4energyinvest SA

FOR A SUSTAINABLE WORLD

Annual Report

For the twelve month period

ended 31 December 2012

Regulated information

Brussels – April 23, 2013

ANNUAL REPORT 2012

Contents

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS[1]

1.1 Statement of responsibility

The undersigned Filip Lesaffer, Executive Chairman, and Nathalie De Ceulaer, Chief Financial Officer ad interim, declare that, to the best of their knowledge:

- the consolidated and statutory financial statements for the year ended December 31, 2012 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] All amounts in this section refer to IFRS consolidated figures.

1.2 Audited consolidated financial statements

1.2.1 Audited consolidated statement of comprehensive income for the years ended 31 December 2012, 31 December 2011 and 31 December 2010

	Notes	31-12-12	31-12-11	31-12-10
Sales	1.2.7.1	18,836	11,764	9,545
Other operating income	1.2.7.2	750	1,262	1,441
Total operating income		**19,586**	**13,026**	**10,986**
Operating expenses				
Cost of sales	1.2.7.3	-11,316	-6,352	-5,028
Personnel costs	1.2.7.25	-2,279	-973	-794
Other operating expenses	1.2.7.4	-1,734	-1,525	-1,900
Operating cash flow (EBITDA)		**4,257**	**4,176**	**3,264**
Depreciation, amortisation and provisions	1.2.7.8-15	-6,450	-3,371	-2,842
Impairment of property, plant and equipment	1.2.7.5	-24,184	-3,471	-1,706
Impairment of goodwill	1.2.7.13	0	0	-335
Operating result (EBIT)		**-26,377**	**-2,665**	**-1,619**
Financial income	1.2.7.6	8	7	26
Financial costs	1.2.7.6	-4,326	-2,796	-1,631
Net financial costs		**-4,318**	**-2,789**	**-1,605**
Result before tax		**-30,695**	**-5,455**	**-3,224**
Income tax expense	1.2.7.7	-6,697	1,205	2,128
Result of the period		**-37,392**	**-4,249**	**-1,096**
Result of the period (excl. impact IRS) (1)		-36,719	-3,092	-748
Result of the period (excl. impact IRS/warrant) (2)		-36,705	-3,008	-528
Attributable to:				
Equity holders of 4 Energy Invest		-37,392	-4,249	-1,096
Minority interests		0	0	0
Number of shares		12,520,090	12,520,090	12,520,090
Number of warrants issued (not in-the-money)		647,012	660,011	824,284
Earnings/Share		-2.99	-0.34	-0.09
Diluted earnings/share		-2.99	-0.34	-0.09

(1) Result of the period excl. impact IRS: this is the result corrected for the impact of the adjustment of the fair value of the interest rate swaps of the Group. The fair value adjustment has a negative impact on the result of 673 k EUR. For more information, refer to section 1.2.7.6 and 1.2.7.24.

(2) Result of the period excl. impact IRS/warrant: this is the result corrected for the impact of the adjustment of the fair value of the interest rate swaps of the Group and the cost of the warrants issued, which is expensed on a straight-line basis over the duration of the vesting period. This has a negative impact on the result of 14 k EUR. For more information, refer to section 1.2.7.28.

	31-12-12	31-12-11	31-12-10
Result of the period	**-37,392**	**-4,249**	**-1,095**
Other comprehensive income:			
Income related to issued warrants	14	85	220
Income tax relating to components of other comprehensive income	0	0	0
Other comprehensive income for the year, net of tax	14	85	220
Total comprehensive income for the year	**-37,377**	**-4,164**	**-875**

1.2.2 Audited consolidated statement of financial position for the years ended 31 December 2012, 31 December 2011 and 31 December 2010

Assets	Notes	31-12-12	31-12-11	31-12-10
Non current assets		**50,362**	**83,086**	**69,000**
Intangible fixed assets	1.2.7.8	0	165	69
Land and buildings	1.2.7.9	4,463	4,847	2,919
Installations, machinery and equipment	1.2.7.10	40,834	59,766	27,802
Furniture and vehicles	1.2.7.11	23	41	70
Leasing and similar rights	1.2.7.12	5,038	611	783
Other tangible assets	1.2.7.13	0	28	33
Assets under construction	1.2.7.14	0	10,679	31,797
Goodwill	1.2.7.15	0	0	0
Deferred tax assets	1.2.7.16	0	6,697	5,491
Other non current assets	1.2.7.17	4	254	36
Current assets		**6,160**	**6,217**	**4,797**
Inventories	1.2.7.18	934	1,014	1,021
Trade receivables	1.2.7.19	3,417	3,394	1,242
Other receivables	1.2.7.19	163	1,099	1,515
Cash and cash equivalents	1.2.7.20	1,646	710	1,019
Total		56,522	89,303	73,797

Equity and liabilities		31-12-12	31-12-11	31-12-10
Equity		**-14,869**	**22,509**	
Share capital	1.2.7.21	6,387	6,387	6,387
Share premium		18,104	18,104	18,104
Retained earnings		-39,360	-1,982	2,182
Equity attributable to equity holders		-14,869	22,509	26,673
Minority interests		0	0	0
Total equity		-14,869	22,509	26,673
Non current liabilities		**28,504**	**54,333**	
Interest bearing loans and borrowings	1.2.7.21	28,265	54,333	37,843
Deferred tax liability	1.2.7.16	0	0	0
Provisions	1.2.7.25	239	0	0
Current liabilities		**42,887**	**12,462**	
Interest bearing loans and borrowings	1.2.7.22	36,318	5,718	4,610
Trade payables	1.2.7.23	2,961	3,563	3,070
Other payables	1.2.7.23	3,609	3,181	1,600
Total		56,522	89,303	73,796

The balance sheet amounts have been adjusted, compared to the communication on annual results of March 29, 2013: this is due to the reclassification of the installations in leasing.

