ANNUAL REPORT 2011

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1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1.1 Statement of responsibility

The undersigned Yves Crits, Chief Executive Officer and Nico Terry, Chief Financial Officer declare that, to the best of their knowledge:

- the consolidated and statutory financial statements for the year ended December 31, 2011 prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit and loss of 4Energy Invest and the entities included in the consolidation, and

- the consolidated and statutory board reports include a fair review of the development and performance of the business and the position of 4Energy Invest and the undertakings included in the consolidation, together with a description of the principal risks and uncertainties they face;

1.2 Audited consolidated financial statements

1.2.1 Audited consolidated statement of comprehensive income for the years ended 31 December 2011, 31 December 2010 and 31 December 2009

	2011	2010	2009
	€'000	€'000	€'000
Sales	11,764	9,545	8,717
Other operating income	1,262	1,441	587
Revenues	**13,026**	**10,986**	**9,304**
Operating expenses			
Cost of sales	-6,352	-5,028	-4,098
Personnel costs	-973	-794	-706
Other operating expenses	-1,525	-1,900	-1,694
Operating cash flow (EBITDA)	**4,176**	**3,264**	**2,806**
EBITDA excluding fair value warrants & exceptional other operating income/expenses	**4,261**	**2,502**	**2,934**
Depreciation, amortisation and provisions	-3,371	-2,842	-2,812
Impairment of property, plant and equipment	-3,471	-1,706	-51
Impairment of goodwill	0	-335	0
Operating result (EBIT)	**-2,665**	**-1,618**	**-58**
Financial income	7	26	200
Financial costs	-2,796	-1,631	-1,412
Net financial costs	**-2,789**	**-1,605**	**-1,212**
Result before tax	**-5,455**	**-3,223**	**-1,270**
Income tax expense	1,205	2,128	1,278
Result of the period	**-4,249**	**-1,095**	**8**
Result of the period (excl. impact IAS 39)	**-3,092**	**-748**	**117**
Result of the period (excl. impact IAS 39/Warrants)	**-3,008**	**-528**	**545**
Attributable to			
Equity holders of 4 Energy Invest	-4,249	-1,095	8
Minority interests	0	0	0
Number of shares	12,520,090	12,520,090	12,520,090
Weighted average number of warrants issued (not in-the-money)	660,011	824,284	651,513
Earnings/share	-0.34	-0.09	0.00
Diluted earnings/share	-0.34	-0.09	0.00

	2011	2010	2009
	€'000	**€'000**	**€'000**
Result of the period	**-4,249**	**-1,095**	**8**
Other comprehensive income			
Income related to issued w arrants	85	220	428
Income tax relating to components of other comprehensive income	0	0	0
Other comprehensive income for the year, net of tax	**85**	**220**	**428**
Total comprehensive income for the year	**-4,164**	**-875**	**436**

1.2.2 Audited consolidated statement of financial position for the years ended 31 December 2011, 31 December 2010 and 31 December 2009

	2011	2010	2009
	€'000	€'000	€'000
Non current assets	**83,086**	**69,000**	**55,797**
Intangible fixed assets	165	69	10
Land and buildings	4,847	2,919	3,162
Installations, machinery and equipment *	59,766	27,802	30,210
Furniture and vehicles	41	70	87
Leasing and similar rights	611	783	915
Other tangible assets	28	33	38
Assets under construction	10,679	31,797	16,081
Goodw ill	0	0	335
Deferred tax assets	6,697	5,491	3,358
Other non current assets	254	36	1,601
Current assets	**6,217**	**4,797**	**9,027**
Inventories	1,014	1,021	817
Trade receivables *	3,394	1,242	2,729
Other receivables *	1,099	1,515	2,311
Cash and cash equivalents	710	1,019	3,171
Total assets	**89,303**	**73,797**	**64,824**
Equity	**22,509**	**26,673**	**27,548**
Share capital	6,387	6,387	6,387
Share premium	18,104	18,104	18,104
Retained earnings	-1,982	2,182	3,057
Equity attributable to equity holders	22,509	26,673	27,548
Minority interests	0	0	0
Non current liabilities	**54,333**	**37,843**	**749**
Interest bearing loans and borrow ings	54,333	37,843	749
Deferred tax liability	0	0	0
Current liabilities	**12,462**	**9,280**	**36,527**
Interest bearing loans and borrow ings	5,718	4,610	31,753
Trade payables *	3,563	3,070	2,983
Other payables *	3,181	1,600	1,791
Total equity and liabilities	**89,303**	**73,797**	**64,824**

The above figures have been adjusted in comparison to the published figures in the press release dated March 30th, 2012

Adjustments concern the following items:

Installations, machinery and equipment has been adjusted with 40kEUR

Trade receivables has been adjusted with 639 k EUR

Other receivables has been adjusted with 18 k EUR

Trade payables has been adjusted with 621k EUR

Other payables has been adjusted with 40k EUR

The above corrections mainly relate to intercompany transactions that were not eliminated in the set of figures published on March 30th 2012.

1.2.3 Audited consolidated statement of cash flows for the years ended 31 December 2011, 31 December 2010 and 31 December 2009

	2011	2010	2009
	€'000	**€'000**	**€'000**
Cash flow from operating activities			
Net profit (loss) after taxes	-4,249	-1,095	**8**
Adjustment for non-cash or non operating items:			
Deferred taxes	-1,205	-2,134	-1,278
Depreciation, amortisation and provisions	3,371	3,108	2,813
Impairment of property, plant & equipment	3,471	1,774	51
Share options	85	220	428
Unrealized loss on financial instruments	1,157	526	164
Financial result	1,632	1,079	1,048
Cash flow from operating activities before changes in working capital and provisions	**4,261**	**3,478**	**3,234**
Decrease/(Increase) in other non current assets	-218	1,564	-116
Decrease/(Increase) in inventories	7	-204	-424
Decrease/(Increase) in trade receivables	-2,152	1,487	471
Decrease/(Increase) in other receivables	416	796	-723
(Decrease)/Increase in trade payables	493	87	1,296
(Decrease)/Increase in other payables	423	-718	755
Net cash from operating activities	**3,230**	**6,490**	**4,493**
Cash flow from investing activities			
Net investment in property, plant and equipment	-19,505	-17,514	-16,390
Net investment in financial assets	0	0	0
Net cash from investing activities	**-19,505**	**-17,514**	**-16,390**
Cash flow from financing activities			
Net proceeds from the issue of share capital	0	0	0
Net proceeds from loans	17,598	9,951	4,306
Financial result	-1,632	-1,079	-1,048
Minority interests in new subsidiaries	0	0	0
Net cash from financing activities	**15,965**	**8,872**	**3,259**
Net increase/(decrease) in cash and cash equivalents	**-309**	**-2,152**	**-8,639**
Net cash and cash equivalents at 1 January	**1,019**	**3,171**	**11,810**
Net cash and cash equivalents at 31 December	**710**	**1,019**	**3,171**

1.2.4 Audited consolidated statements of changes in equity for the years ended 31 December 2011, 31 December 2010 and 31 December 2009

	2011	2010	2009
	€'000	€'000	€'000
Capital			
At beginning of the period	**24,491**	**24,491**	***24,491***
Share capital increase	0	0	0
Share capital decrease	0	0	0
Costs attributable to capital	0	0	0
Deferred taxes	0	0	0
At the end of the period	**24,491**	**24,491**	***24,491***
Retained earnings			
At beginning of the period	**2,182**	**3,058**	***2,622***
Profit (loss) of the year	-4,249	-1,095	8
Equity related to w arrants	85	220	428
At the end of the period	**-1,982**	**2,182**	***3,058***
Total equity attributable to equity holders	**22,509**	**26,673**	**27,549**
Minority interest			
At beginning of the period	**0**	**0**	**0**
Increase minority share	0	0	0
Profit (loss) of the year	0	0	0
Buy out minority shareholders	0	0	0
At the end of the period	**0**	**0**	**0**
Total equity	**22,509**	**26,673**	**27,549**

1.2.5 Notes to the audited consolidated financial statements

1.2.5.1 General information

4Energy Invest is a limited liability company (naamloze vennootschap/société anonyme) ("The Company") and was incorporated under Belgian law on September 28, 2005 for an indefinite period of time with it's registered office located at Paepsemlaan 20, 1070 Brussels and it is registered with the Belgian register for legal persons (rechtspersonenregister/registre des personnes morales) under the number 0876.488.436 (Brussels). The Company and its subsidiaries ("The Group" or "4Energy Invest") form a Belgian renewable energy group that was set up with a view to create and manage a portfolio of small to midsized locally embedded projects that valorize biomass, directly or indirectly into energy.

Prior to the establishment of the Company, the Founders Yves Crits, Guido Schockaert and Nico Terry, were active in the biomass industry through Renogen SA, a limited liability company (naamloze vennootschap/société anonyme). In November 2005, the shares of Renogen SA, which were owned for 100% by the Founders were contributed into the share capital of 4Energy Invest. Between September 2005 and November 2005, the Company and Renogen have been working under common control of the Founders.

In June 2006, the limited liability company Amel Bio (naamloze vennootschap/société anonyme) has been established, a purchasing company that has been owned for 72,6% by Renogen since its incorporation. On December 19, 2008, Renogen acquired the shares of Amel Bio owned by Belwood Amel, BVG Niessen and Clean Box (Delhez Bois) for an amount of 17 K EUR (paid in cash). As a result, the Group now owns 100% of the shares of Amel Bio.

In August 2006, the Company founded the limited liability company 4BioFuels. 4BioFuels is a 100% owned company that had been set up for a specific bioethanol related project in the port of Brussels which is currently no longer under development. It has been decided to develop from within 4BioFuels wood biomass torrefaction activities.

On March 12, 2008, 4Energy Invest (through its fully owned subsidiary Renogen) acquired 75% of the shares of Pontrilas Renewable Energy Limited. The remaining 25% of the shares were held by Pontrilas Group Limited, the industrial partner of 4Energy Invest for the cogeneration project that was contemplated in Pontrilas, United Kindom. On December 23, 2010, 4Energy Invest (through its fully owned subsidiary Renogen) acquired for free the 25% of the shares of Pontrilas Renewable Energy that were owned by Pontrilas Group Limited. As a result of that acquisition, 4Energy Invest now owns 100% of the shares of Pontrilas Renewable Energy. The acquisition follows the decision by Pontrilas Group Limited to withdraw from the cogeneration project under advanced stage of development in Pontrilas, United Kingdom. Pontrilas Renewable Energy has so far been a dormant entity and all project development expenses related to the Pontrilas project were charged and paid outside Pontrilas Renewable Energy. Pontrilas Renewable Energy has at the date of this annual report no outstanding debt and/or obligations. Pontrilas Renewable Energy was renamed 4EI Limited.

Since June 17, 2008, the 4Energy Invest shares are unconditionally listed on Euronext Brussel. Pursuant to its Initial Public Offering, 4Energy Invest has issued 3.520.000 new shares with VVPR strips, which corresponded to gross proceeds for the Company of 22 million EUR. After the Initial Public Offering, the total amount of shares of 4Energy Invest outstanding is 12.520.090.

In October 2009, the Company founded the limited liability company 4HamCogen. 4HamCogen is a 100% owned subsidiary that has been set up to construct and operate the wood biomass cogeneration project in Ham, Flanders, Belgium.

The consolidated financial statements were approved by the Board of Directors of 4Energy Invest on March 23rd 2012.

1.2.5.2 Statement of Compliance

The consolidated financial statements of The Group are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Interpretations Committee of the IASB.

The consolidated financial statements are prepared on a historic cost basis, with the exception of the financial derivatives which are stated at fair value. All figures are in thousands of Euros (€ 000), unless stated otherwise. Minor rounding differences might occur.

The Group adopted the amended versions of IFRS that are effective for accounting periods beginning on January 1, 2011. No significant amendments were made to IFRS in 2011 which would affect the presentation and disclosures of the 2011 financial reporting statements.

1.2.5.3 Foreign currency

The Group's presentation currency is the Euro. The Group had limited foreign operations through its development activities in Brazil and the United Kingdom.

Foreign currency transactions are recognized initially at exchange rates prevailing at the date of the transactions. Subsequently to closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss will be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss will be recognized in profit or loss.

Financial statements of foreign entities are translated as follows:

- assets and liabilities are translated at the closing exchange rate of the European Central Bank:
- income and expenses are translated at the weighted average exchange rate for the year;
- shareholders' equity is translated at historical exchange rates.

Exchange differences arising from the translation of the net investment in foreign entities at the closing exchange rates are included in shareholders' equity. On disposal of foreign entities, cumulative translation adjustments are recognized in the income statement as part of the gain or loss on the sale.

1.2.5.4 Basis of consolidation

Subsidiaries are entities over which The Company exercises control, which generally means that The Company holds, directly or indirectly more than 50% of the voting rights attached to the entity's share capital and is able to govern its financial and operating policies so as to obtain benefits from its activities.

As described under section 1.2.5.1 General information, between September 2005 and November 2005, 4 Energy Invest and Renogen have been working under common control of the Founders.

As a result, IFRS 3 'Business Combinations' has not been applied on the contribution in kind of the shares of Renogen into the share capital of 4Energy Invest which implies that the contribution in kind had no effect on the consolidated equity of The Group.

When accounting for business combinations, IFRS 3 will be applied. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the date of acquisition, 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 valued at fair value less cost to sell. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished.

Intra-group balances and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Equity and net result attributable to minority shareholders are shown separately in the balance sheet and income statement respectively.

The following companies are included in the consolidation:

- 4Energy Invest NV

  Boulevard Paepsem 20

  1070 Anderlecht

  RPR Brussel

  BE 0876.488.436

- Renogen SA

  Chaussee d'Ophain 181

  1420 Braine-l'Alleud

  RPR Nivelles

  BE 0475.384.528

- Amel Bio SA

  Holzstrasse 5

  4770 Amblève

  RPR Eupen

  BE 0881.829.176

- 4 BioFuels SA

  Boulevard Paepsem 20

  1070 Anderlecht

RPR Brussel

BE 0883.044.547

- 4EI Limited

  39-49 Commercial Road

  Southampton

  Hampshire SO15 1GA

  United Kingdom

  company number 5307353

- 4HamCogen

  De Snep 3324
  3945 Ham

  RPR Brussel

  BE 0820.139.057

1.2.5.5 Use of estimates of judgements

The preparation of consolidated financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 the current and future periods.

1.2.6 Significant accounting policies

1.2.6.1 Intangible assets

Intangible assets are initially measured at cost. Intangible assets are recognized if it is probable that the future economic benefits which are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with IAS 38. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

1.2.6.2 Property, plant and equipment

An item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to The Group and its cost can be measured reliably.

This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment but also to costs incurred subsequently to add to, replace part of, or service it.

The cost of self-constructed assets includes 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. Examples of directly attributable costs are:

- costs of site preparation;
- installation and assembly costs;
- professional and management fees;
- all risk worksite insurance;
- borrowing costs (in accordance with IAS 23)

The recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in a manner intended by management. In principle, the recognition of costs incurred ceases upon the signing of the 'Take-over certificate' with the main contractors.

The construction cost might include some intangible fixed assets. However, as the intangible component has been insignificant in previous years in the total capital expenditure, both tangible and intangible assets were included under 'property plant and equipment'. From 2008 on, intangible assets are presented separately in the balance sheet.

Spare parts are usually carried at inventory and recognized in profit and loss as consumed.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale.

An item of property, plant and equipment is stated at historical cost less depreciation.

Depreciation is charged to the consolidated income statement on a linear basis over the estimated useful lifetime of an item of property, plant and equipment. Land is not depreciated. Useful lifetimes and depreciation method are reviewed annually.

The estimated useful lifetimes are as follows:

Assets	2010	2009	2008
Building	14 years	14 years	14 years
Installations, machinery and equipment: cogeneration and accessories	5-15 years	5-15 years	5-15 years
Office equipment and furniture	3-5 years	3-5 years	3-5 years
Motor vehicles	5 years	5 years	5 years

The estimated useful lifetime of the Amel I installation was set at 14 years. The estimated useful lifetime of the Amel II installation was set at 15 years. The estimated useful lifetime of the HamCogeneration installation has been set at 15 years.

1.2.6.3 Leases

Leases under which The Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Items of property, plant and equipment acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The depreciation policy for leased assets is consistent with that for depreciable assets which are owned.

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases.

All payments or receipts under operating leases are recognized as an operating expense respectively income in the statement of comprehensive income using the straight-line method. (Schedule of obligations under operating lease agreements).

1.2.6.4 Government grants

Government grants are not recognized until there is reasonable assurance that The Group will comply with the conditions attached to them and that the grants will be received.

Grants related to assets shall be presented in the statement of financial position by deducting the amount of the grant in arriving at the carrying amount of the asset. In the course of 2009, The Group was granted 1,263 k EUR of grants related to the Amel III capital expenditure program. Green certificates in Wallonia and Flanders qualify as grants related to income in accordance with IAS 20 as they are being attributed by the CWaPE (Walloon government institution) and the VREG (Flanders Government Institution) as support for the production of green energy. The green certificates are allocated per quarter (in Wallonia)/ per month (in Flanders) based on parameters relating to the quarterly/monthly production. In accordance with IAS 20.29 and IAS 20.23, grants to income, received in return for compliance with certain conditions relating to the operating activities of the entity, are deducted in reporting the related expense (production cost being part of COGS) and are valued at fair value..

Taking into account the prescribed formulae of the CWaPE and the VREG and the objective parameters derived from the operating systems of The Group, there are no unfulfilled conditions and other contingencies attached to the green certificates. For 2011, the fair value of the green certificates received from the CWaPE and the VREG amounted to 8,668 k EUR versus 7,763 k EUR in 2010 and 7,387 k EUR in 2009.

1.2.6.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Due to the termination of the Operations and Maintenance contract for the cogeneration units Amel I and Amel II, all maintenance activities are done in house and spare parts are being classified as inventory as from 2009 onwards (see above).

With reference to 1.1.6.4 'Government grants related to income', green certificates held for sale qualify as Inventory as defined by IAS 2.

1.2.6.6 Other and trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

1.2.6.7 Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short term highly liquid investments that are easily convertible into known amounts of cash, have maturity dates of 3 months or less and are subject to an insignificant risk of change in value.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash-flow statement.

1.2.6.8 Equity

In accordance with IAS 32, incremental costs directly attributable to the issue of new shares or options are recognized in equity as a deduction, net of tax, from the proceeds.

1.2.6.9 Minority interests

Minority interests represent the shares of minority shareholders in the equity of subsidiaries which are not fully owned by the Group.

1.2.6.10 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.2.6.11 Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated statement of comprehensive income over the period of the borrowings on an effective interest basis.

The Group classifies as a current portion any part of long-term loans that is due to be settled within one year from the date of the statement of financial position.

At the date of the preparation of the consolidated financial statements, the nominal value of loans is increased by unpaid interest.

1.2.6.12 Trade and other payables

Trade and other payables are stated at their nominal value.

1.2.6.13 Derivative financial instruments

A derivative is a financial instrument or other contract which fulfils the following conditions:

(a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;

(b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

(c) it is settled at a future date.

Hedging derivatives are defined as derivatives that comply with the company‘s risk management strategy, the hedging relationship is formally documented and the hedge is effective, that is, at inception and throughout the period, changes in the fair value or cash flows of the hedged and hedging items are almost fully offset and the results are within a range of 80 % to 125 %.

The Group holds currently no hedging derivatives.

Derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value, with changes in fair value included in net profit or loss of the period in which they arise.

Fair values are obtained from quoted market prices or discounted cash-flow models, as appropriate. All non-hedge derivatives are carried as current assets when their fair value is positive and as current liabilities when their fair value is negative.

1.2.6.14 Impairment

The carrying amounts of The Group’s 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.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income.

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash generating unit involves judgment.

Impairment losses recognized in respect of cash-generating units reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

Impairment losses of receivables are determined based on an analysis of the credit status of customers and the period for which the receivable has been overdue.

1.2.6.15 Reversals of impairment

An impairment loss is reversed in the consolidated statement of comprehensive income if there has been a change in the estimates used to determine the recoverable amount to the extent it reverses an impairment loss of the same asset that was recognized previously as an expense.

1.2.6.16 Revenues

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the entity and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery takes place and the transfer of risks and rewards is completed.

(i) Sale of Green Certificates

Upon sale, the income from the sale of green certificates is, in line with IAS 18 presented as 'Sale of green certificates'. Accordingly, the related green certificates, included in inventory (see 1.2.6.5) are charged to the production cost being part of cost of sales.

In certain circumstances, it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction. When this applies, the group will apply the relative fair value method allocating the revenue to the two components based on the ratio of the fair value of each single component individually over the total fair value of the transaction.

(ii) Sale of CO2 Certificates and certificates of "Garantie van Oorsprong"

Under the Belgian National Allocation Plan for the allocation of greenhouse gas emission allowances 2008-2012 in accordance with Directive 2003/87/EC of the European Parliament and the Council (EU Emission Trading Scheme), the cogeneration plants Amel I and Amel II are granted yearly GHG emission rights for free.

