration based on natural gas
Groeikracht Etten-Leur b.v.	The Netherlands	30.00%	30.00%	Cogeneration based on natural gas
Van Dijke Recycling b.v.	The Netherlands	42.00%	42.00%	Waste treatment

3. Independent Auditor's Report

THENERGO SA

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 and information.

Unqualified audit opinion on the consolidated financial statements, with explanatory paragraphs

We have audited the accompanying consolidated financial statements of Thenergo 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 2008, 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 218.399 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 62.151 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 38.627 (000) EUR and a total loss of 2.032 (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 van de 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 2008, 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.

Despite the fact that the group has incurred significant losses over the year, the consolidated financial statements have been drafted using the going concern principle. This assumption is only justified to the extent that the group can continue to use the existing credit facilities and can get access to additional financing. Without modifying the above unqualified opinion, we draw your attention to the directors' report and to the section on liquidity risk in note 20 of the consolidated financial statements, in which the Board of Directors, in accordance with Belgian legal requirements, justifies the application of the going concern principle. No adjustments have been recorded with respect to the valuation or the classification of certain balance sheet items, which would be required, should the group no longer be able to continue its operations.

Also, 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 2007 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 23 April 2008 on the 31 December 2007 financial statements.

Additional comments and information

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 comments and information which do 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.
- We draw your attention to note 6 'Goodwill' of the consolidated financial statements, which describes the impairment analysis on intangible assets, tangible assets and goodwill, and the sensitivities and assumptions that are relevant therein. The realization of the parameters mentioned in note 6 is essential to support the carrying value of the intangible assets, tangible assets and goodwill.

Diegem, 2 April 2009
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

4. Excerpt from the Thenergo nv Separate (Non-consolidated) Financial Statements Prepared in Accordance with Belgian GAAP

The following information is extracted from the separate Belgian GAAP financial statements of Thenergo nv. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request from: Thenergo nv, Avenue Louise 505, 1050 Brussels.

It should be noted that only the consolidated financial statements as set forth above present a true and fair view of the financial position and performance of the Thenergo group. Since Thenergo nv is essentially a holding company, which recognises its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of Thenergo nv. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at and for the year ended 31 December 2008, 31 December 2007 and 31 December 2006.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Thenergo nv prepared in accordance with Belgian GAAP for the year ended 31 December 2008 give a true and fair view of the financial position and results of Thenergo nv in accordance with all legal and regulatory dispositions.

Abbreviated non-consolidated balance sheets of Thenergo nv

thousands of €

	2008	2007	2006
Non-current assets	47 096	50 888	6 336
Incorporation expenses and intangibles	4 086	4 011	445
Property, plant and equipment	458	436	41
Financial assets	42 552	46 441	5 850
Current assets	39 008	56 015	2 207
Other current assets	29 495	9 922	1 444
Cash and cash equivalents	9 513	46 093	763
Total assets	86 104	106 903	8 543
Equity	80 734	104 737	2 151
Share capital and share premium	136 802	104 653	3 859
Retained earnings	-56 068	84	-1 708
Current liabilities	5 370	2 166	6 392
Total equity and liabilities	86 104	106 903	8 543

Abbreviated non-consolidated income statements of Thenergo nv

thousands of €

	2008	2007	2006
Operating income	937	3 019	997
Revenues	915	2 973	956
Other income	22	46	41
Operating expenses	8 536	3 931	1 824
Operating result	-7 599	- 912	- 827
Financial result	3 850	2 704	20
Financial income	5 107	2 835	43
Financial costs	1 257	131	23
Extraordinary charges	52 403		210
Result before tax	-56 152	1 792	-1 017
Result for the year	-56 152	1 792	-1 017



Gateway House, Brusselstraat 59 | B-2018 Antwerp, Belgium
+32 (0) 3 292 96 96 | info@thenergo.eu | www.thenergo.eu