	Current	Reported 29/3/2013	Difference
Installations, machinery and equipment	40,834	44,000	-3,166
Leasing and similar rights	5,038	1,873	3,166
	45,872	45,872	0

1.2.3 Audited consolidated statement of cash flows for the years ended 31 December 2012, 31 December 2011 and 31 December 2010

	31-12-12 vs 31-12-11	31-12-11 vs 31-12-10	31-12-10 vs 31-12-09
Cash flow from operating activities			
Net profit (loss) after taxes	-37,392	-4,249	-1,095
Adjustments for non-cash or non operating items:			
Deferred taxes	6,697	-1,205	-2,134
Depreciation, amortization and provisions	6,211	3,371	3,108
Impairment of property, plant & equipment	24,184	3,471	1,774
Share options	14	85	220
Unrealised loss/(gain) on financial instruments	673	1,157	526
Financial result	3,645	1,632	1,079
Cash flow from operating activities before changes in working capital and provisions	**4,032**	**4,261**	**3,478**
Decrease/(increase) in other non current assets	250	-218	1,564
Decrease/(increase) in inventories	63	7	-204
Decrease/(increase) in trade receivables	-23	-2,152	1,487
Decrease/(increase) in other receivables	328	416	796
Increase/(decrease) in trade payables	-602	493	87
Increase/(decrease) in other payables	-245	423	-718
Net cash from operating activities	**3,804**	**3,230**	**6,490**
Cash flow from investing activities			
Net investment property, plant & equipment	-3,754	-19,505	-17,514
Net investment financial assets	0	0	0
Net cash from investing activities	**-3,754**	**-19,505**	**-17,514**
Cash flow from financing activities			
Issue share capital	0	0	0
Transaction costs attr. issue share capital	0	0	0
Proceeds from loans	6,589	17,598	9,951
Loan reimbursements	-2,056		
Interest income	8	7	0
Interest cost	-3,653	-1,639	-1,079
Net cash from financing activities	**887**	**15,965**	**8,872**
Net cash mutation	**936**	**-310**	**-2,152**
Begin	710	1,019	3,171
End	1,646	710	1,019
Mutation	**936**	**-309**	**-2,152**

1.2.4 Audited consolidated statements of changes in equity for the years ended 31 December 2012, 31 December 2011 and 31 December 2010

	31-12-12 vs 31-12-11	31-12-11 vs 31-12-10	31-12-10 vs 31-12-09
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	***-1,982***	***2,182***	***3,058***
Profit (loss) of the year	-37,392	-4,249	-1,095
Equity related to share options	14	85	220
At the end of the period	***-39,360***	***-1,982***	***2,182***
Total equity attributable to equity holders	**-14,869**	**22,509**	**26,673**
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	**-14,869**	**22,509**	**26,673**

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 torrifaction activities. This development has now been stopped. 4BioFuels is now a dormant entity.

4Energy Invest (through its fully owned subsidiary Renogen) acquired 100% of the shares of Pontrilas Renewable Energy Limited, in 2 phases. This entity was set up as a joint venture with Pontrilas Group Limited, with the objective of setting up a cogeneration project in Pontrilas, United Kingdom. This project has now been abandoned. Pontrilas Renewable Energy has renamed 4EI Limited, and is in liquidation. There are no more outstanding costs or liabilities.

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 Group currently operates the following installations and legal entities:

- 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);
- Amel III white wood pellets production project (“Amel III”): in operation as from the first semester of 2012 (operated within the affiliates Renogen/Amel Bio) (this is the former BioCoal facility, that was converted);
- Ham cogeneration project (“Ham”): in pre-commercial operation as from November 2011, in commercial operation as from April 2012 (operated within the affiliate 4HamCogen).

The consolidated financial statements were approved by the Board of Directors of 4Energy Invest on April 19th 2013.

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, 2012. No significant amendments were made to IFRS in 2012 which would affect the presentation and disclosures of the 2012 financial reporting statements.

1.2.5.3 Foreign currency

The Group’s presentation currency is the Euro. In the past, the Group had limited foreign operations through its development activities in Brazil and the United Kingdom. These have been terminated, and exposure to foreign currency risk is reduced to almost zero.