As there are no specific rules under IFRS dealing with the accounting treatment of GHG emission allowances, the Company decided to apply the following principle:

- emission rights are classified as inventories, if not sold at balance sheet date;
- sold emission rights are recorded at market value.

(iii) Sale of electricity

Electricity is invoiced monthly based on the readings of the metering system installed at the take off points to the electricity network. The meter readings are carried out independently by the distribution grid manager.

(iv) Sale of heat

Heat consumed by the industrial customers in Amel is invoiced monthly based on an objective metering system installed. Under the current contractual arrangements, heat is only valorized marginally. However, given the specific multiplication impact of heat consumption on the number of green certificates produced, the contractual arrangements with the heat consumers in Amel do not qualify as onerous contracts. An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

1.2.6.17 Employee benefit obligations

The Group did not enter into any defined-benefit or defined-contribution plans.

The Group issued equity-settled share based payments to certain employees, service providers, management members and directors of The Group. Equity-settled share-based payments are recognized at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group’s estimate of the stock options that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

1.2.6.18 Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method net of interest capitalized, interest receivable on funds invested, foreign exchange gains and losses that are recognized in the statement of comprehensive income.

1.2.6.19 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset, if and only if has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1.2.6.20 Segment reporting

Two operating segments have been identified being Cogeneration and BioCoal projects. Even though the BioCoal operating segment did not cause revenues, management decided to report the related segments from 2009 onwards as the quantitative threshold regarding the relative importance of the BioCoal assets exceeds 10% of the combined assets of all operating segments.

- Cogeneration is the process of simultaneously producing heat and electricity whereby heat is taken off by industrial partners that are intensive energy users thereof in their industrial activities and electricity is sold to energy suppliers by feeding it directly into the distribution grid. 4Energy Invest thereby sells the created green certificates to energy suppliers.

- BioCoal is wood processed through a torrefaction unit and then pelletized. BioCoal can be used as renewable fuel for multipurpose commercial, industrial and domestic use. It can form a substitution of fossil coal in electricity generation facilities or for the substitution of wood fuel pellets or other biomass fuels with high energy density.

	Cogeneration € '000	**Bio-Coal** € '000	**Non segment related** € '000	**Total consolidated** € '000
Total revenues	13,026	0	0	13,026
Cost of sales	-6,352	0	0	-6,352
Other operating expenses	-325	0	-1,200	-1,525
Personnel costs	-845	0	-128	-973
Depreciation and amortization	-3,346	0	-25	-3,371
Impairment of assets	0	-3,471	0	-3,471
Net financial costs	-2,603	-186	0	-2,789
Income tax expense	0	0	1,205	1,205
Result of the period	-445	-3,657	-148	-4,249

Bio-Coal sales generated in 2011 have been netted from the presented assets under construction position.

	Cogeneration € '000	Bio-Coal € '000	Non segment related € '000	Total consolidated € '000
Revenues from external customers	13,026	0	0	13,026
Intersegment revenues	0	0	0	0
Interest revenues	7	0	0	7
Interest expenses	-2,610	-186	0	-2,796
Depreciation and amortisation	-3,346	0	-25	-3,371
Impairment of assets	0	-3,471	0	-3,471
Reportable segment profit	-445	-3,657	-148	-4,249
Reportable segment assets	69,652	11,900	7,751	89,303
Reportable segment capital expenditures	17,351	2,129	25	19,505
Reportable segment liabilities	56,623	10,104	67	66,795

Major customers reliance

	Cogeneration € '000	Greencoal € '000	non segment related € '000
Sales to SPE	10,493	0	0
Sales to EON	1,061	0	0

1.2.6.21 Events after the balance sheet date

Up to the date of their approval, the figures in the consolidated financial statements were adjusted to reflect events that influenced the circumstances as they existed at the dates of financial position (adjusting events). Events influencing such circumstances arising after the dates of financial position are disclosed if they are of a material nature.

1.2.6.22 Key sources of estimation uncertainty

The Group has a number of projects at different stages of execution.

At the end of 2011, the Group had two cogeneration projects (Amel I and Amel II) located in Amel (Wallonia, Belgium), that are fully operational.

The Group has constructed a large scale torrefaction unit to produce BioCoal or torrefied wood pellets with minimum CO_2 footprint in Amel (Wallonia, Belgium). 4Energy Invest has temporarily operated the Bio-Coal installation at 40% of its nominal capacity and produced a sufficient quantity of Bio-Coal as to enable a European utility to execute a large scale co-firing test during the last quarter of 2011. 4Energy Invest identified during its operation at 40% capacity that additional investments are needed to operate the Amel installation at a higher capacity factor. 4Energy Invest concluded that it needs to enter into a strategic partnership with a third party for Bio-Coal to be able to finance and implement the additional investments that are required.

The Group has put on hold its roll-out strategy to build additional Bio-Coal production capacity until a strategic partner for Bio-Coal has been found. In addition, it does no longer pursue the implementation of its Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

4Energy Invest has, after having taken over the construction of Amel III in June 2010, been unable yet to operate the installation for the production of Biocoal in Amel at nominal capacity. The uncertainty in operating the installation at nominal capacity, significantly affects the projected profitability and cash flow generation of the group. A further restructuring of the existing credit facilities will have to be negotiated in order to be able to fulfill the company's financial obligations over 2012. Moreover, additional funds should be obtained to bring Amel III into commercial operation in accordance with the capacity set forth by management. Taking into account the current status of the project and ongoing discussions with potential partners, the company has impaired its Amel III installation with 3.1 million EUR. An additional impairment will be necessary on the Amel III assets (net asset value of 10.7 million EUR per 31 December 2011) if no additional funds will be found, also affecting the recoverability of the deferred tax asset recorded.

The Group has taken into pre-commercial operation a 9.5 MW biomass fired cogeneration project in Ham (Flanders, Belgium).

1.2.7 Supporting notes to the consolidated financial statements

1.2.7.1 Sales

	2011 € '000	2010 € '000	2009 € '000
Sale of green certificates *	8,668	7,005	6,692
Sale of CO2 certificates	170	186	189
Sale of electricity production	2,916	2,320	1,763
Other	10	34	72
Total	**11,764**	**9,545**	**8,716**

** Includes sale of certificates of garantie van oorsprong for 22k EUR in 2009, 28k EUR in 2010 and 29k EUR in 2011*

The sale of green certificates in Amel is contracted under a 10-year off-take agreement with SPE at fixed prices. The supply of heat in Amel is contracted under medium term agreements with Belwood Amel and Delhez Bois. CO2 certificates and certificates of "Garantie van Oorsprong" generated in Amel are sold on a spot basis. The electricity supply contracts providing the sale of electricity to the industrial clients Belwood Amel and Delhez Bois have been terminated in mutual consent. The sale of all produced electricity in Amel is contracted under a 10-year off-take agreement with SPE at prices related to spot market electricity prices. The sale of green certificates in Ham is contracted under a 10-year off-take agreement with EON at prices related to VREG prices. Would the resulting price fall below the guaranteed price, than the company can sell the green certificates to the distribution network operator at the guaranteed price. The sale of all produced electricity in Ham is contracted under a 10-year off-take agreement with EON at prices related to spot market electricity prices.

1.2.7.2 Other operating income

	2011 € '000	2010 € '000	2009 € '000
Proceeds from liquidated damages for:			
- delay received from contractors	933	340	0
- non respect of minimum guaranteed availability by contractors	0	0	226
- temporarily shut down	0	0	36
Recuperated costs termination project	0	120	0
Insurance premiums	255	823	0
Services provided	0	107	300
Other	74	52	25
Total	**1,262**	**1,441**	**587**

The other operating income of € 1.3 million consists of € 0.9 million delay damages due by the main contractor in the framework of the delay in reaching the conditions for take-over under the EPC contract for the Ham project, of € 0.25 million from the settlement that was reached with the insurance companies in the framework of the delay in reaching the commercial operation of Amel I and of € 0.1 million from other items.

1.2.7.3 Cost of sales

	2011 € '000	2010 € '000	2009 € '000
Purchases biomass	-4,208	-3,682	-3,046
Repair and maintenance	-1,180	-613	-600
Other	-965	-732	-453
Total	**-6,352**	**-5,028**	**-4,098**

An increase in purchases of biomass resulted from the purchase of biomass in the framework of the Ham project. The operating and maintenance expenses increased significantly, mainly as a result of the maintenance cost related to the three yearly major overhaul of Amel I. The other expenses increased by € 0.2 million both as a result of certain cost parameters that increased in Amel (ashes, water) and as a result of the expenses incurred in the pre-commercial operation in Ham.

1.2.7.4 Other operating expenses

	2011 € '000	2010 € '000	2009 € '000
Consultancy fees (lawyers, management, directors and other)	-1,060	-1,115	-1,178
Insurance	-137	-151	-162
Rent and rental charges	-101	-81	-81
Loss on disposal of fixed assets	0	0	0
Other administrative expenses	-227	-553	-272
Total	**-1,525**	**-1,900**	**-1,694**

The consultancy fees also include the remuneration fee of the statutory auditor of the Group. For 2011 VGD Bedrijfsrevisoren CVBA received as statutory auditor of the 4Energy Invest Group a fixed audit fee of 49 k EUR (excluding VAT), tax consultancy: 1 k EUR, other attestation missions: 1 k EUR and other missions external to the audit: 0 k EUR.

Recurrent other operating expenses continued their downward trend in 2011. The Group has defined and initiated an additional cost reduction program as from 2012 on.

Obligations under rental agreements

	2011 € '000	2010 € '000	2009 € '000
Not longer than 1 year	138	131	94
Longer than 1 year and not longer than 5 years	315	504	396
Longer than 5 years	1,400	1,574	1,626
Total	**1,853**	**2,209**	**2,116**

On October 13, 2008, 4Energy Invest signed a contract for five years with Canon Belgium NV for the rental of a copier. The monthly rent is set at 179.29 EUR.

In the course of 2008, Renogen signed a rental agreement with Cofinimmo for the rent of office space and parking lots in the building 'Paepsem Business Park', Boulevard Paepsem 20, 1070 Anderlecht'. The annual rent is set at 44k EUR and the agreement started on October 1, 2008 for nine years with end date of September 30, 2017. The annual rent of the offices for the period until July 31, 2009 was exceptionally reduced with 50%. 4Energy Invest has the right to terminate the agreement on September 30, 2014.

In the course of 2009, a lease for a Skoda car has been concluded for a period of 48 months with a monthly payment of 521.96 EUR. The lease terminates on 28 January 2013. In the course of 2010, two car leases have been concluded with KBC Lease, both for a period of 48 months with monthly payments of respectively 777.62 EUR and 642.81 EUR. The leases terminate respectively on 7 October 2014 and 23 July 2014.

End 2009, 4HamCogen signed a lease agreement (Recht van Opstal) with Coverco NV for a period of 35 years for the land needed to implement the cogeneration project in Ham. The yearly payment is set at 50 k EUR and is payable at each anniversary date of the signing.

1.2.7.5 Net financial costs

	2011 € '000	2010 € '000	2009 € '000
Bank interest income	0	0	0
Interest income	1	20	186
Interest capitalised into assets under construction	0	0	0
Other interest income	6	6	14
Financial income	**7**	**26**	**200**
Bank interest expense	-2,641	-1,898	-1,678
Interest paid to related parties	0	0	0
Decrease in FV on financial instruments	-1,157	-526	-164
Interest capitalised into assets under construction	1,033	814	437
Bank charges	-32	-21	-6
Financial costs	**-2,796**	**-1,631**	**-1,412**
Net financial costs	**-2,789**	**-1,605**	**-1,212**

1.2.7.6 Taxation

(a) Income tax expense recognized in the consolidated statement of comprehensive income

	2011 € '000	2010 € '000	2009 € '000
Current tax	0	-5	0
Deferred tax	1,351	2,133	1,278
Impairment	-145	0	0
Total	**1,205**	**2,128**	**1,278**

(b) Reconciliation of effective tax rate

	2011 € '000	2010 € '000	2009 € '000
Profit before tax	-5,455	-3,223	-1,270
Income tax using the domestic tax rate	1,854	1,096	432
Disallowed expenses	-41	-54	-18
Investment deduction/ Notional interest deduction	-463	1,086	866
Writedown deferred tax asset	-145	0	0
Other	0	0	0
Taxes	**1,205**	**2,128**	**1,280**

1.2.7.7 Intangible assets

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	73	12	12
Acquisitions	144	61	0
Transfer from assets under construction	0	0	0
Disposals	0	0	0
Balance at 31 December	**217**	**73**	**12**
Depreciation			
Balance at 1 January	-4	-2	0
Depreciation charge of the year	-2	-2	-2
Impairment	-46	0	0
Disposals	0	0	0
Balance at 31 December	**-52**	**-4**	**-2**
Carrying amounts			
At 1 January	69	10	12
At 31 December	165	69	10

1.2.7.8 Land and buildings

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	3,744	3,744	3,744
Acquisitions	0	0	0
Transfer from assets under construction	2,323	0	0
Disposals	0	0	0
Balance at 31 December	**6,067**	**3,744**	**3,744**
Depreciation			
Balance at 1 January	-825	-582	-339
Depreciation charge of the year	-395	-243	-243
Disposals	0	0	0
Balance at 31 December	**-1,220**	**-825**	**-582**
Carrying amounts			
At 1 January	2,919	3,162	3,405
At 31 December	4,847	2,919	3,162

1.2.7.9 Installations, machinery and equipment

	2011	2010	2009
	€ '000	**€ '000**	**€ '000**
Cost			
Balance at 1 January	34,830	34,828	34,443
Acquisitions	255	19	201
Transfer from assets under construction	34,607	0	503
Disposals	-16	-16	-318
Balance at 31 December	**69,676**	**34,830**	**34,828**
Depreciation			
Balance at 1 January	-7,028	-4,618	-2,236
Depreciation charge of the year	-2,882	-2,411	-2,382
Disposals	0	0	0
Balance at 31 December	**-9,910**	**-7,028**	**-4,618**
Carrying amounts			
At 1 January	27,802	30,210	32,207
At 31 December	59,766	27,802	30,210

The guarantees and pledges on the land and buildings and installations, machinery and equipment of the Group are detailed in section 1.2.7.21.

1.2.7.10 Furniture and vehicles

	2011	2010	2009
	€ '000	**€ '000**	**€ '000**
Cost			
Balance at 1 January	184	174	164
Acquisitions	2	10	9
Disposals	0	0	0
Balance at 31 December	**186**	**184**	**173**
Depreciation			
Balance at 1 January	-114	-85	-54
Depreciation charge of the year	-31	-29	-32
Disposals	0	0	0
Balance at 31 December	**-145**	**-114**	**-86**
Carrying amounts			
At 1 January	70	89	110
At 31 December	41	70	87

1.2.7.11 Leasing and similar rights

	2011 € '000	2010 € '000	2009 € '000
Cost			
Balance at 1 January	1,205	1,186	1,186
Acquisitions	0	18	0
Disposals	-118	0	0
Balance at 31 December	**1,087**	**1,204**	**1,186**
Depreciation			
Balance at 1 January	-420	-271	-123
Depreciation charge of the year	-148	-150	-148
Disposals	92	0	0
Balance at 31 December	**-476**	**-421**	**-271**
Carrying amounts			
At 1 January	785	915	1,063
At 31 December	611	783	915

Finance leases relate to manufacturing equipment with lease terms of 5 years and longer. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The Group's obligations under the finance leases are secured by the lessors' title to the leased asset.

Obligations under lease agreements

	Obligation 31/12/2011	Outstanding leasing debt < 1 year	> 1 year < 5 years	> 5 years
Fuel handling installation	598	86	398	114
Remorque	12	4	8	
Torrefaction installation (Amel III)	8,980	449	3,592	4,939
Total	**9,590**	**539**	**3,998**	**5,053**

The lease contract for the fuel handling installation comprises a total investment amount of 915 k EUR, with a residual value of 18 k EUR. The contract has a duration of 10 years and started on 20-02-2008.

The lease contract for a trailer comprises a total investment amount of 16 k EUR, with a residual value of 1 k EUR. The contract expires on 20-03-2015.

The lease contract for the Wood Chips Torrefaction Unit (Amel III), Fuel Preparation Facilities and Related Equipment covers an investment amount of 8,980 k EUR with a residual value of 89,8 k EUR. The contract will terminate by 30-06-2022.

1.2.7.12 Other tangible assets

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	45	45	42
Acquisitions	0	0	3
Disposals	0	0	0
Balance at 31 December	**45**	**45**	**45**
Depreciation			
Balance at 1 January	-12	-7	-2
Depreciation charge of the year	-5	-5	-5
Disposals	0	0	0
Balance at 31 December	**-17**	**-12**	**-7**
Carrying amounts			
At 1 January	33	38	40
At 31 December	28	33	38

1.2.7.13 Assets under construction

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	31,797	16,080	1,681
Acquisitions	19,238	17,422	16,217
Transfer to land & buildings	0	0	0
Transfer to installations, machinery & equip.	-36,930	0	-503
Transfer to goodwill	0	0	0
Impairment loss	-3,425	-1,706	-51
Disposals	0	0	0
Subsidies	0	0	-1,264
Balance at 31 December	**10,679**	**31,797**	**16,080**
Carrying amounts			
At 1 January	31,797	16,080	1,681
At 31 December	10,679	31,797	16,080

Assets under construction per project:

	2011	2010	2009
	€ '000	€ '000	€ '000
Greencoal	11,943	15,239	12,175
Greencoal - subsidies	-1,264	-1,264	-1,264
Pontrilas	0	0	1,037
Ham	0	17,620	3,930
Reisbach	0	201	141
Other projects	0	0	62
Total	**10,679**	**31,796**	**16,081**

4Energy Invest impaired its Amel III project for € 3.1 million (impairment of intangible fixed assets for € 0.05 million and impairment of assets under construction for € 3.05 million) to reflect (1) its understanding (based on the current status of the search process) of the probability of materializing a strategic partnership for its Bio-Coal activities and (2) the reduced asset value that would result in case Amel III has to be used for drying wood chips and/or making white wood pellets.

The Group impaired development expenses for € 0.4 million, mainly incurred in obtaining the permits for the Reisbach Bio-Coal and Ham Bio-Coal project as it no longer considers those sites as most appropriate to possibly build additional Bio-Coal production capacity in the framework of long term competitive biomass sourcing.

Would the scenario materialize that no strategic partnership can be structured on Bio-Coal, than the Group would further impair its Amel III project as to reflect the value of using Amel III to produce dried wood chips and white wood pellets.

4 Energy Invest obtained an investment grant from the Walloon Region for an amount of 1,264 k EUR in the framework of the capital expenditures program implemented for its Amel III BioCoal unit.

The following interest expenses were capitalized during the construction period in 2011:

Capitalised interest in assets under construction

	2011	2010	2009
	€ '000	**€ '000**	**€ '000**
Biocoal (Amel III)	0	272	43
Ham	1,033	542	0
Pontrilas	0	0	0
Overige	0	0	0
Total	**1,033**	**814**	**43**

Funds are borrowed specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs eligible for capitalization on a particular project/asset is determined as the actual borrowing cost incurred on that borrowing during the period. Capitalization of borrowing costs ceases when the activities necessary to prepare the qualifying asset for its intended use are completed.

No other commitments concerning the acquisition of assets were taken as of today, then those outlined in section 1.2.7.25.

1.2.7.14 Goodwill

	2011	2010	2009
	€ '000	**€ '000**	**€ '000**
Goodwill	0	0	335
Total	**0**	**0**	**335**

On March 12, 2008, 4Energy Invest (through its fully owned subsidiary Renogen) acquired 75% of the shares of Pontrilas Renewable Energy Limited.

The Group decided to treat the acquisition of the shares of Pontrilas Renewable Energy Limited as a business combination in accordance with IFRS 3 on a voluntary basis. At acquisition date, Pontrilas Renewable Energy Limited was the owner of a conditional planning consent, expiring in January 2012 for the construction of a clean renewable energy cogeneration plant. The acquisition price of the shares of Pontrilas Renewable Energy Limited for 335k EUR was presented as goodwill, taking into account that no reliable allocation on (in) tangible assets was possible and the Group's belief that the paid acquisition price reflected mainly an entrance fee for the UK market for this type of projects. The opening balance sheet of Pontrilas Renewable Energy Limited consisted of:

Net assets at acquisition date (12-03-2008) Pounds

Debtors	4
Called up share capital	4

Pontrilas Group Ltd., the partner of 4Energy Invest in Pontrilas Renewable Energy Limited for the cogeneration project under advanced stage of development in Pontrilas, UK, decided in 2010 to withdraw from the project, because the risk/return profile as projected by the business plan of the cogeneration project did no longer fit within the investment strategy/criteria of the Pontrilas Group. As the Pontrilas Group was key in the fuel supply and heat off-take for the cogeneration project, 4Energy Invest had no other option than to abandon this particular project. 4Energy Invest has as a result written down all activated expenses and goodwill on the project. On December 23, 2010, 4Energy Invest (through its fully owned subsidiary Renogen) acquired for free the 25% of the shares of Pontrilas Renewable Energy that were owned by Pontrilas Group Limited. As a result of that acquisition, 4Energy Invest now owns 100% of the shares of Pontrilas Renewable Energy. Pontrilas Renewable Energy has so far been a dormant entity and all project development expenses related to the Pontrilas project were charged and paid outside Pontrilas Renewable Energy. Pontrilas Renewable Energy has at the date of this annual report no outstanding debt and/or obligations. Pontrilas Renewable Energy was renamed 4EI Limited.