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

Holzstrasse 5
4770 Amblève
RPR Eupen
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

- 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:

Asset category	2012	2011	2010
Building	14 years	14 years	14 years
Installations, machinery & equipment	5-15 years	5-15 years	5-15 years
Office equipment & 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. The estimated useful lifetime of the Amel III installation was 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. This amount has been fully deducted of the carrying value of the Amel III installation. Half of this amount has been received, the other half was to be received in 2012 or 2013. At this moment, it is more likely than not that the second half of the subsidy will be received, due to time constraints. Therefore it has been reversed for 632 k EUR.

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 2012, the fair value of the green certificates received from the CWaPE and the VREG amounted to 13,732 k EUR versus 8,668 k EUR in 2011 and 7,763 k EUR in 2010. The increase is explained by the Ham-operation that was operational for its first full year in 2012.

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).

Other items held in inventory are biomass and pellets ready for sale.

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. No grants were in stock at 31/12/2012.

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 non-recoverable 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 fulfills 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 injection 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.

(v) Sale of pellets

White wood pellets produced in the Amel 3 installation are sold in bulk or in bags at market prices.

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 Financing costs

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: Cogeneration and Pellet production.

In 2011 BioCoal projects were also reported as a separate operating segment, next to Cogeneration. As BioCoal project development has been aborted, and the installations have been turned into a white wood pellet production facility, the Pellet production substitutes the BioCoal segment.

- 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.

- White wood pellet production is based on wood and can be used as renewable fuel for multipurpose commercial, industrial and domestic use. White wood pellet production differs from BioCoal pellet production in that the technological process is less complex (no torrefaction) and the pellets produced have a lower energy contents.

	Cogeneration € '000	Pellets € '000	non segment related € '000	Total consolidated € '000
Revenues from external customers	18,419	1,051	115	19,586
Intersegment revenues/expenses	145	-145	0	0
Interest expense	-3,911	-415	0	-4,326
Interest revenu	8	0	0	8
Depreciation and amortisation	-5,903	-522	-25	-6,450
Impairment of assets	-17,652	-6,363	-169	-24,184
Reportable segment profit	-22,436	-7,201	-7,754	-37,392
Reportable segment assets	45,904	4,447	11	50,362
Reportable segment liabilities	53,146	9,630	1,806	64,582

	Cogeneration € '000	Pellets € '000	Non segment related € '000	Total consolidated € '000
Third party revenue	18,419	1,051	115	19,586
Intersegment revenu	145	0	0	145
Third party cost of sales	-10,836	-480	0	-11,316
Intersegment costs	0	-145	0	-145
Other operating expenses	-816	-35	-883	-1,734
Net financial cost	-3,903	-415	0	-4,318
Personnel cost	-1,890	-292	-96	-2,279
Depreciation	-5,903	-522	-25	-6,450
Impairment	-17,652	-6,363	-169	-24,184
Income tax expense	0	0	-6,697	-6,697
Total	-22,436	-7,201	-7,754	-37,392

The cogeneration segment sales relate to 2 major customers :

	Cogeneration € '000	Pellets € '000	Non segment related € '000
Sales to SPE	9,947	0	0
Sales to E.ON BELGIUM	8,125	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

All projects are currently in operation. Therefore The Group does not face any uncertainties anymore that are related to new project development.

Other uncertainties remain, implicit to the sector The Group is active in, mainly:

- Evolution of the electricity markets, mainly with respect to the sales price, that is defined by the markets;
- Evolution of the regulatory framework and markets with respect to renewable energy, green certificates and cogeneration.

The Group also faces a financing risk: its financial partners have granted 4Energy Invest a standstill on all loan reimbursements until August 2013. The outcome of the ongoing discussions on debt restructuring with the financial partners of 4EnergyInvest will have a major impact on the viability of the group. If no satisfactory solution can be agreed upon by the end of the standstill period continuity is at stake.

This report is prepared under the assumption of continuity. Discontinuity would imply additional impairments and provisions to be recorded.

1.2.7 Supporting notes to the consolidated financial statements

The start of the Ham cogeneration project exploitation (end 2011) and of the Amel II pellet production facility (beginning of 2012) has a major impact on all aspects of the consolidated income statement.

1.2.7.1 Sales

	2012 € '000	2011 € '000	2010 € '000
Sale of green certificates*	13,732	8,668	7,005
Sale of CO2 certificates	106	170	186
Sale of electricity production	4,372	2,916	2,320
Sale of heat production	0	-10	0
Sale of white wood pellets	557	0	0
Other	69	20	34
Total	**18,836**	**11,764**	**9,545**

**Sale of green certificates includes sale of certificates "garantie van oorsprong" for 28k EUR in 2010, 29k EUR in 2011 and 32k in 2012*

The start of the Ham cogeneration project exploitation has a major impact on all aspects of the consolidated income statement.

Turnover of the existing projects (Amel 1 and Amel 2) decreased, due to a 5% decrease in the electricity sales price and a 12% decrease in output quantity, caused by a three yearly scheduled major overhaul and by some unexpected outages. But this was compensated by the revenues generated by the Ham site, amounting to 8 mio euro.

(i) Sale of Green Certificates

The sale of green certificates in Amel is contracted under a 10-year off-take agreement with SPE at fixed prices.

The sale of green certificates in Ham is contracted under an agreement with EON at prices related to VREG prices. The contract runs until October 2013, when it can be extended or stopped. 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.

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

CO2 certificates and certificates of "Garantie van Oorsprong" are sold on a spot basis.

(iii) Sale of electricity

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 all produced electricity in Ham is contracted under an off-take agreement with EON at prices related to spot market electricity prices. The contract runs until October 2013, when it can be extended or stopped.

(iv) Sale of heat

Heat generated by the Amel cogeneration sites is currently used by third parties and by the Amel 3 installation. The supply of heat in Amel is contracted under medium term agreements with Belwood Amel and Delhez Bois. The productive use of the heat (that is a by-product of the generation of electricity) creates additional green certificates. Therefore no compensation is currently requested for the use of heat.

(v) Sale of pellets

Pellets are sold at market prices, both in bulk and in bags. No long term contracts are in place. Until now the full production could easily be sold.

As The Group is new to this market (Amel 3 has now been active for one year), management is examining the optimal go-to-market strategy for this product.

1.2.7.2 Other operating income

	2012	2011	2010
	€ '000	€ '000	€ '000
Proceeds from liquidated damages for:			
- delay received from contractors	178	933	340
- temporarily shut down	0	0	0
Recuperated costs termination project	0	0	120
Insurance premiums	187	255	823
Services provided	0	0	107
Reversal management bonus	264	0	0
Other	121	74	52
Total	**750**	**1,262**	**1,441**

Other operating income consists of € 0.2 million delay damages due by the main contractor for the Ham project, of € 0.2 million received as insurance compensation for damages to the Amel 3 installation.

Since no strategic alliance was formed with respect to BioCoal, executive management renounced the bonuses granted in this respect in 2009 and 2010, for a total of € 0.3 million.

1.2.7.3 Cost of sales

	2012 € '000	2011 € '000	2010 € '000
Purchase biomass	-7,421	-4,208	-3,682
Repair and maintenance	-1,589	-1,180	-613
Other	-2,306	-965	-732
Total	**-11,316**	**-6,352**	**-5,028**

The cost of sales has risen significantly – this is due to the addition of the Ham operations, and to a smaller extent also to an increase of costs in Amel.

Biomass makes out the major part of the cost of sales. The further increase in purchases of biomass resulted from the Ham project (as of the 4th quarter of 2011) and Amel 3 (as of first half of 2012).

Repair and maintenance expenses increased significantly, mainly as a result of the maintenance cost related to the Ham facility and of the decreasing quality of the biomass.

Other expenses show a similar increase, and relate mainly to consumables like water and sand (for the Ham installation), and the processing of ashes.

1.2.7.4 Other operating expenses

	2012 € '000	2011 € '000	2010 € '000
Consultancy fees (lawyers, management, directors and other)	-1,001	-1,060	-1,115
Insurance	-311	-137	-151
Rent and rental charges	-135	-101	-81
Loss on disposal of fixed assets	0	0	0
Other administrative expenses	-287	-227	-553
Total	**-1,734**	**-1,525**	**-1,900**

Other operating expenses do not show the same increase, as the cost structure of the Group is under revision. A decrease is to be expected in 2013.

For 2012 VGD Bedrijfsrevisoren CVBA received as statutory auditor of the 4Energy Invest Group the following fees:

in K EUR	4EI NV	4EI Group
Fixed audit fee	25	46
Other attestation missions	1	2
Other missions external to audit	0	5
Other missions carried out by entities related to VGD Bedrijfsrevisoren CVBA	2	3

Obligations under rental agreements

	2012	2011	2010
	€ '000	€ '000	€ '000
Not longer than 1 year	136	138	131
Longer than 1 year and not longer than 5 years	229	315	504
Longer than 5 years	1,350	1,400	1,574
Total	**1,715**	**1,853**	**2,209**

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 used its right to terminate the agreement on September 30, 2014, and all staff has been moved to the operational sites, as an element of the overhead cost reduction program.

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 Impairment

The changed market conditions, new insights in the regulatory framework and enhanced comprehension of the side effects of operations (e.g. processing of ashes), resulted in revised business plans for all the installations.

The WACC (weighted average cost of capital) used when discounting the future cash flows was set at 6.5%. This can be perceived as very low for a distressed investment, but reflects the fact

that:
(i) shareholder equity is close to zero,
(ii) the financing cost with third party financing partners is estimated at 6.5%.

If new financing were to be raised at this moment, this would come at a very high cost. IAS 36 states that the discount rate should only be adjusted for risks that are not yet included in the future cash flow estimates. In this model the risks are already included in the future cash flow estimates, and hence the discount rate should only take into account the time value of money.

The asset values resulting from the discounted expected cash flows from the new business plans, are far lower than the accounting values of the assets. Therefore the Board has decided to adjust the net book values by recording an impairment of € 22.2 million. This comes on top of the impairment recorded on Amel 3 per 30 June 2012.