1.2.7.15 Deferred tax assets and liabilities

Deferred tax asset and liabilities have been offset on the date of financial position per entity, considering the fact that they are levied by the taxing authority on a net basis per entity:

	2011	2010	2009
	€ '000	€ '000	€ '000
Tax losses carried forward	2,084	2,232	1,781
Investment deduction	3,933	3,225	2,360
Notional interest deduction	541	571	342
Tax assets	**6,559**	**6,029**	**4,483**

	2011	2010	2009
	€ '000	€ '000	€ '000
Capitalised costs	-870	-978	-1,070
Capitalised interests	-110	-194	-362
Diff. between tax and book value, property plant and equipment	356	265	117
Interest rate swap	762	370	191
Tax liabilities	**138**	**-537**	**-1,124**

	2011	2010	2009
	€ '000	€ '000	€ '000
Tax losses carried forward	2,084	2,232	1,781
Investment deduction	3,933	3,225	2,360
Notional interest deduction	541	571	342
Capitalised costs	-870	-978	-1,070
Capitalised ineterests	-110	-194	-362
Diff. between tax and book value, property plant and equipment	356	265	117
Interest rate swap	762	370	191
Net tax assets / liabilities	**6,696**	**5,491**	**3,358**

	2011	2010	2009
	€ '000	€ '000	€ '000
Deferred tax asset	6,559	5,491	3,358
Deferred tax liability	138	0	0
Total	**6,696**	**5,491**	**3,358**

Unused and un-expressed tax credits per 31 December 2011	
Tax losses carried forward	6,134
Investment deduction carried forward	366
Notional interest deduction carried forward	582
Total	**7,082**
Unused and un-expressed deferred tax	**2,407**

1.2.7.16 Other non current assets

31 December 2011	**< 1 year**	**> 1 year < 5 years**
Long term receivables	**33**	**254**

The other non-current assets mainly reflect the amount that has been provisioned in the Debt Service Reserve Account in the framework of the financing of the Amel facilities. It is contractually agreed with KBC Bank that this amount should be increased to 1,330 kEUR by end September 2012 but the projected economics of the Amel facilities over 2012 will not enable 4Energy Invest to respect this bank covenant.

1.2.7.17 Inventories

	2011 € '000	**2010 € '000**	**2009 € '000**
Raw materials and consumables	559	585	426
Spare parts	455	436	391
Total	**1,014**	**1,021**	**817**

1.2.7.18 Trade and other receivables

	2011 € '000	**2010 € '000**	**2009 € '000**
Trade receivables	3,394	1,242	2,729
Tax receivables-VAT	112	71	195
Insurance claims	0	698	0
Deferred expenses	255	81	747
Subsidies	632	632	1,264
Other receivables	100	34	105
Total	**4,493**	**2,757**	**5,039**

The outstanding trade receivables position at 31 December 2011 has increased significantly as the result of the invoices to be issued for the green certificates produced by the Ham facilities as from August 2011. The VREG finally approved the file in March 2012 as a result of which green certificates can be invoiced. The outstanding other receivables position at 31 December 2011 still includes half of the investment subsidies granted to the Amel III project for € 0.6 million that have not yet been paid out by the Walloon Region.

1.2.7.19 Cash and cash equivalents

The Group's cash and cash equivalents comprise cash deposits held at Belgian banks.

1.2.7.20 Share capital

Date	Action	Shareholder	Shares	Price per share (Fractional Value)
September 28, 2005	Incorporation	Enerpro SPRL controlled by Yves Crits	134	€ 100
September 28, 2005	Incorporation	Nico Terry	134	€ 100
September 28, 2005	Incorporation	Guido Schockaert	134	€ 100
September 28, 2005	Incorporation	KBC Private Equity NV	218	€ 100
November 22, 2005	Capital increase through contribution in kind of Renogen shares	Enerpro SPRL	21,533	€ 100
November 22, 2005	Capital increase through contribution in kind of Renogen shares	Nico Terry	21,533	€ 100
November 22, 2005	Capital increase through contribution in kind of Renogen shares	Guido Schockaert	21,533	€ 100
January 19, 2006	Capital increase through contribution in cash	KBC Private Equity NV	34,782	€100
January 19, 2006	Capital decrease with repayment to the Founders of their initial contribution in cash at incorporation (aggregate amount of €40,200)	N/A	N/A	€ 99.6
May 21, 2008	Share split by 90	Existing shareholders	9,000,090	€ 1.11
June 17, 2008	Capital increase IPO		3,520,000	€ 6.25

1.2.7.21 Interest-bearing loans and borrowings

	2011	2010	2009
	€ '000	€ '000	€ '000
Non current			
Bank loans	40,620	26,173	21,068
Leasing debts	9,051	8,813	6,690
Other loans	4,661	2,857	0
Total non current loans and borrowings	**54,332**	**37,843**	**27,758**
Current			
Bank loans	5,179	3,679	4,339
Leasing debts	539	931	405
Total current loans and borrowings	**5,718**	**4,610**	**4,745**
Total	**60,050**	**42,453**	**32,502**

Situation per 31 December 2011	**Outstanding 31 Dec. 2011**	**Payable in 1 year**	**Payable in 2-5 years**	**Payable after 5 years**
	€ '000	**€ '000**	**€ '000**	**€ '000**
Leasing debts	9,590	539	3,998	5,053
Bank loans	45,097	4,476	19,445	21,175
Other loans	4,661	0	3,728	932
Accrued interest expenses	187	187	0	0
Cash credit	516	516	0	0
Total	**60,050**	**5,718**	**27,172**	**27,160**

Furthermore, the Group (through Renogen) has a line of commitment credit of 1,650 k EUR to be used in the form of abstract guarantees and/or secondary guarantees and/or bonds issued by the bank in favor of the Ministry of the Walloon Community. This line is fully used at December 31, 2011.

Furthermore, 4Energy Invest had to establish an annual price stabilization mechanism of up to 750 k Euro per year under the form of a standby Letter of Credit or Cash Collateral Account towards 4Ham Cogen that guarantees a minimum electricity sales price for the electricity output generated by 4Ham Cogen. This standby Letter of Credit has been put in place by KBC Bank.

In December 2011, KBC Bank agreed that Renogen starts the redemption of the long term lease facility related to Amel III on March 31st 2012 instead of December 31st 2011. KBC Bank agreed to spread over 2012 the principal payment that was due by Renogen on December 31st 2011 on the long term credit facilities related to Amel I and Amel II. Renogen also obtained a waiver from KBC Bank for the non respect of the Debt Service Coverage Ratio and the Tangible Net Worth Ratio over the year 2011, subject to a waiver fee of 10 k EUR. To secure Renogen's commitments towards KBC Bank, a new security had to be established under which 4Energy Invest authorized to grant a pledge of 714 shares of Renogen. In March 2012, KBC Bank agreed that Renogen starts the redemption of the long term lease facility related to Amel III on 30 September 2012 and that the amount provisioned under the DSRA for 250 k EUR could be used repay principal and interest under the credit facilities related to Amel I and Amel II.

In December 2011, 4HamCogen obtained a waiver from KBC Bank and ING Belgium for the non respect of a credit covenants stated in clause 23.6 and clause 23.7 (a) of the Facilities Agreement..

The cash credits are taken up at end 2011 for a total amount of 516 k EUR. Accrued interests amount to 187 k EUR.

The loans were provided under the following conditions:

	Interest rate	Credit Facility	Outstanding end 2011	Final repay-ment date
Amel I (Renogen)				
KBC Roll-over credit (479-3162066-89)	Euribor 3m. + 2,5%	14,663	11,437	30/09/2021
KBC Roll-over credit (479-3162066-89)	Euribor 3m. + 2,5%	1,006		30/09/2021
Amel II (Renogen)				
KBC Roll-over credit (479-3162066-89)	Euribor 3m. + 2,5%	11,115	8,550	30/09/2021
Amel III (Renogen)				
KBC Lease (479-1143915-23)	Euribor 3m. + 2,5%	8,980	8,980	30/06/2022
KBC Roll over credit (479-3162066-89)	Euribor 3m. + 2,5%	370	309	30/09/2021
KBC Roll-over credit (479-3162066-89)	Euribor 3m. + 2,5%	456	315	30/09/2021
Lease remorque (Renogen)	Euribor 3m. + 2%	-	12	20/03/2015
Ham (4HamCogen)				
ING-KBC syndicated loan facility	Euribor 6m. +2,5% - 3,25%	26,600	23,985	31/12/2021
LRM subordinated loan facility	8%	5,500	4,661	7 years after first withdrawal
Other				
Straight loan Renogen	Euribor 3m. + 1,5%	500	500	30/06/2012
Cash credit Renogen	Euribor 1m. + 1,25%	1,000	153	-
Cash credit Amel Bio	EONIA + 2%	500	363	-
Lease facility fuel handling (Amel Bio)	5,84%	-	598	20/11/2017
Accrued interest expenses		-	187	-
Total		**70,690**	**60,050**	

In order to secure the obligations under the roll-over credits with KBC Bank, Renogen SA has created:

- a mortgage of 1.846k EUR in principal on the cogeneration plant in first rank, located at the Kaiserbaracke industrial area in Amel, belonging to Renogen SA on November 18, 2005;
- a pledge of the business in the amount of 250k EUR in principal (including receivables and 50% of stocks) in first rank on the business located at the Kaiserbaracke industrial area in Amel, belonging to Renogen SA, established on November 18, 2005;
- the power of attorney to create a mortgage of 16.368 k EUR in principal on the cogeneration plant, located at the Kaiserbaracke industrial area in Amel, belonging to Renogen SA, granted on November 18, 2005, together with a prohibition against alienating or mortgaging the real property or granting power of attorney to that end with the exception of the above mentioned mortgage of 1.846k EUR in favor of the bank.

- the power of attorney to establish a pledge of the business in the amount of 16.368k EUR in principal (including receivables and 50% of stocks) on the business located at the Kaiserbaracke industrial area in Amel, belonging to Renogen SA granted on November 18, 2005, together with prohibition against alienating or pledging the business or granting power of attorney to that end with the exception of the above mentioned pledge of the business in the amount of 250k EUR in principal in favor of the bank.
- The power of attorney to create a mortgage and the power of attorney to establish a pledge of the business may be realized together for an amount of 16.368k EUR in principal.
- an acceptable property insurance policy relating to the cogeneration plant with the bank as direct beneficiary. In consequence, the bank will at all times be entitled to pay the insurance premium instead of the policyholder. In such case, the insurance premiums and expenses paid by KBC bank will be recovered from the borrowers. KBC bank will be entitled to take all initiatives vis-à-vis the insurers to protect its rights in general as lender, including requiring of the insurers that :
  - all damages will be paid to or through the intermediary of KBC bank;
  - the insurance cover may not be suspended, reduced, annulled, cancelled or in any other way terminated without the bank being given advance notice thereof.
- the power of attorney (mandate) to create a mortgage in the amount of 11,400k EUR in principal, on an industrial building located at 4770 Amel, Gewerbezone Kaiserbaracke, belonging to Renogen SA granted on April 13, 2007, together with a prohibition against alienating or mortgaging the real property or granting power of attorney to that end.
- the power of attorney (mandate) to establish a pledge of the business (floating charge) in the amount of 11,400k EUR in principal, on the business at 1420 Braine-L'alleud, Chaussée d'Ophain 181 and 4770 Amel, Gewerbezone Kaiserbaracke, granted on March 9, 2007, together with a prohibition against alienating or pledging the business or granting power of attorney to that end.
- The power of attorney to create a mortgage and the power of attorney to create a pledge of the business may be realized together for an amount of 11.400k EUR in principal.
- the pledge from Renogen SA of all present and future cash into the following Debt Service Reserve Account: 733-0287158-68. This pledge will be ruled by the following specifications:
  - Before 30 September 2012 at the latest, the Debt Service Reserve Account must be funded to an amount of 1,325 k EUR out of the free cash flow, the proceeds of the Fortis claim and other funds;
  - Payments or withdrawals from the Debt Service Reserve Account: Renogen SA may only withdraw amounts from the Debt Service Reserve Account to pay any principal and/or interests due and payable under the roll-over credits with reference 479-3162066-89 and/or the granted leasing (related to Amel III) (see loan documentation KBC lease Belgium NV/Renogen NV from January 2009 with reference number 116748-LF-0) at that time, but only to the extent that there are insufficient funds in Renogen's working account(s) to meet those payments.
  - Payments into the debt Service Reserve Account: At the latest two days prior to each Interest Payment Date of the above-mentioned roll-over credit and/or leasing, Renogen SA shall deposit from his working account(s) directly into the Debt Service Reserve Account such amount (if any) as is required, to ensure that the amount standing to the credit of the Debt Service Reserve Account is equal to the amount of 1,325 k EUR.

- a mortgage in the amount of 50k EUR in principal: a first mortgage on the acquired plot of land and a second mortgage on the cogeneration plant, both located at 4770 Amel, Kaiserbaracke, belonging to Renogen SA established on18-04-2009.
- a power of attorney (mandate) to create a mortgage in the amount of 400k EUR in principal: on the acquired plot of land and on the cogeneration plant, both located at 4770 Amel, Kaiserbaracke, belonging to Renogen SA established on 28)04-2009. This property must be free and unencumbered, with the exception of the above mentioned registered charges.
- a power of attorney (mandate) to create a mortgage in the amount of 370k EUR in principal: on the acquired plot of land and on 2 cogeneration units and the torrefaction unit located at 4770 Amel, Kaiserbaracke, belonging to Renogen SA established on 20-04-2010. This property must be free and unencumbered, with the exception of the above mentioned registered charges.
- a power of attorney (mandate) to establish a pledge of the business (floating charge) in the amount of 370k EUR in principal, on the business at 1420 Braine-L'alleud, Chaussée d'Ophain 181 and 4770 Amel, Gewerbezone Kaiserbaracke, granted on 20-04-2010, together with a prohibition against alienating or pledging the business or granting power of attorney to that end.
- The power of attorney to create a mortgage and the power of attorney to create a pledge of the business may be realized together for an amount of 370k EUR in principal.
- a power of attorney (mandate) to create a mortgage in the amount of 892.5 k EUR in principal on a plot of land and on 2 cogeneration units and the torrefaction unit located at 4770 Amel, Kaiserbaracke, belonging to Renogen SA established on 01-06-2011 (for a detailed description: see the assets as described in the power of attorney ad 370 k EUR, established on 20-04-2010 – article 4, sub 11). These properties must be free and unencumbered, with the exception of any and all charges registered in favor of the bank.
- Only for the line of business credit of 500 k EUR with reference number 479-3162064-97: the pledge of a claim (claims) granted by DIRECTION GENERALE OPERATIONNELLE DE L'ECONOMIE, DE L'EMPLOI ET DE LA RECHERCHE on the borrowings arising from "Demande de prime à l'investissement established on 11-05-2011.
- To secure all their commitments towards the bank, the borrowers have established the following new security
    - A pledge granted by 4Energy Invest NV of 714 shares Renogen
    - A pledge granted by Enerpro SPRL of 1 share Renogen

The following has been agreed for all Renogen's commitments towards the bank: if these covenants are not complied with, the bank may – after informing the borrowers accordingly in writing – increase all rates applying to the credit and its various forms of utilization. This does not prejudice what is stipulated in the General Credit Terms and Conditions regarding suspension and termination of the forms of credit and of the credit facility

- The Debt service ratio (EBITDA / debt service) has to be at least 1,1 over the fiscal years 2011 and 2012 and at least 1,2 over the following fiscal years, which will be tested each year by yearly report approved by the board of directors at the latest on June 30. The debt service comprises all capital and interest reimbursements on the short- and long term financial liabilities, subordinated loan included.

- The tangible net worth ratio must come to at least 25% from December 31, 2010 on. This ratio must be calculated based on the figures filed on behalf of Renogen SA and is defined as follows (the figures to be filled in must be taken from the annual accounts, without a sign): (Tangible net worth (the running account of 4Energy Invest included) / (Total balance sheet – formation expenses (20) – intangible assets (21) – own shares (50) – amounts receivable from directors, managers or shareholders (9500))) x 100.
- Calculation of Tangible net worth: Capital and reserves (10/15) - formation expenses (20) – intangible assets (21) – own shares (50) – amounts receivable from directors, managers or shareholders (9500) + debt subordinated in favour of KBC Bank NV+ the debt in current account of 4Energy Invest NV
- Renogen SA will not pay any dividends or pay back subordinated debt without preceding agreement of KBC Bank.
- The current account of 4Energy Invest NV must be converted for an amount of 6,130 k EUR in capital before 31-03-2012.
- The borrowers will prepay the roll-over credit with reference number 479-3162066-89 and/or the granted leasing, yearly, at the latest on June 30 of each year with 50% of the Free Cash Flow out of Amel I and Amel II and Amel III from previous fiscal year, stated by a year report approved by the board of directors, however capped at a maximum of 750k EUR per year, at the moment that Amel III produces minimum 30 000 ton of "Bio-Coal" per year
- Free Cash Flow means:
    - Net Earnings after taxes before dividends (code 70/67),

(a) plus any depreciation and amortization (code 630, 631/4, 635/7 and 651)
(b) minus extraordinary income (code 76)
(c) plus extraordinary expenses (code 66)
(d) minus principal instalments and interest on any financial indebtedness of the borrowers falling due or accrued during the relevant period (whether or not paid)
(e) minus funding Debt Service Reserve Account

The bank reserves itself the right to terminate the credit facilities if control of Renogen SA is changed not according to the following conditions: at least 50% of the shares have to belong to Nico Terry, Yves Crits and Guido Schockaert individually and/or collectively and/or to a company of which they own more than 50% of the shares.

No amendments can be made to the PPA and the CPA without the consent of the bank.

Every six months management accounts and a balance sheet have to be submitted within 45 days after the preceding six months. A yearly report, approved by the board of directors, has to be submitted within six months after the closing of the accounts.

All payments must be done through KBC accounts.

Renogen SA undertakes not to alienate, mortgage or pledge their assets, or establish a lien thereon or grant a power of attorney to this end without the bank's prior consent in writing.

Renogen should take out insurance against fire with regard to their movable and immovable property on Amel III and their liability against third parties in the neighborhood, which meets with the bank's approval before start of construction.

Interest rate on the subordinated loans provided by 4Energy Invest to Renogen may not exceed 5%.

The payment of management fees to 4Energy Invest by Renogen is restricted to 360 kEUR per year.

Executive management of the Group confirms that no bank covenants were breached by Renogen during the years 2007 and 2008 and that it obtained a waiver from KBC bank for the non respect of the Debt Service Cover Ratio for the years 2009, 2010 and 2011, each subject to the payment of a waiver fee of 10 kEUR.

In order to secure the obligations under the syndicated credit facility with the consortium ING België - KBC Bank for the cogeneration project in Ham, 4Ham Cogen and 4Energy Invest have created;

- a mortgage of 1,000 k EUR in principal on the Recht van Opstal and all buildings, installations, constructions and goods to be established by 4HamCogen on that land, located at the Kwaadmechelen industrial area in Ham, belonging to 4HamCogen since December 18, 2009;
- the power of attorney to create a mortgage of 28,200 k EUR in principal on the Recht van Opstal and all buildings, installations and goods to be established by 4HamCogen on that land, located at the Kwaadmechelen industrial area in Ham, belonging to 4HamCogen since December 18, 2009, together with a prohibition against alienating or mortgaging the real property or granting power of attorney to that end with the exception of the above mentioned mortgage of 1,000 k EUR in favour of the banks.
- a share pledge agreement between 4 Energy Invest and Renogen (one share) as pledgors and ING Belgium as pledgee and representative of the lenders in respect of all shares of 4 HamCogen, other equity interests and all present and future rights attaching to, and all monies payable in respect of, or derived from, the pledgors shares and other equity interests;
- a receivables pledge agreement between 4 HamCogen as pledgor and ING Belgium as security agent and representative of the security beneficiaries and as creditor of the senior parallel debt by which the pledgor pledges to the security agent and the security beneficiaries any and all claims, rights, receivables and obligations (whether present, future, actual or contingent) of the pledgor in connection with accounts receivable, insurances, hedging agreements, project agreements and trade receivables;
- a green certificates pledge agreement between 4 HamCogen as pledgor and ING Belgium as security agent and representative of the security beneficiaries by which the pledgor pledges to the security agent and the security beneficiariesa first right on all green certificates that the pledgor owns from time to time and all rights en receivables that the pledgor would have from time to time in relation to those green certificates and in general all revenues and income that relate to it;
- a project documents pledge agreement between 4 HamCogen as pledgor and ING Belgium and the other Finance Parties as pledgees in respect of the Project Documents

The following has been agreed for all of 4Ham Cogen commitments towards the bank consortium ING België - KBC bank:

- The Historical Senior Annual Debt Service Coverage Ratio on each Covenant Testing Date shall not be less than 1.20 : 1; whereby the Senior ADSCR means:
  (a) EBITDA for the Relevant Period ending on that date; to
  (b) Senior Debt Service for the Relevant Period ending on that date.
- The Projected Senior Annual Debt Service Coverage Ratio on each Covenant Testing Date shall not be less than 1.20 whereby the "Projected Senior Debt Service" means: Senior Debt Service for the relevant calculation period, whereby EURIBOR for each future Interest Period shall be assumed to be the interest swap rate applicable under the Hedging Agreements.
- The Loan Life Coverage Ratio on each Covenant Testing Date shall not be less than 1.25;

Those coverage ratios have to be confirmed by 4HamCogen through a compliance certificate to be signed by two directors of 4HamCogen with each set of its audited annual financial statements and half-yearly financial statements.