The total impairment amount recorded in 2012 can be broken down as follows:

- Impairment recorded per 30 June 2012 on the Amel 3 installation 2,0 M EUR
- Impairment recorded per 31 December 2012 (see detail below) 22,2 M EUR
- Impairment on other assets (mainly in the Anderlecht office) 0,2 M EUR

The impairment of 22,2 million EUR that was decided upon, is allocated to the different installations as follows :

	Valuation of building & equipment		
	Before impairment	Impairment	After impairment
Amel I & II	27.2 Mio	6.3 Mio	20.9 Mio
Ham	36.3 Mio	11.3 Mio	25.0 Mio
Amel III (1)	9.0 Mio	4.5 Mio	4.4 Mio
Total	72.5 Mio	22.2 Mio	50.4 Mio

(1) The value before impairment is the value per 31/12/2012, and already includes the impairment recorded in the first semester and included in the figures per 30/06/2012.

1.2.7.6 Financial income and costs

	2012 € '000	2011 € '000	2010 € '000
Bank interest income	1	0	0
Interest income	7	1	20
Interest capitalised into assets under construction	0	0	0
Other financial income	0	6	6
Financial income	**8**	**7**	**26**
Bank interest expense	-3,222	-2,641	-1,898
Interest paid to related parties	0	0	0
Decrease in FV on financial instruments	-673	-1,157	-526
Interest capitalised into assets under construction	0	1,033	814
Bank charges	-431	-32	-21
Financial costs	**-4,326**	**-2,796**	**-1,631**
Net financial costs	**-4,318**	**-2,789**	**-1,605**

Financial costs have increased, as no more interests were capitalized in 2012, since there are no more assets in construction (in 2011 1,1 million EUR in interests was capitalized, in 2010 0,8 million EUR).

1.2.7.7 Taxation

No taxation is due. The Board decided to fully impair the tax asset, which only represents a value when it can be offset against taxable profits within a reasonable period of time.

1.2.7.8 Intangible assets

	2012 € '000	2011 € '000	2010 € '000
Cost			
Balance at 1 January	217	73	12
Acquisitions	0	144	61
Transfer from assets under construction	0	0	0
Disposals	0	0	0
Balance at 31 December	**217**	**217**	**73**
Depreciation			
Balance at 1 January	-52	-4	-2
Depreciation charge of the year	-23	-2	-2
Impairment	-141	-46	0
Disposals	0	0	0
Balance at 31 December	**-217**	**-52**	**-4**
Carrying amounts			
At 1 January	165	69	10
At 31 December	0	165	69

The software developed for the BioCoal project has been fully impaired, as the development of this project was stopped.

1.2.7.9 Land and buildings

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	6,067	3,744	3,744
Acquisitions	15	2,323	0
Transfer from assets under construction	0	0	0
Disposals	0	0	0
Balance at 31 December	**6,083**	**6,067**	**3,744**
Depreciation			
Balance at 1 January	-1,220	-825	-582
Depreciation charge of the year	-398	-395	-243
Disposals	0	0	0
Balance at 31 December	**-1,618**	**-1,220**	**-825**
Carrying amounts			
At 1 January	4,847	2,919	3,162
At 31 December	4,464	4,847	2,919

1.2.7.10 Installations, machinery and equipment

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	69,676	34,830	34,828
Acquisitions	3,642	255	19
Transfer from one heading to another	172	34,607	0
Disposals	-8	-16	-16
Balance at 31 December	**73,482**	**69,676**	**34,831**
Depreciation			
Balance at 1 January	-9,910	-7,028	-4,618
Depreciation charge of the year	-4,963	-2,882	-2,411
Impairment	-17,652	0	0
Transfer from one heading to another	-123		
Disposals		0	0
Balance at 31 December	**-32,648**	**-9,910**	**-7,028**
Carrying amounts			
At 1 January	59,766	27,802	30,210
At 31 December	40,834	59,766	27,802

The guarantees and pledges on the land and buildings and installations, machinery and equipment of the Group are detailed in section 1.2.7.22.

The acquisitions mainly relate to the cogeneration installation in Ham.

The carrying balance is severely impacted by the impairments that were booked on all assets, as explained in section 1.2.7.5.

1.2.7.11 Furniture and vehicles

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	186	184	174
Acquisitions	7	2	10
Disposals	0	0	0
Balance at 31 December	**193**	**186**	**184**
Depreciation			
Balance at 1 January	-145	-114	-85
Depreciation charge of the year	-25	-31	-29
Disposals	0	0	0
Balance at 31 December	**-170**	**-145**	**-114**
Carrying amounts			
At 1 January	41	70	89
At 31 December	23	41	70

1.2.7.12 Leasing and similar rights

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.

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	1,087	1,205	1,186
Acquisitions	326	0	0
Reversal government grants	632		
Transfer from one heading to another	10,507	0	18
Disposals	0	-118	0
Balance at 31 December	**12,553**	**1,087**	**1,204**
Depreciation			
Balance at 1 January	-476	-420	-271
Depreciation charge of the year	-798	-148	-150
Impairment	-6,363	0	0
Transfer from one heading to another	123		
Disposals	0	92	0
Balance at 31 December	**-7,514**	**-476**	**-421**
Carrying amounts			
At 1 January	611	785	915
At 31 December	5,038	611	783

The transfer from assets under construction relates to the Amel 3 pellet production facility, that was taken in use in the beginning of 2012.

4 Energy Invest was granted 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. This amount was deducted of the acquisition value of the installation. Only the first half of this amount has actually been received. The other half remained as a current receivable on the balance sheet. As it now is no longer certain that the second tranche of 632 k EUR will be received, this amount was added again to the acquisition value of the asset.

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 Pellet production 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.

In 2012, a lease contract was entered into for a bulldozer at the Ham site, for a total investment amount 191 k EUR, with a residual value of 6 k EUR. The contract runs until July 2016.

1.2.7.13 Other tangible assets

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost			
Balance at 1 January	45	45	45
Acquisitions	0	0	0
Disposals	0	0	0
Balance at 31 December	**45**	**45**	**45**
Depreciation			
Balance at 1 January	-17	-12	-7
Depreciation charge of the year	-28	-5	-5
Disposals	0	0	0
Balance at 31 December	**-45**	**-17**	**-12**
Carrying amounts			
At 1 January	28	33	38
At 31 December	0	28	33

1.2.7.14 Assets under construction

	2012 € '000	2011 € '000	2010 € '000
Cost			
Balance at 1 January	10,679	31,797	16,080
Acquisitions	0	19,238	17,422
Transfer to land & buildings	0	0	0
Transfer to installations, machinery & equip.	-10,679	-36,930	0
Transfer to goodwill	0	0	0
Impairment loss	0	-3,425	-1,706
Disposals	0	0	0
Subsidies	0	0	0
Balance at 31 December	**0**	**10,679**	**31,797**
Carrying amounts			
At 1 January	10,679	31,797	16,080
At 31 December	0	10,679	31,797

There are no more assets under construction, as all projects now have operational status.

No other commitments concerning the acquisition of assets were taken as of today.

1.2.7.15 Goodwill

There is no more goodwill on the balance sheet. The goodwill recorded in the past on the Pontrilas Renewable Energy Limited (later renamed 4EI Limited) shares was impaired in 2010. 4EI Limited is currently in liquidation. There are no outstanding debts nor costs to which the Group could be exposed.

1.2.7.16 Deferred tax assets and liabilities

The group has a large accumulated fiscal loss carry over, for which a tax asset of 15,8 million EUR could be recorded. However, the Board decided not to record a tax asset, and moreover to fully reverse the existing tax asset, which only represents a value when it can be offset against taxable profits within a reasonable period of time.

	2012 € '000	2011 € '000	2010 € '000
Tax losses carried forward	10,844	2,084	2,232
Investment deduction	4,196	3,933	3,225
Notional interest deduction	750	541	571
Tax assets	**15,790**	**6,559**	**6,029**

1.2.7.17 Other non current assets

Long term receivables relate to cash guarantees deposited.

1.2.7.18 Inventories

	2012 € '000	2011 € '000	2010 € '000
Raw materials and consumables	286	559	585
White wood pellets (to be sold)	35	0	0
Spare parts	612	455	436
Total	**934**	**1,014**	**1,021**

1.2.7.19 Trade and other receivables

	2012 € '000	2011 € '000	2010 € '000
Trade receivables	3,417	3,394	1,242
Receivables due from related parties	0	0	0
Tax receivables-VAT	63	112	71
Insurance claims	0	0	698
Deferred expenses	70	255	81
Subsidies	0	632	632
Other receivables	30	100	34
Total	**3,580**	**4,493**	**2,757**

The outstanding trade receivables relate to outstanding invoices and invoices to be issued for green certificates and electricity produced. There are no amounts significantly overdue. All amounts related to 2012 have been received at the date of this report.

	2012 € '000	2011 € '000	2010 € '000
Not due	3,308	2,953	593
Less than 30 days overdue	63	357	610
30 - 60 days overdue	46	68	0
60 - 90 days overdue	0	0	0
90 - 120 days overdue	0	12	39
More than 120 days overdue	0	4	0
Total	**3417**	**3394**	**1,242**

The second half of the subsidy (632 k EUR) related to Amel III that still is to be received has been reversed, as it is no longer 100% certain that it will be received, due to time constraints.

1.2.7.20 Cash and cash equivalents

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

1.2.7.21 Share capital

Date	Action	Shareholder	Shares	Price per share (Fractional Value)
28-Sep-05	Incorporation	Enerpro SPRL controlled by Yves Crits	134	€ 100
28-Sep-05	Incorporation	Nico Terry	134	€ 100
28-Sep-05	Incorporation	Guido Schockaert	134	€ 100
28-Sep-05	Incorporation	KBC Private Equity NV	218	€ 100
22-Nov-05	Capital increase through contribution in kind of Renogen shares	Enerpro SPRL	21,533	€ 100
22-Nov-05	Capital increase through contribution in kind of Renogen shares	Nico Terry	21,533	€ 100
22-Nov-05	Capital increase through contribution in kind of Renogen shares	Guido Schockaert	21,533	€ 100
19-Jan-06	Capital increase through contribution in cash	KBC Private Equity NV	34,782	€ 100
19-Jan-06	Capital decrease with repayment to the Founders of their initial contribution in cash at incorporation (aggregate amount of €40,200)	N/A	N/A	€ 99.60
21-May-08	Share split by 90	Existing shareholders	9,000,090	€ 1.11
17-Jun-08	Capital increase IPO		3,520,000	€ 6.25
Number of shares			12,520,090	