- Prior to financial closing, 4Energy Invest will fund 4HamCogen with 2,825 k EUR share capital.
- Prior to financial closing, 4Energy Invest will make available to 4HamCogen a subordinated debt facility of 3,475 k EUR that will be used by 4HamCogen prior to any drawdown under the credit facilities made available by the lenders ING and KBC and that can not been repaid before final repayment under the credit facilities has occurred.
- 4Energy Invest will fully fund all cost overruns in relation to the cogeneration project in Ham by way of equity and/or subordinated debt.
- 4Energy Invest shall procure that neither Nico Terry BVBA nor ENERPRO SPRL ceases to perform its duties as manager or director of 4HamCogen (other than by reason of death, retirement at normal retiring age or through ill health of the relevant representative, or by reason of gross negligence;
- 4Energy Invest shall ensure that no change of control occurs over 4HamCogen.
- 4Energy Invest shall not (and will ensure that 4HamCogen shall not) abandon all or a material part of the cogeneration project in Ham.
- 4Energy Invest shall not (and will ensure that 4HamCogen shall not) rescind or purport to rescind or repudiate or purport to repudiate a finance document or any of the transaction security or evidence an intention to rescind or repudiate a finance document or nay transaction security;
- 4Energy Invest shall procure to the lenders within 120 days after the end of each financial year and within 90 days after the end of each half year its respective financial statements;
- 4Energy Invest has agreed to a yearly price stabilization mechanism whereby it agreed to pay an amount to 4HamCogen equal to the lessor of (i) an amount in EUR equal to (46 – average realized electricity price (EUR/MWh) by 4HamCogen) x the actual electricity production of 4Ham Cogen and (ii) EUR 750 k EUR. Under the price stabilization mechanism it was agreed that 4Energy Invest can invoice to 4HamCogen for an amount equal to the lessor of (i) an amount in EUR equal to (average realized electricity price (EUR/MWh) – 65 by 4HamCogen) x the actual electricity production of 4HamCogen and (ii) EUR 750 k EUR. The price stabilization mechanism has to be structured under either a cash collateral account or a standby letter of credit to be established by Project Completion Date.
- 4HamCogen has broad information undertakings under the finance documents with respect to financial statements, project budgets, financial models, Computer model, reports by Quantity Surveyor
- 4HamCogen will prepay yearly the outstanding credit facilities with a mandatory pre-payment equal to 50% of the excess cash flow not exceeding 1,000 k EUR and 25% of the excess cash flow exceeding 1,000 k EUR.

- 4HamCogen has to establish a set of reserve accounts
  - As of each DSRA calculation date falling 24 months after the Project Completion Date, a DSRA equal to the next 6 months debt service has to be in place;
  - A Contingency Maintenance Reserve Account up to 150 k EUR has to be in place twelve months after the Project Completion Date;
  - A Scheduled Maintenance Reserve Account has to be gradually built up to 600 k EUR over the cycle of the maintenance period (5 years);

The following has been agreed for all of 4HamCogen commitments towards LRM:

- 4Energy Invest will act as co-debtor with respect to all commitments undertaken by 4HamCogen towards LRM. 4Energy Invest will therefore, together with 4HamCogen, be responsible for the payment of all amounts due by 4HamCogen under its credit agreement with LRM.

- 4Energy Invest will use its voting rights to have a representative of LRM appointed as director of 4HamCogen.

1.2.7.22 Trade and other payables

	2011 € '000	2010 € '000	2009 € '000
Trade payables	3,563	3,070	2,983
Accrued expenses	3,181	1,600	1,791
Total trade and other payables	**6,744**	**4,670**	**4,774**

1.2.7.23 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business.

a. Credit risk

The Issuer has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Ageing of past due but not impaired

	2011	2010	2009
more than 30 days	357	610	2,352
30-60 days	68	0	19
60-90 days	0	0	0
90-120 days	12	39	1
more than 120 days	4	0	0
Total	**441**	**649**	**2,372**

b. Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The market risk mainly comprises the currency and interest rate risk.

Foreign currency risk

The Group was marginally exposed to foreign currency risk through its development activities in Brazil during the year 2011.

Interest Rate Swaps

The Group contracted all of its financial debt in EUR at a floating rate.

The financial instruments (interest rate swaps) do not meet the conditions for hedge accounting and are accounted for at fair value with changes in fair value recognized immediately as a component of net profit.

4Energy Invest has concluded the following Interest Rate Swaps:

	Interest rate	Date of swap signature	Notional amount hedged	Fair value as at 31/12/2011	Hedged until
Amel I	4,4745%	20/08/2007	1,086	-3	20/08/2012
Amel I	4,5096%	20/08/2007	8,146	-448	18/08/2017
Amel II	2,7625%	30/09/2009	4,988	-174	26/07/2018
Amel III	3,2750%	30/09/2009	4,675	-259	28/09/2018
Ham	3,5700%	19/03/2010	6,185	-424	29/06/2018
Ham	3,5700%	19/03/2010	13,766	-936	29/06/2018
Total			**38,846**	**-2,244**	

Sensitivity Analysis

An increase/decrease of 100 basis points in the interest rates on the floating rate debts and cash positions at the reporting date, with all variables held constant, would have resulted in approximately a € 190,000 lower/higher profit before taxes for the year 2011. The latter does not take into account the impact on the evolution in fair value of the contracted Interest Rate Swaps.

An increase / decrease of 100 basis points in the interest rates as at December 31, 2011, with all variables held constant, would have had an impact on the evolution in fair value of the contracted Interest Rate Swaps of respectively + € 1,016,594 and - € 1,019,391.

Liquidity Risk

The liquidity risk relates to the risk that the Group could encounter difficulties in meeting obligations associated with financial liabilities.

In this respect, the Group's financing policy is based on:

- diversifying sources of financing between credit institutions (KBC Bank, ING Belgium Bank and Limburgse Reconversie Maatschappij), capital and other sources of funds (e.g. subordinated debt);
- achieving a balanced repayment profile of its financial debts in line with the cash generating capacity of its assets.

The fact that Amel III as torrefaction unit has not reached the status of commercial operation, that Amel III has to be used for drying wood chips and producing white wood pellets below its designed capacity and the lower than expected operating margins in the cogeneration segment (both through higher operating costs and depressed sales prices for electricity and green certificates) have significantly reduced the cash generating capacity of the Renogen assets. This makes that the repayment profile of the financial debts structured at Renogen level had to be reviewed on several instances and will need further restructuring in 2012 as to enable Renogen to fulfil its financial obligations. The currently expected operating margins of the Ham cogeneration project will also result in the necessity to renegotiate the initially agreed redemption profile with the subordinated debt providers and possibly with the senior debt providers. 4HamCogen obtained a working capital facility to bridge the period till it will effectively paid for the green certificates for its produced green energy in Ham over the period August 2011 – March 2012.

As the cash buffer of 4Energy Invest has been used over the past years and as its capacity to raise additional funding will largely depend on finding a strategic partner for Bio-Coal, the company defined and initiated a significant cost reduction program at holding level as to reach a break-even situation as soon as possible based on the management fees it can invoice to its affiliates Renogen and 4HamCogen and the interest it can charge on outstanding debt positions to its affiliates;

The Group's outstanding contractual payments as per December 31, 2011 on outstanding borrowings by maturity date are disclosed in note 1.2.7.21.

1.2.7.24 Personnel

The average number of employees and remuneration paid for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 are as follows:

	2011 € '000	2010 € '000	2009 € '000
Average number of employees	25,5	21,2	11,9
Wages and salaries	479	394	305
Social security and health ins. exp.	222	177	101
Other social expenses	140	148	104
Total	**841**	**718**	**510**

1.2.7.25 Commitments

4Energy Invest, through its affiliate Renogen, has to find a strategic partner to fund the additional investments that are needed to operate the Amel III Bio-Coal production facility at higher capacity factor. Waiting the outcome of the search process, the production of Bio-Coal in Amel has been put on hold as well as the implementation of the roll-out strategy for Bio-Coal.

4Energy Invest, through its affiliate 4HamCogen is finalizing the construction of a 9.5MW wood biomass cogeneration project in Ham in the province of Limburg (Flanders, Belgium). It is expected that the project will be taken over from the EPC-contractor by end of April 2012.

1.2.7.26 Related parties

c. Identification of related parties

The Group has a related party relationship with its executive directors Enerpro SPRL, Nico Terry BVBA, Enermoza BVBA and with KBC Private Equity NV. The related party relationship with its industrial partners Belwood-Amel, Delhez Bois (through Clean Box) and Holz Niessen has been terminated in December 2008. The industrial partners Belwood-Amel, Delhez Bois and Holz Nielssen held a minority stake in Amel Bio NV, but were bought out by Renogen at the end of 2008.

According to the last notified transparency declaration, KBC Private Equity NV has a participation of 21.79% in the share capital of 4Energy Invest NV.

According to the last notified transparency declaration, Enerpro SPRL, Nico Terry (permanent representative of Nico Terry BVBA) and Guido Schockaert (permanent representative of Enermoza BVBA) each own 16.70% in the share capital of 4Energy Invest NV.

Related parties

	2011 € '000	2010 € '000	2009 € '000
Remuneration and benefits paid to executive directors			
(a) short term employee benefits	432	666	869
(b) post-employment benefits	0	0	0
(c) other long-term benefits	0	0	0
(d) termination benefits	0	0	0
(e) share based payment (stock options)	44	127	392
Total	**476**	**793**	**1,261**

The Extraordinary General Shareholders' Meeting of May 21, 2008 decided to issue up to 900,009 warrants under the 2008 4Energy Invest Stock Option Plan. The warrants have been subscribed by 4Energy Invest with a view to allocating them to executive management, employees and consultants of 4Energy Invest. As of end 2008, 716,995 warrants had been offered and accepted by executive management, employees and consultants of 4Energy Invest as follows: Enerpro sprl: 270,000, Nico Terry bvba: 162,000, Enermoza bvba: 162,000, other 122,995. In December 2009, the Limburgse Reconversie Maatschappij had been offered and accepted 183,014 warrants (with an exercise price of 6.25 EUR/Share) in the framework of their directors' mandate of 4HamCogen. As a result, all issued 900,009 warrants have been granted as of end 2011.

The shareholding structure below gives an overview of the status of the warrants (vested/unvested) as of the date of publication of this annual report 2011.

Party	Date Transparency Declaration	Shares Number	Vested warrants Number	Total voting securities Number	Total voting securities %	Unvested warrants Number
Enerpro SPRL	3 November 2008	2,090,855	270,000	2,090,855	16.70	0
Nico Terry	28 October 2008	2,090,855	162,000	2,090,855	16.70	0
Guido Schockaert	30 December 2008	2,090,855	0	2,090,855	16.70	0
KBC Private Equity NV	5 May 2009	2,727,525	0	2,727,525	21.79	0
BNP Paribas Investment Partners SA	6 January 2011	274,608	0	274,608	2.19	0
Free Float		3,245,392	167,006	3,245,392	25.92	61,005
Total		**12,520,090**	**599,006**	**12,520,090**	**100.00**	**61,005**

The detailed disclosures related to the Corporate Governance Statement are included in the Corporate Governance Chapter of the Board report on the statutory financial statements over the year 2011.

The stock options are recognized at fair value at the date of grant. The fair value determined at the grant date of the stock options is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the stock options that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The fair value of the stock options at grant date (July 31, 2008) amounted to 981 k EUR. The fair value of the stock options granted to LRM amounted to 133 k EUR. The fair values have been adjusted end of 2011 to 896 k EUR, respectively 133 k EUR taking into account the actual and probable number of warrants forfeited

The expensed cost for 2011 amounts to 85k EUR, of which 44k EUR is attributable to executive directors and 41k EUR to employees, consultants, directors.

The fair value of the stock options was determined using the Black-Scholes model. The inputs in the model were in 2008: share price at grant date (5.7 EUR), exercise price (6.25 EUR), expected volatility of 23.9%, expected dividend yield of 0%, expected life time of the option of 5 years and a risk-free interest rate of 4.52%.

The inputs for the valuation of the warrants granted to LRM are as follows: share price at grant date (4.77 EUR), exercise price (6.25 EUR), expected volatility of 31.14 %, expected dividend yield of 0%, expected life time of the option of 3.37 years and a risk-free interest rate of 1.90 %.

d. Transactions with related parties

		2011 € '000	2010 € '000	2009 € '000
Executive directors				
Yves Crits	Loans granted by the Group - ST	0	0	0
	Interests paid to the Group	0	0	0
	Trade receivables from the Group	0	0	0
Enerpro SPRL	Trade & other payables by the Group[1]	194	248	188
	Management fees/costs paid by the Group	272	424	569
Nico Terry BVBA	Trade & other payables by the Group[1]	137	160	126
	Management fees/costs paid by the Group	187	278	374
Enermoza BVBA	Trade & other payables by the Group	6	25	62
	Management fees/costs paid by the Group	17	92	318

(1) The trade payables balances to Enerpro SPRL, Nico Terry BVBA and Enermoza BVBA relate to the unpaid part of the invoices of the director's fees invoiced to the Group.

The terms and conditions for the services rendered by Enerpro SPRL, Nico Terry BVBA and Enermoza BVBA are at arm's length and as such in accordance with normal terms of trade applicable in the market for this type of services or delivery of goods. The outstanding balances are payable or to be received on their respective maturity dates in cash. In respect of the transactions made with these parties, no guarantees were granted.

Delhez Bois, Belwood Amel and Holz Niessen are no longer minority shareholders in Amel Bio and are therefore from 2009 onwards no longer considered as related party.

1.2.7.27 Major subsequent events

ING Belgium and KBC Bank approved a 9 month working capital facility for 4HamCogen for € 2.8 million. The facility will be reduced to € 1.0 million by end of June 2012, when it is expected that the working capital position of 4HamCogen will be at a normalized level after having cashed the green certificates related to the period August 2011 – March 2012.

4Energy Invest currently uses the Amel III installation below its designed capacity factor to produce dried wood chips and white wood pellets in anticipation of the final outcome of the search process for a strategic partner for Bio-Coal.

4Energy Invest and KBC Bank engaged in discussions to lower the repayment obligations under the credit facilities related to Amel I, II and III over 2012 until there is more clarity on how a possible strategic partnership for Bio-Coal, if any, could impact the economics of Amel III going forward. In this respect, KBC Bank agreed to postpone the start of redemption of the outstanding long-term credit facility of Amel III till 30 September 2012 and agreed that the amount provisioned under the DSRA account could be used in the framework of the redemptions scheduled under the outstanding credit facilities on Amel I and Amel II.

4Energy Invest expects to take-over the Ham cogeneration project from its EPC contractor before end of April 2012. 4Energy Invest will at that date take over the responsibility for the operation and the maintenance of the plant.

1.2.7.28 Earnings per share

	2011	**2010**	**2009**
	€ '000	**€ '000**	**€ '000**
Result of the period	**-4,249**	**-1,095**	**8**
Weighted average number of shares	12,520,090	12,520,090	12,520,090
Weighted average number of warrants issued	660,011	824,284	651,513
Earnings/share	**-0.34**	**-0.09**	**0.00**
Diluted earnings/share	**-0.34**	**-0.09**	**0.00**

The number of outstanding shares did not change over the years 2009, 2010 and 2011.

Taking into account the actual number of warrants forfeited, the weighted average number of warrants issued over 2011 equals 660.011.

Considering the fact that the warrants were not in-the-money during 2009, 2010 and 2011, they are not taken into account in the calculation of the diluted earnings per share in accordance with IAS 33.

2. STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF 4ENERGY INVEST NV, BOULEVARD PAEPSEM 20, 1070 ANDERLECHT, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECMEBR 2011 (RPR BRUSSEL – VAT BE 0876.488.436)

In accordance with the legal and statutory requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements and information.

Qualified audit opinion on the financial statements

We have audited the financial statements for the year ended 31 December 2011, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of 19.284.612,41 EUR and a loss for the year of 11.899.154,74 EUR.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the company's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the company as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

The valuation of the participation and receivables of the subsidiary Renogen is highly dependent on the operational status of its biocoal installation Amel III, which is currently unable to operate at industrial scale. The uncertainty in operating the installation at industrial scale significantly affects the projected profitability and cash flow generation of the group. Taking into account the current status of the project and the ongoing discussions with potential partners, 4Energy Invest impaired its participation in Renogen in 2011 for an amount of 11,03 million EUR. An additional impairment on this participation and the amounts receivable on Renogen will be necessary if no additional funds will be found to operate the biocoal installation at the capacity initially set forth by management.

In our opinion, subject to the paragraph above, the financial statements for the year ended 31 December 2011 give a true and fair view of the company's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional statements and information

The preparation of the Director's report and its content, as well as the Company's compliance with the Company Code and its by-laws are the responsibility of management.

Our responsibility is to supplement our report with the following additional statements and information, which do not modify our audit opinion on the financial statements:

- The Director's report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

- In accordance with article 523 of the Company Code, the board of directors reported on the decision of February 2012 to reduce the fixed remuneration of the CEO and CFO and to reduce the possible severance pay as from January 1, 2012 onwards. Additionally, the conditions for pay-out of the variable remuneration over the years 2009 and 2010 have been amended. Addenda were made to the service contracts dated November 22, 2005 as to reflect the changes outlined above and to bring the service contracts in line with the financial capacity of the group.

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- There are no transactions undertaken or decisions taken in violation of the company's by-laws or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Zele, April 23, 2012

VGD Bedrijfsrevisoren, Burg. CVBA

represented by Jurgen Lelie

Spinnerijstraat 12

9240 Zele

3. Report of the Board of Directors on the consolidated financial statements for the financial year ended on 31 December 2011 in accordance with article 119 of the Belgian Company Code

The following report has been established pursuant to article 119 of the Belgian Company Code by the Board of Directors on April 17, 2012 for submission to the annual general shareholders' meeting of May 24, 2012. The information provided in this report is regulated information in accordance with article 36 of the Royal Decree of 14 November 2007.

Dear Shareholder,

We are pleased to present to you the consolidated financial statements for the year ended December 31, 2011.

3.1. Overview of activities during the year 2011

Higher electricity and green certificates sales from the cogeneration facilities in Amel more than compensated the maintenance cost related to the three yearly major overhaul of Amel I & some further increases in operating cost items.

A settlement was reached with the insurance companies in the litigation related to damages resulting from the delay in commercial operation of Amel I resulting in a non recurrent cash income of € 0.25 million over the year 2011.

Delivery of Bio-Coal resulted in a successful co-firing test by a European utility. Meanwhile, the search process for a strategic partner for Bio-Coal is ongoing. The strategic partner is necessary to fund the additional investments that are needed to operate the Bio-Coal facility at a higher capacity factor. Waiting the outcome of the search process, the production of Bio-Coal in Amel has been put on hold as well as the implementation of the roll-out strategy for Bio-Coal.

4Enery Invest has temporarily operated the Amel III installation at 40% of its design capacity and produced a sufficient quantity of Bio-Coal as to enable a European utility to execute a large scale co-firing test in a coal-fired power station during the last quarter of 2011, which proved to be successful. 4Energy Invest identified during its operation at 40% capacity that additional investments are needed to operate the Amel III installation at a higher capacity factor and decided to put on hold the operation of the plant. A strategic partner for Bio-Coal will need to be found in order to be able to fund these additional investments.

4Energy Invest and KBC Bank agreed on changes to the credit contract of its affiliate Renogen.

The repayment schedule of the outstanding long-term credit facilities of Amel I and Amel II has been extended over a linear period of 10 years starting as from December 31st 2011. KBC Bank agreed end 2011 that the first repayment on the credit facilities of Amel I and Amel II foreseen for December 31st 2011 would be spread over 4 equal quarterly payments in 2012.

The repayment schedule of the outstanding long-term credit facility of Amel III has been extended over a linear period of 10 years starting as from September 30th 2012.

The wood biomass fired cogeneration plant in Ham entered pre-commercial operation in November 2011, despite the fact that the main contractor for the project did not yet fulfill the conditions for take-over as defined in the EPC contract.