1.2.7.22 Interest-bearing loans and borrowings

	2012 € '000	2011 € '000	2010 € '000
Non current			
Loans from related party KBCpe	0	0	0
Bank loans	19,635	40,620	26,173
Leasing debts	8,630	9,052	8,813
Other loans	0	4,661	2,857
Total non current loans and borrowings	**28,265**	**54,333**	**37,843**
Current			
Bank loans	29,738	5,179	3,679
Leasing debts	1,079	538	931
Other loans	5,500	0	0
Total current loans and borrowings	**36,318**	**5,717**	**4,610**
Total	**64,583**	**60,050**	**42,453**

As 4HamCogen is in breach of its credit agreements and no final agreement has been reached on their restructuring, all amounts are in principle immediately reimbursable by the end of the standstill on 30 August 2013. Therefore all debt related to the Ham installation is now to be considered current. This explains the shift from non-current to current liabilities.

	Interest rate	Outstanding end 2011	Movenements in 2012 Reimbursed	Added	Outstanding end 2012 < 1 year	> 1 year	Total	Final repay-ment date
Amel I (Renogen)								
KBC Roll-over credit (727-8621515-20)	Euribor 3m. + 2,5%	11,437	715	1,041	868	10,895	11,763	30/12/2022
Amel II (Renogen)								
KBC Roll-over credit (727-8621515-20)	Euribor 3m. + 2,5%	8,550	534	778	649	8145	8,794	30/12/2022
Amel III (Renogen)								
KBC Roll-over credit (727-8621515-20)	Euribor 3m. + 2,5%	625	40	57	47	595	642	30/12/2022
Lease remorque (Renogen)	Euribor 3m. + 2%	12	4	0	3	5	8	20/03/2015
KBC Lease (479-1143915-23)	Euribor 3m. + 2,5%	8,980	0	0	898	8082	8,980	30/06/2022
Ham (4HamCogen)								
ING-KBC syndicated loan facility	Euribor 6m. +2,5% - 3,25%	23,985	0	2,425	26,410	0	26,410	31/12/2021
ING Lease bulldozer	1,45%	0	24	191	45	122	167	7/10/2016
LRM subordinated loan facility	8%	4,661	0	839	5500	0	5500	7 after first withdrawal
Other								
Straight loan Renogen	Euribor 3m. + 1,5%	500	500	0	0	0	0	-
Cash credit Renogen	Euribor 1m. + 1,25%	153	153	0	0	0	0	-
Straight loan 4HamCogen		0	0	700	700	0	700	-
Cash credit 4HamCogen		0	0	84	84	1	85	-
Cash credit Amel Bio	EONIA + 2%	363	0	89	452	0	452	-
Lease facility fuel handling (Amel Bio)	5.84%	598	86	0	91	421	512	20/11/2017
Accrued interest expenses					569	0	569	-
Total		**59,864**	**2,056**	**6,204**	**36,316**	**28,266**	**64,582**	

Over the year financial debts increased with 4,5 million EUR. This is the result of:

- reimbursements of 2,1 million EUR;
- new debts of 6,1 million EUR;
- increase in accumulated interests payable to financial institutions with 0,4 million EUR (from 0,2 million per 31/12/2011 to 0,6 million EUR per 31/12/2012).

According to the financing agreement with KBC for Renogen, a reimbursement was to take place in March 2013. The Group could not honour this obligation and a standstill period has been granted until August 30, 2013.

Securities

In order to secure the obligations under the roll-over credits with KBC Bank, Renogen SA had 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 and 745-0242608-80.
- 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.
- 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.
- A pledge granted by 4Energy Invest NV of 714 shares Renogen
- A pledge granted by Enerpro SPRL of 1 share Renogen *(note: this share has now been transferred to 4Energy Invest)*

A new credit agreement was signed on October 30 2012, by which the following additional securities were granted:

- A second and third mortgage in the amount of 22,4 million EUR on all immovable assets (except the torrefaction unit, owned by KBC Lease) located at the Amel site;
- A second rank pledge of the business (including receivables and 50% of the stock) in the amount of 22,4 million EUR located at the Amel site.
- The pledge from the borrowers of all cash into the Maintenance Reserve Account, which will be funded one a year for an amount of 213 k EUR.

In return, the following securities were released:

- 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
- the pledge from Renogen SA of all present and future cash into the following Debt Service Reserve Account
- a partial release of 6 M EUR of 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, and of 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.

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 from 31 12 2012 on.
- The borrowers will not pay any dividends or pay back subordinated debt without agreement from KBC Bank.
- 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 I, II and III and their liability against third parties in the neighborhood.
- The transfer orders submitted to the bank in favour of the borrower's accounts maintained at other banks, will be entered on the borrower's accounts at KBC Bank.
- 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.
- The tangible net worth ratio must at all times be positive.
- The borrowers will prepay the roll-over credit as follows:
    - With 500 k EUR upon receipt of the "prime d'investissement" from the Direction Générale Opérationelle de l'Economie, de l'Emploi et de la Recherche"
    - Yearly and in function of the EBITDA :
        - EBITDA < 3,8 M EUR: no prepayment
        - EBITDA between 3,8 M and 4,3 M EUR: 100% of free cash flow
        - EBITDA > 4,3 M EUR: 50% of free cash flow
    - Voluntary prepayments on a "best effort basis"

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. ***This power of attorney was converted into a mortgage for 19 million EUR in March 2013.***
- 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.