The main contractor for the project has been unable to reach the conditions for take-over as defined in the EPC contract by end 2011, even if he performed successfully the reliability run test during the month of November 2011. The list of outstanding issues has been agreed upon and it is currently expected that the EPC contractor will fulfill the conditions for take-over in April 2012.

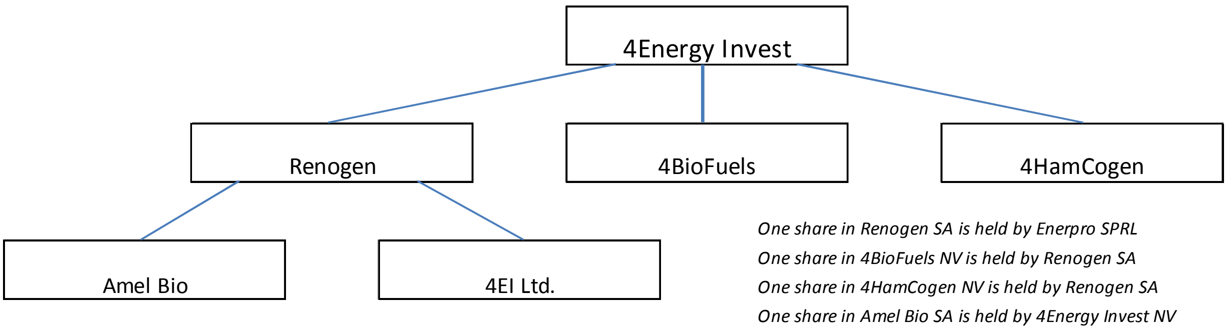
Continuous Insight2Impact BVBA with permanent representative Filip Lesaffer was nominated as new President of the Board of Directors of 4Energy Invest on July 4th 2011.

3.2. Risks and uncertainties

While the company continues to be exposed to the general risks as mentioned in the registration document of 30 April 2009, the company is faced to risks as further described in section 4, 5 and 6.

3.3. Comments on the consolidated financial statements

The consolidated financial statements reflect the following group structure as of 31 December 2011:



The consolidated financial statements reflect the following status of the different investment projects pursued by 4Energy Invest as of 31 December 2011:

In operation

- Amel I cogeneration project ("Amel I"): in operation since November 2007 (operated within the affiliates Renogen/Amel Bio);
- Amel II cogeneration project ("Amel II"): in operation since May 2008 (operated within the affiliates Renogen/Amel Bio);

- Ham cogeneration project ("Ham"): despite the fact that the project has not yet been taken over from the EPC-contractor as of the date of this report, it was decided to consider the project in pre-commercial operation as from November 2011 given that the reliability run test was successfully executed in November 2011;(constructed/operated within the affiliate 4HamCogen); sales generated before November 2011 have been netted from the capital expenditures incurred in the project;

Under construction

- Amel III BioCoal production project ("Amel III"): under construction since February 2009 (constructed within the affiliate Renogen); sales generated in 2011 have been netted from the capital expenditures incurred in the project;

Under development

- BioCoal production projects with integrated forest management: under development (developed within 4Energy Invest); all historical efforts in this respect have been considered as expenses and taken through the profit and loss account; efforts in respect of a roll-out strategy for Bio-Coal are on hold;

Consolidated statement of comprehensive income of 4Energy Invest for the years ended 31 December 2011 and 31 December 2010

	2011	2010
	€'000	€'000
Sales	11,764	9,545
Other operating income	1,262	1,441
Revenues	**13,026**	**10,986**
Operating expenses		
Cost of sales	-6,352	-5,028
Personnel costs	-973	-794
Other operating expenses	-1,525	-1,900
Operating cash flow (EBITDA)	**4,176**	**3,264**
EBITDA excluding fair value warrants & exceptional other operating income/expenses	**4,261**	**2,502**
Depreciation, amortisation and provisions	-3,371	-2,842
Impairment of property, plant and equipment	-3,471	-1,706
Impairment of goodwill	0	-335
Operating result (EBIT)	**-2,665**	**-1,618**
Financial income	7	26
Financial costs	-2,796	-1,631
Net financial costs	**-2,789**	**-1,605**
Result before tax	**-5,455**	**-3,223**
Income tax expense	1,205	2,128
Result of the period	**-4,249**	**-1,095**
Result of the period (excl. impact IAS 39)	**-3,092**	**-748**
Result of the period (excl. impact IAS 39/Warrants)	**-3,008**	**-528**
Attributable to		
Equity holders of 4 Energy Invest	-4,249	-1,095
Minority interests	0	0
Number of shares	12,520,090	12,520,090
Weighted average number of warrants issued (not in-the-money)	660,011	824,284
Earnings/share	-0.34	-0.09
Diluted earnings/share	-0.34	-0.09

	2011	2010
	€'000	€'000
Result of the period	**-4,249**	**-1,095**
Other comprehensive income		
Income related to issued w arrants	85	220
Income tax relating to components of other comprehensive income	0	0
Other comprehensive income for the year, net of tax	**85**	**220**
Total comprehensive income for the year	**-4,164**	**-875**

The total revenues for € 13.0 million over the year 2011 are € 2.0 million higher than the total revenues over the year 2010, resulting from an increase in sales of € 2.2 and a decrease in other operating income of € 0.2 million.

The sales for € 11.8 million are mainly composed of the sale of green certificates for € 8.7 million, the sale of electricity for € 2.9 million and the sale of CO_2 quota for € 0.2 million. The sale of green certificates was € 1.7 million higher than the sales in the comparable period last year due to an increased use of heat by the portfolio of heat customers in Amel and the production of the Ham project during its first 2 months of pre-commercial operation. The sale of electricity was € 0.6 million higher due to a 3% increase in electricity production in Amel marketed at an 8% higher average realized price and the production of the Ham project during its first 2 months of pre-commercial operation.

The other operating income of € 1.3 million consists of € 0.9 million delay damages due by the main contractor in the framework of the delay in reaching the conditions for take-over under the EPC contract for the Ham project, of € 0.25 million from the settlement that was reached with the insurance companies in the framework of the delay in reaching the commercial operation of Amel I and of € 0.1 million from other items.

The cost of sales over the year 2011 amounted to € 6.4 million, compared to € 5.0 million in 2010 and consisted of purchases of biomass, operating and maintenance expenses and other expenses. An increase in purchases of biomass resulted from the purchase of biomass in the framework of the Ham project. The operating and maintenance expenses increased significantly, mainly as a result of the maintenance cost related to the three yearly major overhaul of Amel I. The other expenses increased by € 0.2 million both as a result of certain cost parameters that increased in Amel (ashes, water) and as a result of the expenses incurred in the pre-commercial operation in Ham.

The personnel costs amounted to € 1.0 million and other operating expenses amounted to € 1.5 million.

The resulting normalized EBITDA margin for the year 2011 equals € 4.2 million (35.6% of sales) compared to 2.5 million (26.2% of sales) over 2010. The resulting normalized EBITDA margin for the year 2011 was € 1.7 million higher than in 2010, explained by better operating margins in Amel and the start of commercial operation of the Ham project.

The property, plant and equipment of Amel I and II has been depreciated for € 2.9 million over the year 2011. The property, plant and equipment of Ham has been depreciated for € 0.4 million over the year 2011. The BioCoal project under construction in Amel has not yet been depreciated in 2011.

4Energy Invest impaired its Amel III project for € 3.1 million (impairment of intangible fixed assets for € 0.05 million and impairment of assets under construction for € 3.05 million) to reflect (1) its understanding (based on the current status of the search process) of the probability of materializing a strategic partnership for its Bio-Coal activities and (2) the reduced asset value that would result in case Amel III has to be used for drying wood chips and/or making white wood pellets.

The Group impaired development expenses for € 0.4 million, mainly incurred in obtaining the permits for the Reisbach Bio-Coal and Ham Bio-Coal project as it no longer considers those sites as most appropriate to possibly build additional Bio-Coal production capacity in the framework of long term competitive biomass sourcing.

Would the scenario materialize that no strategic partnership can be structured on Bio-Coal, than the Group would further impair its Amel III project as to reflect the value of using Amel III to produce dried wood chips and white wood pellets.

The resulting EBIT margin equals € -2.7 million.

The net financial costs of € 2.8 million reflect two major components;

- Interest expenses and expenses related to the interest rate swaps on the credit facilities structured for Amel I, II, III and Ham (for the months of November and December 2011) for an amount of € 1.6 million;
- A negative evolution in mark-to-market value for € 1.2 million at 31 December 2011 of the interest rate swaps that have been structured on the credit facilities of Amel I, Amel II and III and the cogeneration project in Ham;

The result before tax amounted to € -5.5 million over the year 2011. The increase in deferred tax assets mainly reflects the tax impact of increased investment deduction related to the Ham cogeneration project. The net result for the period equals € -4.2 million.

Consolidated statement of financial position of 4Energy Invest for the years ended 31 December 2011 and 31 December 2010

	2011	2010
	€'000	€'000
Non current assets	**83,086**	**69,000**
Intangible fixed assets	165	69
Land and buildings	4,847	2,919
Installations, machinery and equipment	59,766	27,802
Furniture and vehicles	41	70
Leasing and similar rights	611	783
Other tangible assets	28	33
Assets under construction	10,679	31,797
Goodw ill	0	0
Deferred tax assets	6,697	5,491
Other non current assets	254	36
Current assets	**6,217**	**4,797**
Inventories	1,014	1,021
Trade receivables	3,394	1,242
Other receivables	1,099	1,515
Cash and cash equivalents	710	1,019
Total assets	**89,303**	**73,797**
Equity	**22,509**	**26,673**
Share capital	6,387	6,387
Share premium	18,104	18,104
Retained earnings	-1,982	2,182
Equity attributable to equity holders	22,509	26,673
Minority interests	0	0
Non current liabilities	**54,333**	**37,843**
Interest bearing loans and borrow ings	54,333	37,843
Deferred tax liability	0	0
Current liabilities	**12,462**	**9,280**
Interest bearing loans and borrow ings	5,718	4,610
Trade payables	3,563	3,070
Other payables	3,181	1,600
Total equity and liabilities	**89,303**	**73,797**

The net increase (*after depreciation of the assets Amel I & II and Ham (November/December 2011) and the impairment on Amel III and other property, plant and equipment*) in non-current assets mainly results from the significant additional investments for € 17.0 million in the Ham cogeneration project over the year 2011.

Assets under development/construction equal € 10.7 million at 31 December 2011 and reflect only the investments on the Amel III project for an amount of € 10.7 million (net of investment subsidies granted for € 1.3 million). This amount takes into account impairment as to reflect the probability of finding a strategic partner for Bio-Coal and the decision to impair the development expenses related to the Bio-Coal projects in Ham and Reisbach.

The other non-current assets mainly reflect the € 0.25 million that have been provisioned by end 2011 under the Debt Service Reserve Account in the framework of the financing of the Amel facilities. It is contractually agreed with KBC Bank that this amount should be increased to € 1.33 million by end September 2012 but the projected economics of the Amel facilities over 2012 will not enable 4Energy Invest to respect this bank covenant.

The inventories have remained stable over 2011.

The outstanding trade receivables position at 31 December 2011 has increased significantly as a result of the invoices to be issued for the Green Certificates produced by the Ham facilities as from August 2011. The VREG finally approved the file in March 2012 as a result of which green certificates can be invoiced. The outstanding other receivables position at 31 December 2011 still includes half of the investment subsidies granted to the Amel III project for € 0.6 million that have not yet been paid out by the Walloon Region.

The decrease in net cash and cash equivalents from € 1.0 million to € 0.7 million reflects the outcome of the following major cash (flow) movements over the year 2011:

- Net cash contribution from operating activities for € 3.2 million;
- Net investment in property plant and equipment for € - 19.5 million;
- Net proceeds from loans and credit facilities for € 17.6 million;
- Negative financial result for € - 1.6 million.

The interest bearing loans and borrowings increased with € 17.6 million to € 60.0 million and reflect the following changes in the amounts outstanding under the different credit facilities of 4Energy Invest;

	2011	2010
	€'000	€'000
Renogen facilities Amel I	11,437	11,908
Renogen facility Amel II	8,550	8,835
Renogen facilities Amel III	9,617	9,650
Amel Bio leasing facilities (Amel I and Amel II)	598	748
Renogen straight loan	653	0
Amel Bio straight loan	363	169
4Ham Cogen facilities ING-KBC	23,985	7,916
4Ham Cogen facility LRM	4,661	2,857
Accrued interest expenses	187	370
Total	**60,050**	**42,453**

Repayments under the Renogen bank facilities for Amel I, II and III and the leasing facilities of Amel Bio (Amel I and Amel II) equaled € 0.9 million over 2011.

Repayments under the Renogen bank and lease facilities for Amel I, II and III and the Amel BioCoal leasing facilities are at the date of this report scheduled for a total amount of € 3.1 million over 2012. Repayments under the 4HamCogen bank facilities with ING-KBC are at the date of this report scheduled for an amount of € 1.4 million over 2012. No repayments are scheduled under the 4HamCogen facility with LRM over 2012.

A further restructuring of the existing credit facilities at Renogen level will have to be achieved in order to be able to fulfill the company's financial obligations over the year 2012. A waiver for not respecting the DSRA refunding by end September 2012 as contractually agreed is part of that discussion.

The affiliates Renogen and Amel Bio have at the date of 31 December 2011 € 1.0 million non used credit under its existing straight loans/cash credits.

The affiliate 4HamCogen has at the date of 31 December 2011 € 3.3 million unused credit available in the framework of its cogeneration project in Ham as follows;

- € 2.6 million under senior credit facilities with ING Belgium and KBC Bank;
- € 0.7 million under a subordinated credit facility with the Investment Company LRM;

This amount should be sufficient to finalize the construction of the cogeneration project in Ham.

4HamCogen received in March 2012 a 9 month working capital facility from ING Belgium and KBC Bank for an amount of € 2.8 million. The facility will be reduced to € 1.0 million by end of June 2012, when it is expected that the working capital position of 4HamCogen will be at a normalized level after having cashed the green certificates related to the period August 2011 – March 2012.

3.4. Outlook for the year 2012

4Energy Invest's annual results 2012 are expected to be influenced by

- A full year of production of the Amel I and Amel II cogeneration facilities; a major three yearly planned maintenance (first revision of the turbine) of Amel II is scheduled over quarter 2 2012;
- The outcome of the search process for a strategic partner for Bio-Coal, as this will largely impact the economics of the Amel III production facility going forward and the growth prospects for 4Energy Invest, if any, in general;
- A full year of production of the Ham cogeneration facility;
- A significant cost reduction program at holding level has been defined and initiated;

Electricity prices currently experienced in the wholesale power market for the output of the cogeneration facilities remain very depressed. Green certificate trading prices in Flanders have weakened significantly as a result of the oversupply of green certificates in the Flemish market and the decision by the Flemish government to reduce the penalties for not respecting the quota going forward.

4Energy Invest has engaged in discussions with the VREG as to approve the cogeneration algorithm for the Ham Cogeneration project. Heat off-take and the sale of related cogeneration certificates (WKK) will be critical for the economics of the Ham cogeneration project going forward and will be necessary to absorb part of the impact of depressed electricity prices and a collapsed green certificates market in Flanders.

4Energy Invest confirms that the delay in operating Amel III at industrial scale significantly affects the projected cash flow generation of the group for the year 2012. A further restructuring of the existing credit facilities at Renogen level will have to be achieved in order to be able to fulfill the company's financial obligations over the year 2012. 4Energy Invest believes that the recurrent cash flows of Amel I, Amel II and the projected cash flows of Amel III in a scenario without Bio-Coal should allow Renogen to eventually meet its financial obligations going forward, provided that the latter are further restructured to bring them in line with the debt service capacity of Amel I, II and III and thus form a basis to engage in debt restructuring discussions to further lower the debt redemption obligations over 2012. If a strategic partnership for Bio-Coal could be structured, than 4Energy Invest should be able to strengthen the equity base of the company.

4Energy Invest expects to take-over the Ham cogeneration project from its EPC contractor before the end of April 2012. Take-over date will also be the moment at which the Company will take-over the responsibility for the operation and the maintenance of the plant;

4Energy Invest has put on hold its roll-out strategy to build additional Bio-Coal production capacity. In addition, it does no longer pursue the implementation of its Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

3.5. Important events which occurred after the end of the financial year

ING Belgium and KBC Bank approved a 9 month working capital facility for 4HamCogen for € 2.8 million. The facility will be reduced to € 1.0 million by end of June 2012, when it is expected that the working capital position of 4HamCogen will be at a normalized level after having cashed the green certificates related to the period August 2011 – March 2012.

4Energy Invest currently uses the Amel III installation below its designed capacity factor to produce dried wood chips and white wood pellets in anticipation of the final outcome of the search process for a strategic partner for Bio-Coal.
4Energy Invest and KBC Bank engaged in discussions to lower the repayment obligations under the credit facilities related to Amel I, II and III over 2012 until there is more clarity on how a possible strategic partnership for Bio-Coal, if any, could impact the economics of Amel III going forward. In this respect, KBC Bank agreed to postpone the start of redemption of the outstanding long-term credit facility of Amel III till 30 September 2012 and agreed that the amount provisioned under the DSRA account could be used in the framework of the redemptions scheduled under the outstanding credit facilities on Amel I and Amel II.

4Energy Invest expects to take-over the Ham cogeneration project from its EPC contractor before the end of April 2012. 4Energy Invest will at that date take over the responsibility for the operation and the maintenance of the plant.

3.6. Information regarding the circumstances that could significantly affect the development of the Group

At the level of Renogen, the company closely monitors (1) the operational and financial performance of its cogeneration units in operation, (2) the outcome of the search process for a strategic partner for Bio-Coal as not finding a strategic partner could force Renogen to continue to use Amel III only to produce dried wood chips and white wood pellets and (3) the outcome of the discussions to further restructure the existing credit facilities in order to be able to fulfill Renogen's financial obligations over the year 2012 and beyond.

At the level of 4Ham Cogen, the company closely monitors (1) the operational and financial performance of its cogeneration unit that just entered commercial operation, (2) the outcome of the discussions that have been initiated with the VREG on the cogeneration algorithm for the facility and (3) the initiatives that may be taken by the Flemish Government to reverse the impact of a market in significant oversupply of certificates and lower pricing as a result of the lower penalties for not respecting the quota going forward.

Heat off-take and the sale of related cogeneration certificates (WKK) will be critical for the economics of the Ham cogeneration project going forward and will be necessary to absorb part of the impact of depressed electricity prices and a collapsed green certificates market in Flanders.

At the level of 4Biofuels, the company closely monitors if discussions with a strategic partner for torrefaction materialize as 4BioFuels could form the vehicle through which the partnership is structured. 4Energy Invest has put on hold its roll-out strategy to build additional Bio-Coal production capacity. In addition, it does no longer pursue the implementation of its Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

As the cash buffer of 4Energy Invest has been used over the past years and as its capacity to raise additional funding will largely depend on finding a strategic partner for Bio-Coal, the company defined and initiated a significant cost reduction program at holding level as to reach a break-even situation as soon as possible based on the management fees it can invoice to its affiliates Renogen and 4HamCogen and the interest it can charge on outstanding debt positions to its affiliates;

A further restructuring of the existing credit facilities at Renogen level will have to be achieved in order to be able to fulfill the company's financial obligations over the year 2012.

3.7. Information regarding research and development activities

4Energy Invest has developed an extensive software package to operate its Bio-Coal production facility in Amel. This software package could be licensed in case other Bio-Coal production facilities are developed.

3.8. Use of financial instruments by the company in the framework of the company's risk management

No financial instruments are used to hedge the electricity price and credit risk on a consolidated level. The company implemented interest rate swaps on 50% of the KBC credit facilities that were structured for the cogeneration units and the torrefaction unit in Amel and implemented interest rate swaps on the major part of the KBC and ING credit facilities structured for the Ham

Cogeneration project. A negative evolution in mark-to-market value for € 1.2 million at 31 December 2011 resulted in a serious negative impact on the financial result over 2011;

3.9. Information provided in accordance with article 34 of the Royal Decree dated 14 November 2007

The Company provides, as far as necessary and to the extent that these elements could have consequences in the event of a public takeover bid, the following information in accordance with article 34 of the Royal Decree dated 14 November 2007:

Capital structure

At the end of 2011, 4Energy Invest's share capital amounted to €13,855,484.00 represented by 12,520,090 registered and dematerialized shares without par value, each representing an identical fraction of 4Energy Invest's share capital. The capital is fully paid up. All the shares have the same rights.

Restrictions concerning the transfer of securities

The articles of association of 4Energy Invest provide that the shares are freely transferable.

Holders of securities with special control rights

The Company has not granted any special control rights to the holders of its securities.

Mechanism for control of share plans for employees

There are no shares or similar plans for employees in addition to the stock option plan disclosed on the company's website and described in its IPO Prospectus.

Restrictions concerning the exercise of the voting right

Each shareholder of 4Energy Invest is entitled to one vote per share. Shareholders may vote by proxy.

For 4Energy Invest's purpose, the shares are deemed to be indivisible. If several owners own one share, or the rights attached to a share are divided among several persons, 4Energy Invest may suspend the exercise of rights attached to such share until one person is appointed as the owner of the share for 4Energy Invest's purpose.

Voting rights can further be suspended*, inter alia,* (i) by a competent court or the FSMA, (ii) in the event that the shares were not fully paid-up notwithstanding a request thereto by the board of directors, and (iii) in respect of shares which entitle their total number of voting rights attached to the outstanding financial instruments of 4Energy Invest on the date of the relevant general shareholders' meeting, except where the shareholder has notified 4Energy Invest and the FSMA at least 20 days prior to the relevant shareholders' meeting on which he wishes to vote. Voting rights attached to redeemed shares are also suspended, as long as the owner of the shares or a subsidiary thereof holds the shares concerned.

Agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or exercise of voting rights

There are no declared or known agreements between shareholders, except for the following agreement: Enerpro SPRL, Nico Terry, Guido Schockaert and KBC Private Equity NV have agreed that they will vote for the appointment of one director from a list of candidates proposed by KBC Private Equity NV, provided and as long as KBC Private Equity NV holds at least 10% of the outstanding shares of 4Energy Invest.

Rules for the appointment and the replacement of directors and the amendment of the articles of association

The board of directors of 4Energy Invest is composed of minimum 6 and maximum 10 members. At least half of the members are non-executive directors.

All directors are elected at a shareholders' meeting for a renewable term of in principle, 4 years. If a directorship becomes vacant before the expiry of its term, the remaining directors will have the right to temporarily appoint a new director to fill the vacancy until the shareholders resolve at a shareholders' meeting to appoint a new director. This item must be put on the agenda of the next shareholders' meeting.

Amendments to the articles of association (other than an amendment of the corporate purpose) require the presence or representation of at least 50% of the share capital of 4Energy Invest and the approval of at least 75% of the votes cast. An amendment of 4Energy Invest's corporate purpose, requires the approval of at least 80% of the votes cast at a general shareholders' meeting, which in principle can only validly pass such resolution if at least 50% of the share capital of 4Energy Invest and at least 50% of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second general shareholders' meeting can validly deliberate and decide regardless of the number of shares present or represented.

Powers of directors, in particular the power to issue or buy back shares

The board of directors of 4Energy Invest may perform all acts necessary or useful for achieving 4Energy Invest's corporate purpose, with the exception of those acts that are by law or 4Energy Invest's articles of association expressly reserved to the shareholders' meeting.

On May 21, 2008 the extraordinary shareholders' meeting of 4Energy Invest decided to grant an authorization to the board of directors to increase 4Energy Invest's share capital in one or more transactions by a maximum amount equal to 4Energy Invest's current share capital of €13,855,484.00. The powers of the board of directors within the limits of the authorized capital are valid for a period of five years as of the publication of the authorization in the annexes to the Belgian Official Gazette.

If the capital is increased within the limits of the authorized capital, the board of directors will be authorized to request payment of an issue premium. If the board of directors so resolves, this issue premium will be booked on a non-available account, which may only be decreased or disposed of by a resolution of a shareholders' meeting taken in accordance with the provisions governing an amendment of the articles of incorporation.

This board of directors' authorization will be valid for capital increases subscribed for in cash or in kind, or made by capitalization of reserves, with or without issuing new shares. The board of directors is authorized to issue convertible bonds or warrants within the limits of the authorized capital.

The board of directors is authorized, within the limits of the authorized capital, to cancel or restrict the preferential subscription right of the shareholders in the interest of 4Energy Invest and in accordance with Article 596 et seq. of the Belgian Company Code. The board of directors is authorized to cancel or restrict the pre-emption right of the shareholders for the benefit of one or more persons, even if such persons are no members of the personnel of 4Energy Invest or its subsidiaries.

The board of directors has been authorized to use the authorized capital in the event of a public take-over bid, within the limits provided by the Belgian Company Code.

Up to this day, the board of directors has not used its powers under the authorized capital. Accordingly, at present, the share capital of the Company can still be increased for an amount of €13,855,484.00 under the authorized capital authorization.

Significant agreements which take effect, alter or terminate upon a change of control of the issuer following a takeover bid

In the event of a change in the control of 4Energy Invest, the board of directors shall have the authority to shorten the exercise period of the warrants on condition that the warrant holder is allotted at least 15 calendar days during which he can exercise his warrants. In the event that the warrant holders do not exercise their warrants within this period, the warrants shall lapse *de iure*.

Warrants that have not been allocated by 4Energy Invest at the time of receipt by the latter of an official announcement that a takeover bid is being launched on all outstanding financial instruments of the company, shall automatically expire.

Agreements with directors or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a public takeover bid

The individual agreements between 4Energy Invest and certain members of the executive management do not specifically provide for compensation if, because of a public takeover bid, these members resign, are made redundant without valid reason or if their employment ceases.

3.10. The justification of the independence and expertise in accounting and auditing of at least one member of the audit committee (Article 119, 6° of the Belgian Company Code)

During the financial year 2011, the audit committee consisted of three non-executive members of the board of directors. Prior to the resignation of 2DMultimedia SPRL, all three non-executive members were independent. Following the resignation of 2DMultimedia SPRL, two non-executive members are independent. ContinuousInsight2Impact BVBA, with permanent representative Filip Lesaffer, and Gerd Smeets as members of the audit committee, are competent in accounting and auditing as evidenced by their previous/current role as investment director of KBC Private Equity NV and the director offices they exercise in several companies.

4. STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF 4ENERGY INVEST NV, BOULEVARD PAEPSEM 20, 1070 ANDERLECHT, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECMEBR 2011 (RPR BRUSSEL – VAT BE 0876.488.436)

In accordance with the legal and statutory requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements and information.

Qualified audit opinion on the financial statements

We have audited the financial statements for the year ended 31 December 2011, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of 19.284.612,41 EUR and a loss for the year of 11.899.154,74 EUR.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the company's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the company as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

The valuation of the participation and receivables of the subsidiary Renogen is highly dependent on the operational status of its biocoal installation Amel III, which is currently unable to operate at industrial scale. The uncertainty in operating the installation at industrial scale significantly affects the projected profitability and cash flow generation of the group. Taking into account the current status of the project and the ongoing discussions with potential partners, 4Energy Invest impaired its participation in Renogen in 2011 for an amount of 11,03 million EUR. An additional impairment on this participation and the amounts receivable on Renogen will be necessary if no additional funds will be found to operate the biocoal installation at the capacity initially set forth by management.

In our opinion, subject to the paragraph above, the financial statements for the year ended 31 December 2011 give a true and fair view of the company's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional statements and information

The preparation of the Director's report and its content, as well as the Company's compliance with the Company Code and its by-laws are the responsibility of management.

Our responsibility is to supplement our report with the following additional statements and information, which do not modify our audit opinion on the financial statements:

- The Director's report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

- In accordance with article 523 of the Company Code, the board of directors reported on the decision of February 2012 to reduce the fixed remuneration of the CEO and CFO and to reduce the possible severance pay as from January 1, 2012 onwards. Additionally, the conditions for pay-out of the variable remuneration over the years 2009 and 2010 have been amended. Addenda were made to the service contracts dated November 22, 2005 as to reflect the changes outlined above and to bring the service contracts in line with the financial capacity of the group.

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- There are no transactions undertaken or decisions taken in violation of the company's by-laws or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Zele, April 23, 2012

VGD Bedrijfsrevisoren, Burg. CVBA, represented by Jurgen Lelie
Spinnerijstraat 12, 9240 Zele

5. Report of the Board of Directors on the statutory financial statements for the financial year ended on 31 December 2011 in accordance with article 96 of the Belgian Company Code

The following report has been established by the Board of Directors pursuant to article 96 of the Belgian Company Code on April 17, 2012 for submission to the annual general shareholders' meeting of May 24, 2012. The information provided in this report is regulated information in accordance with article 36 of the Royal Decree of 14 November 2007.

Dear Shareholder,

We are pleased to present you the statutory financial statements for the year ended December 31, 2011.

5.1. Abbreviated statutory financial statements for the accounting years ended 31 December 2011 and 31 December 2010

The information included in this section is an extract from the statutory financial statements that will be filed with the National Bank and does not include all information as required by Articles 98 and 100 of the Belgian Company Code. The full statutory financial statements have not yet been filed with the Belgian National Bank as of the date of this Report. Once filed with the Belgian National Bank, the full statutory financial statements will also be made available in the investors section of 4Energy Invest of 4Energy Invest's website (www.4energyinvest.com). All amounts indicated are in Euro.

ASSETS	31/12/2011	31/12/2010
NON CURRENT ASSETS	**13,196,884**	**24,376,643**
Formation Expenses	0	0
Intangible fixed assets	143,801	68,602
Tangible fixed assets	60,805	221,353
Financial fixed assets	12,992,278	24,086,688
a. Participations	3,513,856	14,608,266
b. Debt receivables	9,475,000	9,475,000
c. Other financial fixed assets	3,422	3,422
CURRENT ASSETS	**6,087,728**	**7,013,275**
Inventories	0	0
Trade receivables	214,544	223,538
Other receivables	5,744,681	6,492,530
Cash and cash equivalents	74,071	98,687
Deferred charges and accrued income	54,432	198,520
TOTAL ASSETS	**19,284,612**	**31,389,918**
EQUITY AND LIABILITIES	**31/12/2011**	**31/12/2010**
EQUITY	**18,598,559**	**30,497,714**
Share capital	13,855,484	13,855,484
Share premium	18,104,416	18,104,416
Revaluation surpluses	0	0
Reserves	0	0
Accumulated profits (losses)	-13,361,341	-1,462,186
Investment grants		
PROVISIONS AND DEFFERRED TAXES	**0**	**0**
LIABILITIES	**686,053**	**892,204**
Non current liabilities	0	0
a. Interest bearing loans and borrowings	0	0
b. Ohter	0	0
Current liabilities	669,341	750,791
a. Interest bearing loans and borrowings	0	0
b. Trade payables	379,551	568,729
c. Taxes, remuneration and social security	28,884	16,031
d. Other	260,906	166,031
Deferred income and accrued charges	16,712	141,413
TOTAL EQUITY AND LIABILITIES	**19,284,612**	**31,389,918**

PROFIT & LOSS ACCOUNT	**31/12/2011**	**31/12/2010**
Revenue	665,724	514,469
Other operating income	166,867	223,725
Total operating income	**832,591**	**738,194**
Operating expenses		
Services and goods	-1,546,852	-1,673,575
Personnel costs	-112,117	-104,191
Other operating expenses	-6,973	-5,753
Operating cash flow (EBITDA)	**-833,351**	**-1,045,325**
Depreciation, amortisation and provisions	-24,849	-23,021
Operating result (EBIT)	**-858,200**	**-1,068,346**
Financial income	634,591	1,304,374
Financial costs	-372,767	-3,582
Net financial result	**261,824**	**1,300,792**
Exceptional income	0	1,815
Exceptional costs	-11,302,779	-161,740
Net exceptional result	**-11,302,779**	**-159,925**
Result before tax	**-11,899,155**	**72,521**
Result after tax	**-11,899,155**	**72,521**

Notes and significant statutory accounting policies

Note statutory capital 4Energy Invest NV

Capital	**31/12/2011**	**31/12/2010**
At the beginning of the period	13,855,484	13,855,484
Share capital increase/decrease	0	0
At the end of the period	13,855,484	13,855,484
Number of shares issued	12,520,090	12,520,090

Summary of significant statutory accounting policies of 4Energy Invest NV

1. Basic Principle

The accounting rules as applied have been established in accordance with the regulations of the Belgian Royal Decree of 30 January 2011 governing accounting rules, and apply for the measurement of the total of all the current receivables, payables and obligations of any nature whatsoever that are related to 4Energy Invest NV

The establishment and application of these rules assume that 4Energy Invest NV continues its operations.

2. Special accounting rules

    a. Incorporation expenses

    The incorporation expenses and costs of increase in share capital are charged to the financial year in which they were incurred.

b. Intangible assets

These assets are amortized at 20% per annum using the straight-line method.

c. Property, plant and equipment

i. Measurement at gross value

Property, plant and equipment are measured at acquisition cost and recognized in the balance sheet for this amount less depreciations and write-downs applicable

The acquisition cost is the purchase cost or the manufacturing cost, as appropriate. The purchase price includes the additional expenses incurred as well as the purchase price. The manufacturing cost includes the purchasing costs of the raw materials and consumables used, plus the production costs.

ii. Depreciation

Property, plant and equipment with a limited useful life is depreciated in such a way that the costs are spread out over the probable economic or useful life. Use can also be made of the tax rules concerning degressive depreciation methods and other accelerated depreciation methods.

Depreciation takes place proportionately from the time of investment.

For property, plant and equipment that is decommissioned or no longer contributes sustainably for the company's operations, impairment is applied to bring the carried amount into line with the probable realizable value.

The additional acquisition costs are depreciated according to the nature of the investments.

Property, plant and equipment are depreciated according to the table below

Plant, machinery and equipment: 20% using the straight-line method

Furniture and vehicles

Furniture: 20% using the straight-line method

Vehicles: 20% using the straight-line method

Offices: 20% using the straight-line method

Fixtures and fittings for rented buildings: 11.11% using the straight-line method

d. Non-current financial assets and non-current receivables

Non-current financial assets are measured at their acquisition price without related costs or contributed value.

Receivables and guarantees are recognized at nominal value

Impairment is recognized in the event of permanent loss in value or depreciation.

e. Amounts receivable within one year

Receivables are recognized in the balance sheet at their nominal value.

On the balance sheet date, receivables denominated in foreign currencies are measured on the basis of the closing exchange rate on the last trading date of the financial year.

With recognition of a receivable in the balance sheet at its nominal value, where appropriate, it is recognized in the deferrals and accruals of liabilities, and the following items are recognized proportionately in the result

The interest that is included in the nominal value of the receivable on the basis of the agreement between the parties;

The difference between the acquisition cost and the nominal value of the receivable;

The interest that must be paid on a receivable after the passage of one year if it is an interest-free receivable or a receivable with an abnormally low interest rate. The interest is calculated on the basis of the market rate applicable for such receivables at the time when the receivable was recognized in the company's assets.

f. Write-downs

If at the closing of the financial year it appears that a receivable will probably not be recuperated, either partially, or entirely, it will be restated accordingly.

In cases of dispute; if it becomes clear from a sentence or friendly settlement that the receivable will not be fully recuperated, it will be restated at its actual residual value.

In cases of bankruptcy or composition: the receivable will be restated at the proposed dividend

g. Cash investments

Are recognized at their nominal value.

Equities recognized under cash investments are measured according to the rules set for non-current financial assets.

Foreign currencies are measured at the closing exchange rate on the last trading date of the financial year.

h. Cash and cash equivalents

The available amounts are recognized at their nominal value.
Foreign currencies are measured at the closing exchange rate on the last trading date of the financial year.

i. Provisions for risks and expenses

The Board of Directors, with prudence and good faith, determines provisions that must be formed to cover pending disputes, costs and risks.

j. Payables becoming due later than one year and not later than one year

Payables are recognized in the balance sheet at their nominal value. Payables in foreign currencies are measured at the closing exchange rate on the last trading day of the financial year.

If the nominal value of the payable includes interest amounts on the basis of an agreement between the parties, the payable will be recognized in the balance sheet and the interest amounts included in the nominal value will be recognized in the deferrals and accruals of the assets and these interest amounts will be recognized proportionately in the result.

k. Accruals and deferrals of the assets and liabilities

These are measured at acquisition price and recognized in the balance sheet for the proportion that is deferred or accrued to the following financial year or years.

5.2. Company facts and activities

4Energy Invest was set up with a view to create and manage a portfolio of small to midsized locally embedded projects that convert biomass, either directly or indirectly into energy;

- Directly by producing electricity and heat for industrial customers (Cogeneration);
- Indirectly by producing renewable solid fuel such as Bio-Coal (Torrefaction);

Cogeneration

The company (through its subsidiary Renogen) continued the operation of its two wood biomass cogeneration plants in Amel (Wallonia, Belgium) that were put into commercial operation in the years 2007 and 2008 respectively. An improvement in operating margins resulted in 2011 despite a significant maintenance cost related to the first major overhaul of Amel I.

The company (through its subsidiary 4Ham Cogen) started in December 2009 the construction of a wood biomass cogeneration project in Ham (Flanders, Belgium) for a total investment of 37.9 million Euro for which it made available 6.3 million Euro (through equity (2.8 million Euro) and subordinated debt (3.5 million Euro)) to 4Ham Cogen. The project was considered in pre-commercial operation phase as from November 2011 given that the reliability run test was successfully executed in November 2011. The company expects to take-over the Ham cogeneration project from its EPC contractor before the end of April 2012. 4Energy Invest will at that date take over the responsibility for the operation and the maintenance of the plant.

Torrefaction

The company (through its subsidiary Renogen) started in February 2009 the construction of a biomass torrefaction unit to produce torrefied wood pellets (BioCoal) for co-firing with pulverized coal in electricity generating facilities. The biomass torrefaction unit was initially built in collaboration with Stramproy Green Technology, a Dutch based engineering contractor. In June 2010, 4Energy Invest terminated the EPC contract with Stramproy Green Technology as they defaulted, not being able to deliver (even after a more than reasonable delay period) a workable BioCoal production unit. 4Energy Invest took over the control and responsibility for the facility and started the coordination of the re-engineering works and investments that were needed to bring the facility into operation. By the end of 2010, 4Energy Invest had synchronized all parts of the process for producing BioCoal at industrial scale. Based on the results of the test runs performed over the last two months of 2010, it was decided to further fine-tune the installation early 2011 with a view to enhancing the reliability and safe running of the installation. 4Energy Invest operated temporarily the Amel III installation at 40% of its design capacity and produced a sufficient quantity of Bio-Coal as to enable a European utility to execute a large scale co-firing test in a coal-fired power station during the last quarter of 2011, which proved to be successful. 4Energy Invest identified during its operation at 40% capacity that additional investments are needed to operate the Amel III installation at a higher capacity factor and decided to put on hold the operation of the plant. A strategic partner for Bio-Coal will need to be found in order to be able to fund those additional investments. Waiting the outcome of the search process for a strategic partner, the company currently uses the Amel III installation below its designed capacity factor to produce dried wood chips and white wood pellets.

The company has put on hold its roll-out strategy to build additional Bio-Coal production capacity. In addition, it does no longer pursue the implementation of its permitted Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner, give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

5.**3. Comments on the statutory financial statements**

Statutory balance sheet

Among the non-current assets, one can mainly find

- The three financial participations of 4Energy Invest in Renogen, 4Ham Cogen and 4Biofuels for the respective amounts of
    - Renogen: 663,857 EUR
    - 4Ham Cogen: 2,849,900 EUR
    - 4 Bio-Fuels: 0 EUR

  4Energy Invest impaired its financial participation in Renogen for 11,032,510 EUR following a DCF (discounted cash flow analysis) valuation exercise of the Renogen assets taking into account (1) its understanding (based on the current status of the search process) of the probability of materializing a strategic partnership for its Bio-Coal activities and (2) the reduced asset value that would result in case Amel III has to be used going forward for drying wood chips and/or making white wood pellets.

4Energy Invest impaired its participation in 4BioFuels as the Bio-Coal project in Ham is no longer pursued. 4Energy Invest impaired all other development efforts incurred in the roll-out strategy for Bio-Coal.

- Subordinated debt facilities that have been structured with Renogen for 6,000,000 EUR (2,000,000 EUR in the framework of Amel II and 4,000,000 EUR in the framework of Amel III) and with 4Ham Cogen for 3,475,000 EUR to comply with the requirements under the covenants for the respective financings of Renogen and 4Ham Cogen.

Among current assets, one can mainly find the following current accounts receivable position towards the affiliates of 4Energy Invest;

- Renogen: 5,067,420 EUR
- 4Ham Cogen: 641,787 EUR
- 4 Bio-Fuels: 0 EUR

The current accounts receivable position on 4Bio-Fuels for 362,737 EUR has been written off.

The company agreed to convert its current accounts receivable position + subordinated debt position on Renogen for a total amount of 6,130,000 EUR into the capital of Renogen before March 31st 2012 as to compensate for the negative capital position that results in the balance sheet of Renogen at 31/12/2011 following the write-off on the Amel III asset as explained above. Capital increase of Renogen is scheduled to take place end of April/beginning of May 2012.

The updated 2012 budget for 4HamCogen foresees an increase in the 4Energy Invest current accounts receivable position on 4HamCogen given that the projected economics of 4HamCogen and the cash flow cascade as agreed with its banks and subordinated debt provider LRM will not allow payment of interest on the subordinated debt and accounts receivable position of 4Energy Invest.

The cash and cash equivalents position reflect the level of cash at holding company at end December 2011. A cost reduction program at 4Energy Invest level has been defined and initiated as 4Energy Invest will have to absorb its cost structure as from 2012 with the recurrent management fees that it invoices to its affiliates Renogen and 4HamCogen and the interest it can charge on its remaining subordinated debt position towards Renogen at 5% per year. Additional financial resources will have to be structured at 4Energy Invest level in case debt restructuring discussions with the banks at Renogen and 4HamCogen level would require additional shareholders funding. All other development activities are on hold until a strategic partner for Bio-Coal has been identified and 4Energy Invest would as a result be able to strengthen the equity base of the company.

The shareholder’s equity (18,598,559 EUR) is the result of the following transactions:

- the initial capital of the company amounting to 62,000 EUR;
- a contribution in kind of Renogen shares amounting to 6,459,900 EUR;
- a capital increase in cash amounting to 3,478,200 EUR;
- a capital decrease in cash amounting to 40,200 EUR;

- a capital increase in cash amounting to 22,000,000 EUR;
- losses carried forward amounting to -13,361,341 EUR.

No long-term debt is outstanding.

The short-term debts for 686,053 EUR consist of commercial debts (trade & other payables) of which 260,906 EUR corresponds to debt towards executive directors (variable compensation over the years 2009 and 2010) that can only be converted into the equity of the company to the extent that a strategic partnership for Bio-Coal results before end of June 2012.

The company has signed off-balance sheet commitments towards both the banks and the Limburgse Reconversie Maatschappij ("LRM") in the framework of the financing structured for the cogeneration project at 4Ham Cogen level.

Commitments towards the banks in the framework of the 4HamCogen project

4Energy Invest shall fund any cost overruns in relation to the cogeneration project in Ham by way of equity and/ or subordinated debt.

4Energy Invest shall procure that neither Enerpro SPRL nor Nico Terry BVBA ceases to perform its duties as manager or director of 4Ham Cogen (other than by reason of death, retirement at normal retiring age or through ill health of the relevant representative, or by reason of gross negligence).

4Energy Invest shall procure that no change of control occurs over 4Ham Cogen.

4Energy Invest shall not (and will ensure that 4HamCogen shall not) abandon all or a material part of the cogeneration project in Ham.

4Energy Invest shall not (and will ensure that 4HamCogen shall not) rescind or purport to rescind or repudiate or purport to repudiate a finance document or any of the transaction security or evidence an intention to rescind or repudiate a finance document or nay transaction security;

4Energy Invest shall establish an annual price stabilization mechanism of up to 750,000 Euro per year under the form of a standby Letter of Credit or Cash Collateral Account towards 4Ham Cogen that guarantees a minimum electricity sales price for the electricity output generated by 4Ham Cogen.

This standby Letter of Credit has been put in place by KBC Bank.

Commitments towards LRM in the framework of the 4HamCogen project

4Energy Invest signed a co-debtor clause under the subordinated debt agreement in between 4Ham Cogen and LRM. 4Energy Invest will as a result have to assume all payment obligations of principal and interest to the extent 4Ham Cogen can not fulfill its payment obligations under the subordinated debt agreement with LRM. Under the currently projected economics for the Ham project, 4HamCogen will not be able to respect the subordinated debt redemption scheme as agreed with

LRM as from 2013 and thus 4Energy Invest will either have to renegotiate with LRM and/or find additional financial resources to respect its payment obligations towards LRM.

Statutory profit & loss account

The company's turnover mainly reflects the invoicing of recurrent management services to its subsidiaries for 665,724 Euro. Other operating income for 166,867 EUR relates to non recurrent services that were invoiced to 4HamCogen.

Among goods and services for 1,546,852 Euro, one can find the company's general and recurrent administration costs, rental charges, professional fees, costs of management, the board of directors, auditors fees,…

An operating loss results from the fact that the services invoiced to the affiliates Renogen and 4Ham Cogen did not compensate the costs incurred at holding level since the cost structure anticipated further growth of the company (through the roll-out strategy for Bio-Coal). The budget 2012 foresees a lower operational loss since invoicing to the different affiliates is scheduled to increase with the commercial operation of the cogeneration project in Ham and the efforts that have been initiated to lower the cost structure of the company.

The financial income for 634,591 EUR mainly reflects the interests charged to the subsidiaries on the subordinated debt and on the current account receivables position.

The Group impaired its current account of 4BioFuels for 362,737 EUR (booked within financial costs).

The Group impaired its financial participation in Renogen for 11,032,510 EUR, its financial participation in 4Bio-Fuels for 61,900 EUR and development costs for 248,096 EUR. This impairment of financial participations and development costs are booked within exceptional costs.

The company has not yet received any dividends from its subsidiaries.

Distribution of profits/losses

The Board of Directors proposes to distribute the company's resulting losses as follows:

Profit of the financial year	-11,899,155
Losses carried forward from previous financial years	- 1,462,186
Losses to be carried forward	**- 13,361,341**

5.4. Risk management and management of uncertainties

As 4Energy Invest is a holding company, it indirectly bears the risks born by its operational subsidiaries as outlined in section 2 above. Those risks might result in additional impairments on the participations and receivables held by 4energy Invest on its subsidiaries.

5.5. Important events which occurred after the end of the fiscal year

ING Belgium and KBC Bank approved a 9 month working capital facility for 4HamCogen for € 2.8 million. The facility will be reduced to € 1.0 million by end of June 2012, when it is expected that the working capital position of 4HamCogen will be at a normalized level after having cashed the green certificates related to the period August 2011 – March 2012.

4Energy Invest currently uses the Amel III installation below its designed capacity factor to produce dried wood chips and white wood pellets in anticipation of the final outcome of the search process for a strategic partner for Bio-Coal.

4Energy Invest and KBC Bank engaged in discussions to lower the repayment obligations under the credit facilities related to Amel I, II and III over 2012 until there is more clarity on how a possible strategic partnership for Bio-Coal, if any, could impact the economics of Amel III going forward. In this respect, KBC Bank agreed to postpone the start of redemption of the outstanding long-term credit facility of Amel III till 30 September 2012 and agreed that the amount provisioned under the DSRA account could be used in the framework of the redemptions scheduled under the outstanding credit facilities on Amel I and Amel II.

4Energy Invest expects to take-over the Ham cogeneration project from its EPC contractor before the end of April 2012. 4Energy Invest will at that date take over the responsibility for the operation and the maintenance of the plant.

5.6. Information regarding research and development activities

4Energy Invest has developed an extensive software package to operate its Bio-Coal production facility in Amel. This software package could be licensed in case other Bio-Coal production facilities are developed.

5.7. Information regarding the existence of company's branches

The company has no branches in sensu stricto.

The company owns 100% of Renogen's shares minus one share, owns 100% of 4BioFuels' shares minus one share and owns 100% of 4HamCogen' shares minus one share.

5.8. Information regarding the circumstances having a potential major influence on the company's development

At the level of Renogen, the company closely monitors (1) the operational and financial performance of its cogeneration units in operation, (2) the outcome of the search process for a strategic partner for Bio-Coal as not finding a strategic partner could force Renogen to continue to use Amel III only to produce dried wood chips and white wood pellets and (3) the outcome of the discussions to further restructure the existing credit facilities in order to be able to fulfill Renogen's financial obligations over the year 2012 and beyond.

At the level of 4Ham Cogen, the company closely monitors (1) the operational and financial performance of its cogeneration unit that just entered commercial operation, (2) the outcome of the discussions that have been initiated with the VREG on the cogeneration algorithm for the facility and (3) the initiatives that may be taken by the Flemish Government to reverse the impact of a market in significant oversupply of certificates and lower pricing as a result of the lower penalties for not respecting the quota going forward. Heat off-take and the sale of related cogeneration certificates (WKK) will be critical for the economics of the Ham cogeneration project going forward and will be necessary to absorb part of the impact of depressed electricity prices and a collapsed green certificates market in Flanders.

At the level of 4Biofuels, the company closely monitors if discussions with a strategic partner for torrefaction materialize as 4BioFuels could form the vehicle through which the partnership is structured. 4Energy Invest has put on hold its roll-out strategy to build additional Bio-Coal production capacity. In addition, it does no longer pursue the implementation of its Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

As the cash buffer of 4Energy Invest has been used over the past years and as its capacity to raise additional funding will largely depend on finding a strategic partner for Bio-Coal, the company defined and initiated a significant cost reduction program at holding level as to reach a break-even situation as soon as possible based on the management fees it can invoice to its affiliates Renogen and 4HamCogen and the interest it can charge on outstanding debt positions to its affiliates;

A further restructuring of the existing credit facilities at Renogen level will have to be achieved in order to be able to fulfill the company's financial obligations over the year 2012.

5.9. Use of financial instruments by the company in the framework of the company's risk management

The company assesses its exposure to electricity price risk, among others in the framework of the results of Renogen and the electricity price stabilization mechanism offered to its affiliate 4Ham Cogen.

The company assesses its exposure to credit risk, made out of invoices for management services and interest charges to subsidiaries on a continuous basis.

5.10. Justification of valuation rules (article 96, 6° of the Belgian Company Code)

The company has losses carried forward amounting to EUR -13,361,341 EUR. The board of directors confirms that management services and interest charged to subsidiaries over 2011 did not cover the company's recurrent costs as interest charged to affiliates reduced significantly compared to 2010. The losses carried forward position mainly originates from the impairment that was taken on the financial participation in Renogen, the impairment that was taken on the development costs incurred in the roll-out strategy for Bio-Coal and the costs resulting from the 2008 IPO.

The budget 2012 foresees an exercise in break-even where management services invoiced to the affiliates and interest charged on outstanding subordinated debt position Renogen would compensate the recurrent (reduced) cost structure of the company. Additional losses would however result in case no strategic partner for Bio-Coal can be found as it would force 4Energy Invest to book a further impairment on its financial participation Renogen.

The directors resolve to adopt the valuation rules on the basis of continuity (article 96, 6° of the Belgian Company Code), considering the fact that the budget 2012 foresees an exercise in break-even and that the directors continue to believe that a strategic partner for Bio-Coal can be found in case of which it should be possible to mobilize additional financial resources at the level of 4Energy Invest in order to support the further development of Bio-Coal activities in collaboration with a strategic partner.

5.11. Information provided in accordance with article 523 of the Belgian Company Code

In accordance with Article 523 of the Belgian Company Code, the directors clearly stated each time they experienced an interest of a patrimonial nature potentially departing from the interests of 4Energy Invest. The following conflicts of interest have been reported in 2011.

Minutes of the Board of Directors of February 2nd 2012 in respect of (1) amendments to the services agreements of its executive directors Enerpro SPRL, represented by Yves Crits and Nico Terry BVBA, represented by Nico Terry and in respect of (2) the variable remuneration over the year 2011 for its executive directors Enerpro SPRL and Nico Terry BVBA.

Preliminary statements by Enerpro SPRL and Nico Terry BVBA

Prior to any deliberation and decision on the items of the agenda, Enerpro SPRL and Nico Terry BVBA give the following statements to the board of directors, as far as necessary and applicable in accordance with Article 523 of the Belgian Company Code. They inform the other directors that the items on the agenda relate to amendments to their respective services agreement (reduction of fixed remuneration, reduction in severance pay and additional conditions for pay-out of the variable remuneration over the years 2009 and 2010) and to the approval of their variable remuneration as executive directors of the Company for the fiscal year ended on December 31, 2011. They inform the board of directors that they have an interest of a patrimonial nature that conflicts with the contemplated decision by the board of directors. They state that they are of the opinion that the amendments to their services agreements are needed in the framework of the cost savings program that has been designed and implemented as to respond to the current financial situation of 4Energy

Invest. They state that they are of the opinion that no variable remuneration is due over 2011 even if the company has been able to produce Bio-Coal in sufficient quantity as to allow a utility to make a large scale test in a coal fired power plant.

Furthermore, Enerpro SPRL and Nico Terry BVBA state that they will inform the statutory auditor of the Company of the aforementioned conflict of interest, in accordance with Article 523 of the Belgian Company Code. Subsequently, Enerpro SPRL, represented by Mr. Yves Crits and Nico Terry BVBA, represented by Mr. Nico Terry leave the meeting.

Deliberation and decision by the other members of the board of directors

The board of directors, consisting of the other directors present at the meeting, takes note of aforementioned statements by Enerpro SPRL and Nico Terry BVBA and starts the deliberation. The board of directors refers to the proposal made by the nomination and remuneration committee in this respect. The board considers that the amendments to the services agreements are necessary in the framework of the financial situation of the 4Energy Invest Group and that it is justified not to consider a variable remuneration over 2011 given the financials of the Group and the growth prospects in general in case no strategic partner is found for Bio-Coal.

The Board of Directors understands that the amendments to the services agreements could imply that the Company cannot retain the services of the existing executive directors, and that this could have an adverse effect, at least in the short term, on the further development of the Company's business. After deliberation, the board of directors is of the opinion that the decision to amend the services agreements and the decision not to pay out a variable remuneration over 2011 is in the interest of the Company. The board of directors therefore unanimously decides to approve the amendments to the services agreements and the non payment of a variable remuneration for the fiscal year ended on December 31, 2011.

As far as necessary and in accordance with Article 523 of the Belgian Company Code, the board of directors decides that these minutes will be included in the annual report of the company.

After these decisions, Enerpro SPRL and Nico Terry BVBA join the meeting again.

Minutes of the Board of Directors of February 2nd 2012 in respect of changes to the remuneration structure of its non-executive directors ContinuousInsight2Impact BVBA, represented by Filip Lesaffer and Hamaco BVBA represented by Henri Meyers.

Prior to any deliberation and decision on the item of the agenda, ContinuousInsight2Impact BVBA and Hamaco BVBA give the following statements to the board of directors, as far as necessary and applicable in accordance with Article 523 of the Belgian Company Code. They inform the other directors that the item on the agenda relates to an amendment of their remuneration structure for the services as non executive and independent director as from October 1st 2011. They inform the board of directors that they have an interest of a patrimonial nature that conflicts with the contemplated decision by the board of directors. They state that they are of the opinion that an amendment to their remuneration structure is needed in the framework of the cost savings program that has been designed and implemented as to respond to the current financial situation of 4Energy Invest.

Furthermore, ContinuousInsight2Impact BVBA and Hamaco BVBA state that they will inform the statutory auditor of the Company of the aforementioned conflict of interest, in accordance with Article 523 of the Belgian Company Code. Subsequently, ContinuousInsight2Impact BVBA and Hamaco BVBA leave the meeting.

Deliberation and decision by the other members of the board of directors

The board of directors, consisting of the other directors present at the meeting, takes note of aforementioned statements by ContinuousInsight2Impact BVBA and Hamaco BVBA and starts the deliberation. The board of directors refers to the proposal made by the nomination and remuneration committee in this respect. The board considers that the amendments to the remuneration structure are necessary in the framework of the financial situation of the 4Energy Invest Group.

After deliberation, the board of directors is of the opinion that the decision to amend the compensation structure is in the interest of the Company. The board of directors therefore unanimously decides to approve the change in remuneration structure of the non executive and independent directors.

As far as necessary and in accordance with Article 523 of the Belgian Company Code, the board of directors decides that these minutes will be included in the annual report of the company.

After these decisions, ContinuousInsight2Impact BVBA and Hamaco BVBA join the meeting again.

5.12. Information provided in accordance with article 34 of the Royal Decree dated 14 November 2007

The elements that need to be provided in accordance with article 34 of the Royal Decree dated 14 November 2007 to the extent that these elements could have consequences in the event of a public takeover bid are discussed in detail in the report of the Board of Directors on the consolidated financial statements for the financial year ended 31 December 2011 in accordance with article 119 of the Belgian Company Code.

5.13. Justification of the independence and expertise in accounting and auditing of at least one member of the audit committee (Article 96, 9° of the Belgian Company Code)

During the financial year 2011, the audit committee consisted of three non-executive members of the board of directors. Prior to the resignation of 2DMultimedia SPRL, all three non-executive members were independent. Following the resignation of 2DMultimedia SPRL, two non-executive members are independent.

ContinuousInsight2Impact BVBA, with permanent representative Filip Lesaffer, and Gerd Smeets as members of the audit committee, are competent in accounting and auditing as evidenced by their previous/current role as investment director of KBC Private Equity NV and the director offices they exercise in several companies.

5.14. Corporate Governance Statement (art.96, paragraph 2 of the Belgian Company Code)

Reference Code

4Energy Invest has adopted a corporate governance charter in line with the Belgian Code on Corporate Governance issued on March 12, 2009 (second edition) by the Belgian Corporate Governance Committee (the "Code"). 4Energy Invest has adopted the Code as its reference code. The Code is based on a "comply or explain" system. Belgian listed companies should follow the Code, but can deviate from its provisions and guidelines (though not from the principles) provided they disclose the justifications for such deviation. 4Energy Invest complies with the principles contained in the Code, but believes that certain deviations from its provisions are justified in view of its particular situation. With the entry into force of the law of 6 April 2010, it is (i) not possible to deviate from some provisions of the Code and (ii) it is compulsory to indicate the provisions of the Code that were not complied with during the year and to provide an explanation of the reasons for non-compliance. The deviations by 4Energy Invest are explained in this Corporate Governance Statement and are valid under the law of 6 April, 2010.

4Energy Invest's corporate governance charter was last updated on November 5, 2009 and is available on 4Energy Invest's website: www.4energyinvest.com

Board of directors

The role of the board of directors is to pursue the long-term success of the company by providing entrepreneurial leadership and enabling risks to be assessed and managed.

Pursuant to 4Energy Invest's articles of association, the board of directors is composed of minimum six and maximum ten members. In accordance with the principle of the Code, at least half of the members must be non-executive directors and at least three directors must be independent in accordance with the criteria set out in the Belgian Company Code and in the Code.

On the date of this annual report, the board of directors of 4Energy Invest consists of six members including two independent directors. These members are:

Name	Position	Start Term	End Term
Enerpro SPRL, with permanent representative Yves Crits (CEO)	Managing director	2008	2012
Nico Terry BVBA, with permanent representative Nico Terry	Executive director	2008	2012

Enermoza BVBA, with permanent representative Guido Schockaert	Executive director	2008	2012
Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer (independent chairman)	Non-executive, independent director; ***was nominated independent chairman on July 4th 2011***	2010	2012
Hamaco BVBA with permanent representative Henri Meyers (independent director)	Non-executive, independent director	2008	2012
Mr. Gerd Smeets	Non-executive director	2010	2012

The curricula vitae of the members of the board of directors are available on the company's website: www.4energyinvest.com.

The board of directors elects a chairman from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. The chairman of the board of directors is responsible for the leadership of the board of directors. The chairman takes the necessary measures to develop a climate of trust within the board of directors, contributing to open discussion, constructive dissent and support for the decisions of the board of directors. The chairman promotes effective interaction between the board and the executive management team. The chairman establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

Currently, Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer, is the chairman of the board of directors following the resignation on June 30th 2011 of 2D Multimedia SPRL, with permanent representative Daniel Deroux.

The board of directors meets whenever the company's interest so requires or upon the request of two directors. In principle, the board of directors will meet sufficiently regularly and at least four times a year. The decisions within the board of directors require a simple majority of the votes cast.

During 2011, the board of directors met nine times, and the overall attendance rate by directors was 100 %.

Attendance at meetings of the board of directors:

Name	Board meetings attended
Enerpro SPRL, with permanent representative Yves Crits (CEO)	9/9
Nico Terry BVBA, with permanent representative Nico Terry	9/9
Enermoza BVBA, with permanent representative Guido Schockaert	9/9
Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer (independent director and chairman)	9/9
2D Multimedia SPRL, with permanent representative Daniel Deroux (independent director and chairman)	3/9
Hamaco BVBA with permanent representative Henri Meyers (independent director)	9/9
Mr. Gerd Smeets	9/9

Independent directors

A director will only qualify as an independent director if he meets at least the criteria set out in Article 526*ter* of the Belgian Companies Code, which can be summarized as follows:

- Not being an executive member of the board, exercising a function as a member of the executive committee or as a person entrusted with daily management of the company or a company or person affiliated with the company, and not having been in such a position during the previous five years before his nomination.
- Not having served for more than three terms as a non-executive director of the board, without exceeding a total term of more than twelve years.

- Not being an employee of the senior management (as defined in Article 19,2° of the Belgian Act of September 20, 1948 regarding the organization of the business industry) of the company or a company or person affiliated with the company and not having been in such a position for the previous three years before his nomination.
- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the company or a company or person affiliated with the company, other than any bonus or fee (*tantièmes*) he receives or has received as a non-executive member of the board.
- Not holding (directly or via one or more company under his control) any shareholder rights representing 10% or more of the company's shares or of a class of the company's shares (as the case may be), and not representing a shareholder meeting this condition.
- If the shareholder rights held by the director (directly or via one or more company under his control) represent less than 10%, the disposal of such Shares or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition.
- Not having, or having had within the previous financial year, a significant business relationship with the company or a company or person affiliated with the company, either directly or as partner, shareholder, member of the board, member of the senior management (as defined in Article 19,2° of the aforementioned Belgian Act of September 20, 1948) of a company or person who maintains such a relationship.
- Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the company or a company or person affiliated with the company.
- Not being an executive director of another company in which an executive director of the company is a non-executive member of the board, and not having other significant links with executive directors of the company through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board, a member of the executive committee, a person charged with the daily management, or a member of the senior management (as defined in Article 19,2° of the aforementioned Belgian Act of September 20, 1948) of the company or a company or person affiliated with the company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

According to the company's board of directors, Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer and Hamaco BVBA with permanent representative Henri Meyers are independent directors. The board of directors is of the view that the current independent directors comply with each of the relevant criteria of the Belgian Company Code. One position of independent director is currently vacant within the Board of Directors.

Committees within the board of directors

The board of directors of 4Energy Invest has established an audit committee, a nomination and remuneration committee and an advisory committee. These committees merely have an advisory role and the actual decision-making remains the responsibility of the board of directors.

Audit committee

According to the rules entered for Belgian publicly-listed companies with respect to the establishment and tasks of the audit committee entered into force as of January 8, 2009, 4Energy Invest would meet the size criteria in order to operate without a separate audit committee. 4Energy Invest has however chosen to continue operating with a separate audit committee. The audit committee must be composed of non-executive directors. This is and has always been the case for 4Energy Invest's audit committee. In line with the Belgian Code on Corporate Governance which requires that a majority of the members of the audit committee are independent, two of the three current members are independent directors.

During the financial year 2011, the audit committee consisted initially of three non-executive and independent members of the board of directors. Following the resignation of 2D Multimedia SPRL, the audit committee consisted of three non-executive members of which two are considered independent. The members of the audit committee have sufficient experience in financial matters to discharge their functions. According to the Belgian Company Code, the audit committee must for this purpose be composed of at least one independent director with the necessary financial, accounting, risk management and auditing experience. Filip Lesaffer and Gerd Smeets are competent in accounting and auditing as evidenced by their previous/current role as investment director of KBC Private Equity and by the director offices they exercise in several companies.

Given the size of 4Energy Invest, no internal audit function exists at this time.

On the date of this annual report, the members of the audit committee are:

- Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer (chairman of the audit committee)
- Hamaco BVBA, with permanent representative Henri Meyers
- Gerd Smeets

During 2011, the audit committee met two times, and the overall attendance rate was 100 %.

Attendance at meetings of the audit committee:

Name	**Audit committee attended**
2D Multimedia SPRL, with permanent representative Daniel Deroux (non-executive, independent director and chairman)	1/2
Hamaco BVBA, with permanent representative Henri Meyers (non-executive, independent director)	2/2

Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer (non-executive, independent director and chairman)	2/2
Gerd Smeets (non-executive director)	1/2

The provisions of Articles 3.4.4., 3.5.1. and 3.5.6. of the corporate governance charter have not been complied with since (i) no schedule and agenda of subjects to be discussed during the year was established, (ii) the audit committee met less than four times, (iii) no internal evaluation of its own effectiveness took place and (iv) the audit committee did not review the effectiveness of the external audit process.

The position of President of the audit committee is currently vacant as the previous President ContinuousInsight2Impact can not combine the function of President of the Board of Directors and President of the Audit Committee.

Nomination and remuneration committee

The nomination and remuneration committee must be composed of at least three members. All members of the nomination and remuneration committee are non-executive directors, with preferably a majority of independent directors.

On the date of this annual report, the members of the nomination and remuneration committee are:

- Hamaco BVBA, with permanent representative Henri Meyers (chairman of the nomination and remuneration committee)
- Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer

The nomination and remuneration committee met three times in 2011. The attendance rate was 100%.

Attendance at meetings of nomination and remuneration committee:

Name	**Nomination and remuneration committee attended**
Hamaco BVBA, with permanent representative Henri Meyers	3/3
2D Multimedia SPRL, with permanent representative Daniel Deroux	2/3

Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer	3/3

The provisions of Articles 4.5.1. and 4.5.7. of the corporate governance charter have not been complied with since (i) no schedule and agenda of subjects to be discussed during the year was established, (ii) no internal evaluation of its own effectiveness took place.

Advisory committee

The advisory committee must be composed of at least four members all of which are directors and at least two of the members must be independent directors.

On the date of this annual report, the members of the advisory committee are:

- Hamaco BVBA, with permanent representative Henri Meyers
- Enerpro SPRL with permanent representative Yves Crits
- Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer
- Enermoza BVBA with permanent representative Guido Schockaert

The purpose of the advisory committee is (i) to hold an in-depth operational discussion on opportunities or issues that may arise in preparation of the meeting of the board of directors that will eventually decide on these matters or (ii) assisting the Chief Executive Officer in any matters which may arise with respect to investment decisions with respect to projects in development, in construction or in operation falling within the scope of the powers of daily management of the CEO.

The advisory committee met 3 times in 2011. The attendance rate was 100%.

Attendance at meetings of the advisory committee:

Name	Advisory committee attended
Hamaco BVBA, with permanent representative Henri Meyers	3/3
Enerpro SPRL, with permanent representative Yves Crits (CEO)	3/3
2D Multimedia SPRL, with permanent	1/3

representative Daniel Deroux	
Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer	3/3
Enermoza BVBA, with permanent representative Guido Schockaert	3/3

Evaluation process

General

Under the lead of its chairman, the board of directors will regularly (*e.g.*, at least every two to three years) assess its size, composition, performance and those of its committees, as well as its interaction with the executive management team. The evaluation process has four objectives:

- Assessing how the board of directors or the relevant committee operates.
- Checking that the important issues are suitably prepared and discussed.
- Evaluating the actual contribution of each director's work, the director's presence at board and committee and his or her constructive involvement in discussions and decision-making.
- Checking the board's or committee's current composition against the desired board's or committee's desired composition.

Although evaluation is a responsibility of the board of directors, the board of directors can be assisted in this evaluation by the nomination and remuneration committee, and possibly also by external experts.

Non-executive sessions

The non-executive directors will regularly assess their interaction with the members of the executive management team. In this respect, non-executive directors intend to meet at least once a year in the absence of the CEO and the other executive directors. Actions can, however, only be taken by the board of directors.

Evaluation of individual directors

There will be a periodic evaluation of the contribution of each director aimed at adapting the composition of the board of directors to take account of changing circumstances. When dealing with re-election, the director's commitment and effectiveness will be evaluated in accordance with a transparent procedure established in advance by the board of directors, to the extent relevant.

Results of the evaluation

The board of directors will take into account the results of the performance evaluation by recognizing its strengths and addressing its weaknesses. Where appropriate, this can involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the board of directors.

Board committees

The audit committee should regularly (and at least every two to three years) review its terms of reference and its own effectiveness and recommend any necessary changes to the board of directors.

The nomination and remuneration committee should regularly (and at least every two to three years) review its terms of reference and its own effectiveness and recommend any necessary changes to the board of directors.

The advisory committee should regularly review its terms of reference and its own effectiveness and recommend any necessary changes to the board of directors.

Executive directors

Chief executive officer

The CEO is charged by the board of directors with the day-to-day management of the company. The CEO shall report regularly during the scheduled meetings of the board of directors on the operations, findings and recommendations of the executive management team.

Other executive directors

The other executive directors are responsible for assisting the CEO in relation to:

- operating the company;
- implementing the decisions taken by the board of directors;
- putting internal controls in place without prejudice to the monitoring role of the board of directors, based on the framework approved by the board of directors;
- the complete, timely, reliable and accurate preparation of the company’s financial statements, in accordance with the applicable accounting standards and policies of the company;
- the preparation of the company’s required disclosure of the financial statements and other material financial and non-financial information;
- presenting the board of directors with a balanced and understandable assessment of the company’s financial situation;
- providing the board of directors in due time with the information necessary for the board of directors to carry out its duties;

Overview of executive directors

On the date of this annual report, the executive directors are:

- Enerpro SPRL ,with permanent representative Yves Crits – CEO
- Nico Terry BVBA, with permanent representative Nico Terry - CFO
- Enermoza BVBA, with permanent representative Guido Schockaert

The executive directors do not qualify as an executive committee ("*directiecomité*") within the meaning of Article 524bis of the Belgian Company Code.

The curricula vitae of the executive directors are available on the company's website: www.4energyinvest.com

Remuneration report

4Energy Invest prepares a remuneration report relating to the remuneration of its directors. This remuneration report forms part of the corporate governance statement, which is a part of the annual report.

Procedure for (i) developing a remuneration policy for non-executive directors and executive directors and (ii) setting the level of remuneration for non-executive directors and executive directors

4Energy Invest's remuneration policy is designed to allow the company to attract, retain and motivate directors who have the profile determined by the board of directors and to promote continuous improvement in the business.

Non-executive directors

Upon recommendation and proposal of the nomination and remuneration committee, the board of directors determines the remuneration of the non-executive directors to be proposed to the general shareholders' meeting. The proposed remuneration that the board submits to the general shareholders' meeting corresponds in principle to market practice and expectations for companies similar to 4Energy Invest. The remuneration is set to attract, retain and motivate directors who have the profile determined by the nomination and remuneration committee.

The non-executive directors would be remunerated as follows;

- The remuneration of the chairman of the board of directors equals the annual amount of €40,000. The remuneration of the other non-executive directors of the board of directors equals an annual amount of €20,000. KBC Private Equity represented by Gerd Smeets opted not to be remunerated as non-executive director. The chairman is entitled to invoice its incurred professional costs in addition to its director's fee.

Non-executive directors do not receive any performance-related remuneration, incentives granted in shares, options or any other right to acquire shares, or pension benefits. The remuneration of non-executive directors takes into account their general role as director, and specific roles as chairman, chairman or member of a board committee, as well as their relevant responsibilities and time commitment.

The above presented remuneration structure for non executive directors has been applied since January 1st 2012 upon proposal of the nomination and remuneration committee of October 7th 2011. The adjustments to the remuneration structure of the non-executive directors must be seen in the framework of the cost savings program that has been designed and implemented as to respond to the current financial situation of 4Energy Invest.

Executive directors

The remuneration of the executive directors is determined by the board of directors based on recommendations made by the nomination and remuneration committee.

An appropriate portion of the remuneration is linked to corporate and individual performance. The proposed remuneration corresponds in principle to market practice and expectations for companies similar to 4Energy Invest. The remuneration is set to retain the services of the executive directors at competitive market conditions.

The remuneration of the executive directors for the financial year ended December 31, 2011 consists of a Base Annual Remuneration ("BAR") for full dedication, which was composed as follows:

- 70% of the remuneration is fixed (and as a result invoiced and paid out on a regular basis)

- 30% of the remuneration is variable and is determined based on a set of criteria whereby the weight of the different criteria is similar for the different members of executive management.

The variable part has been determined based on the following criteria:

(i) reliability factor of assets in operation
(ii) capacity factors of assets in operation
(iii) development activities
(iv) overall board appraisal

25% of the variable part of the remuneration of the executive directors for the financial year 2011 depended on the annual appraisal by the board of directors. The board considered amongst others the following issues:

- reporting
- communications
- control systems
- commitments
- cash management

The remuneration level of the executive directors was for the financial year 2011 fixed at 70 % of the BAR. Consequently, the executive directors did not receive any variable remuneration over the year 2011. Article 523 of the Belgian Company Code has been applied with respect to the variable remuneration of the executive directors for the financial year ended December 31, 2011.

Remuneration and benefits granted to directors

Director's liability insurance

At the time of incorporation of 4Energy Invest, the board of directors decided that 4Energy Invest will indemnify the directors against any claim by a third party based on directors' liability, except in the event of gross negligence and willful misconduct. Therefore 4Energy Invest has subscribed to directors' liability insurance.

Non-executive directors

For the financial year ended on December 31, 2011, ContinuousInsight2Impact represented by Filip Lesaffer received a total remuneration of € 39,625 as chairman of the board of directors. The other non-executive members of the board of directors (2D Multimedia SPRL, Hamaco BVBA and Gerd Smeets) received a total remuneration of € 57,250 (respectively € 21,250, € 36,000 and € 0).

The non-executive directors have not received any incentives granted in shares, options or any other right to acquire shares as approved by, or submitted to, the general shareholders' meeting.

Executive directors

The executive directors are not remunerated in their capacity of member of the board of directors.

Remuneration of CEO

4Energy Invest has entered into a services agreement dated November 22, 2005 with Mr. Yves Crits and Enerpro SPRL (i.e. the personal services company of Mr. Yves Crits) for the performance of the daily management by Mr. Yves Crits in the framework of his appointment as CEO of 4Energy Invest and specific services in relation to the Renogen project and other energy projects by Enerpro SPRL. This services agreement has been amended on March 3rd 2012 as to revise the fixed remuneration, the severance pay and the payment of the outstanding variable remuneration over the years 2009 and 2010.

The annual remuneration of the CEO for the financial year ended on December 31, 2011 amounted to € 244,080 (excluding professional costs), consisting of a fixed remuneration of € 244,080 paid on a monthly recurrent basis. It was decided that no variable remuneration would apply over 2011. This annual remuneration does not take into account the professional costs incurred (and invoiced) by the CEO in the execution of its services for an amount of € 28,158 and the warrants offered on June 12, 2008 by 4Energy Invest and subsequently accepted by the CEO. Article 523 of the Belgian Company Code has been applied with respect to the remuneration of the CEO for the financial year ended December 31, 2011. 4Energy Invest has no obligations to pay any pension retirements or similar benefits to Mr.Yves Crits or Enerpro SPRL.

The amendment of the services agreement signed on March 3rd 2012 approved that the variable remuneration of the CEO related to the years 2009 and 2010 and still outstanding for payment for a total amount € 158,793 would be waived unless a strategic partner signs a cooperation agreement for torrefaction before the end of June 2012, in which case Enerpro SPRL would only have the right to convert the variable outstanding compensation over the years 2009 and 2010 in equity at the first executed capital increase at 4Energy Invest level.

Remuneration of other executive directors

The other executive directors are remunerated as follows:

Nico Terry BVBA represented by Nico Terry

4Energy Invest has entered into a services agreement with Nico Terry BVBA, which is similar to the services agreement entered into with Enerpro SPRL. This services agreement has been amended on February 23rd 2012 as to revise the fixed remuneration, the severance pay and the payment of the outstanding variable remuneration over the years 2009 and 2010.

The annual remuneration for the financial year ended on December 31, 2011 of BVBA Nico Terry, represented by Nico Terry amounts to € 170,816 (excluding professional costs). It was decided that no variable remuneration would apply over 2011. This annual remuneration does not take into account the professional costs incurred (and invoiced) by BVBA Nico Terry, represented by Nico Terry in the execution of its services for an amount of € 16,535 and the warrants offered on June 12, 2008 by 4Energy Invest and subsequently accepted by BVBA Nico Terry. Article 523 of the Belgian Company Code has been applied with respect to the remuneration of BVBA Nico Terry for the financial year ended December 31, 2011. 4Energy Invest has no obligations to pay any pension retirements or similar benefits to Mr. Nico Terry or Nico Terry BVBA.

The amendment of the services agreement signed on February 23rd 2012 approved that the variable remuneration of Nico Terry BVBA related to the years 2009 and 2010 and still outstanding for payment for a total amount € 102,793 would be waived unless a strategic partner signs a cooperation agreement for torrefaction before the end of June 2012, in which case Nico Terry BVBA would only have the right to convert the variable outstanding compensation over the years 2009 and 2010 in equity at the first executed capital increase at 4Energy Invest level.

Enermoza BVBA, represented by Guido Schockaert

Enermoza BVBA, represented by Guido Schockaert served as executive director of 4Energy Invest till end 2010. In 2011, Enermoza BVBA, represented by Guido Schockaert served as non executive director of 4Energy Invest. 4Energy Invest has signed a new services agreement with Enermoza BVBA on March 6th 2012.

The annual remuneration for the financial year ended on December 31, 2011 of BVBA Enermoza, represented by Guido Schockaert in its capacity as non executive director amounts to € 16,876.

Incentives granted in shares, options or otherwise

On May 21, 2008, the extraordinary shareholders' meeting of 4Energy Invest decided to issue up to 900,009 warrants. On May 21, 2008, all warrants were subscribed to by 4Energy Invest with a view to allocating them at a later stage to Enerpro SPRL, Nico Terry BVBA and Enermoza BVBA (directly or indirectly), executive directors, employees and consultants of 4Energy Invest (to be decided by the board of directors upon the advice of the nomination and remuneration committee). 594,000 warrants have been allocated to Enerpro SPRL, Nico Terry BVBA and Enermoza BVBA on June 12, 2008 and subsequently accepted. 122,995 warrants have been allocated to employees and consultants of 4Energy Invest on June 12, 2008 and subsequently accepted. 183,014 warrants have been allocated to LRM NV in its capacity of director of 4HamCogen on December 18, 2009 and subsequently accepted. The exercise price of the warrants allocated on June 12, 2008 and on December 18, 2009 is €6.25 per warrant. Currently, all the warrants that were issued on May 21, 2008 have been allocated.

Every warrant entitles its holder to subscribe to one ordinary share of 4Energy Invest.

The warrants have a maturity of 10 years, to be counted as of the date of their issuance. At the end of the 10-year period, the warrants will lapse. The warrants shall become progressively and conditionally exercisable, namely 34% as of the first anniversary date of the allotment, 67% as of the second anniversary date of the allotment, and 100% as of the third anniversary date of the allotment provided that, at such anniversary, the warrant holder concerned (or its management company) shall be a consultant or employee of 4Energy Invest. Enerpro SPRL, Nico Terry BVBA and Enermoza BVBA have further agreed that none of the shares to be issued upon exercise of these warrants may be transferred during a period of 3 calendar years as of June 17, 2008. The warrants are not transferable *inter vivos*. The warrants can be exercised only when they have been acquired definitively and at the earliest as of 1 January following the third anniversary date of the allotment of the warrants to the warrant holders.

In the event of a change in the control of 4Energy Invest, the board of directors shall have the authority to shorten the exercise period of the warrants on condition that the warrant holder is allotted at least 15 calendar days during which he can exercise his warrants. In the event that the warrant holders do not exercise their warrants within this period, the warrants shall lapse *de iure*.

Warrants that have not been allocated by 4Energy Invest at the time of receipt by the latter of an official announcement that a takeover bid is being launched on all outstanding financial instruments of the company, shall automatically expire.

The table below provides an overview of the shares and warrants held directly or indirectly by the executive directors on the date of this annual report.

Name	**Number of Shares**
Enerpro SPRL, controlled by Yves Crits (CEO)	2,090,855
Nico Terry (1)	2,090,855
(1) Mr. Nico Terry controls Nico Terry BVBA.	
Guido Schockaert (2)	2,090,855
(2) Mr. Guido Schockaert controls Enermoza BVBA	

Name	**Number of warrants**

Enerpro SPRL, controlled by Yves Crits (CEO)	270,000
Nico Terry BVBA, controlled by Nico Terry	162,000

Severance pay

The appointment contract of the CEO or any other executive director on or after July 1, 2009 does not provide for a severance pay exceeding 12 months' basic and variable remuneration.

The services agreement entered into with Mr. Yves Crits and Enerpro SPRL was entered into for a limited term of 10 years. Through the amendment to the services agreement signed on March 3rd, 2012, the services agreement can be immediately terminated by 4Energy Invest at all times subject to a prior notice of 1 month and payment of an indemnity equal to 1/12 of Enerpro SPRL's annual fee. A similar severance pay provision is included in the amendment to the services agreement that was signed with Nico Terry BVBA on February 23rd 2012 and the services agreement that was signed with Enermoza BVBA on March 6th, 2012.

Internal control and risk management systems in relation to the financial reporting

One of the roles of the audit committee of 4Energy Invest is monitor the effectiveness of the company's internal control and risk management systems. The external auditor has reviewed these internal control and risk management systems. The audit committee has implemented a written procedure on incoming and outstanding invoices, has approved the practical organization of the administration at different sites and has followed-up closely the cash management.

Conflicts of interest and related parties

Each director is encouraged to arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the company. Transactions between the company and its board members should take place at arms' length.

In accordance with Article 523 of the Belgian Company Code, all directors must inform the board of directors and the statutory auditor of the company of conflicts of interest as they arise and abstain from voting on the matter involved in accordance with the relevant provisions of the Belgian Company Code.

Prior to his or her election, a director must inform the board of directors of his Related Party Transactions with 4Energy Invest NV or the company's subsidiaries. During his or her mandate as a director, a director must inform the chairman of the board of directors of the Related Party Transactions that he or she or his or her affiliates contemplate to enter into, and such Related Party Transactions can only be entered into after approval by the board of directors, where applicable in accordance with Article 523 of the Belgian Company Code.

For the purpose of 4Energy Invest's corporate governance charter, "**Related Party Transaction**" of a director means any transaction to deliver services or provide supplies or other goods to 4Energy Invest NV or the company's subsidiaries either by the director, his or her spouse or unmarried legal partner, a relative of his or her (via birth or marriage) in the second degree, or a legal entity that is directly or indirectly under the control of the director, his or her spouse or unmarried legal partner, or a relative of his or her (via birth or marriage) in the second degree.

Presently, 4Energy Invest is not aware of any situation or relation that may in the future result in a conflict of interest between 4Energy Invest on the one hand and the related parties on the other hand, other than the services agreements mentioned before.

15. Discharge

The Board of Directors requests the shareholders of the Company to approve the statutory financial statements attached hereto and to grant discharge to the Board of Directors of the Company and to the Statutory Auditor for the exercise of their mandate during this financial year of the Company.