1.2.7.23 Trade and other payables

	2012	2011	2010
	€ '000	€ '000	€ '000
Trade payables	2,961	3,563	3,070
Accrued expenses	3,609	3,181	1,600
Total non current loans and borrowings	**6,570**	**6,744**	**4,670**

1.2.7.24 Financial instruments

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

- ***Credit risk***

The Group 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.

The Group's main clients are financially robust companies, and payment terms are very short (14 to 30 days). Therefore the risk is limited.

- ***Foreign currency risk***

The Group is no longer exposed to foreign currency risk as its development activities abroad have been stopped and all transactions are now in Euro.

- ***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:

Installation	Interest rate	Date of swap contract signature	Notional amount hedged (in euro)	Hedged until	Fair value 12/31/2012 (in euro)
Amel I	4.5096%	8/20/2007	8,146,000	8/18/2017	-405,489
Amel II	2.7625%	9/30/2009	3,847,500	7/26/2018	-229,912
Amel III	3.2750%	9/30/2009	4,022,741	9/28/2018	-304,722
Ham	3.5700%	3/19/2010	6,184,500	6/29/2018	-610,911
Ham	3.5700%	3/19/2010	13,765,500	6/29/2018	-1,366,217
			35,966,241		-2,917,251

1.2.7.25 Provisions

Provisions were recorded for:

- The rent to be paid until 30 September 2014 as contractually agreed for the Anderlecht offices that are no longer used (99 k EUR);
- A dispute on invoices related to infrastructure works on the Ham site (140 k EUR).

	Estimated disbursement		
	2013	2014	Total
Rent Anderlecht office: 01/01/2013 until 30/9/2014	57	42	99
Dispute infrastructure works Ham	140	0	140
	197	42	239

1.2.7.26 Personnel

The average number of employees and remuneration paid for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 are as follows:

	2012 € '000	2011 € '000	2010 € '000
Average number of employees	29.4	25.5	21.2
Wages and salaries	910	479	394
Social security and health ins. exp.	368	222	177
Other social expenses	162	140	148
Total	**1,440**	**841**	**718**

1.2.7.27 Commitments

The Group has no commitments other than those included in the report.

1.2.7.28 Related parties

Identification of related parties

The Group has a related party relationship with its executive directors Enerpro SPRL, Nico Terry BVBA, ContinuousInsight2Impact BVBA and Nadece BVBA, and with its non-executive directors Enermoza BVBA and VEM BVBA.

According to the last notified transparency declaration, KBC Private Equity NV no longer holds an interest 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), Guido Schockaert (permanent representative of Enermoza BVBA) and Philiep Van Eeckhout own share capital of 4Energy Invest NV as indicated in the table below:

Party	Date transparency declaration	Shares Number	Vested warrants Number	Total voting securities Number	Total voting securities %	Unvested warrants Number
Nico Terry	28 October 2008	2,090,855	162,000	2,090,855	16.70%	0
Enerpro SPRL Yves Crits	7 January 2013	1,843,141	270,000	1,843,141	14.72%	0
Philiep Van Eeckhout	18 October 2012	1,400,000	0	1,400,000	11.18%	0
Guido Schockaert	18 October 2012	395,725	0	395,725	3.16%	0
Free Float		6,790,369	377,012	6,790,369	54.24%	0
Total		**12,520,090**	**647,012**	**10,429,235**	**83%**	**0**

Related parties

	2012 € '000	2011 € '000	2010 € '000
Remuneration and benefits paid to key management			
(a) short term employee benefits	314	432	666
(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)	0	44	127
Total	**314**	**476**	**793**

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 above gives an overview of the status of the warrants (vested/unvested) as of the date of publication of this annual report 2012.

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 2012.

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 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 %.

The expensed cost for 2012 amounts to 14k EUR, this represents the final charge to the result for to the stock options.

Transactions with related parties

		2012 € '000	2011 € '000	2010 € '000
	Executive management			
Enerpro SPRL	Trade & other payables by the Group[1]	24	194	248
	Management fees/costs paid by the Group	102	272	424
Nico Terry BVBA	Trade & other payables by the Group[1]	35	137	160
	Management fees/costs paid by the Group	116	187	278
Enermoza BVBA	Trade & other payables by the Group	0	6	25
	Management fees/costs paid by the Group	15	17	92
ContinuousInsight2Impact BVBA	Trade & other payables by the Group	48	40	20
	Management fees/costs paid by the Group	80	0	0
Nadece BVBA	Trade & other payables by the Group	1	0	0
	Management fees/costs paid by the Group	1	0	0

(1) The trade payables balances relate to the unpaid part of the invoices for fees and expenses 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.

1.2.7.29 Major subsequent events

The following events that took place in 2013 have a significant impact on the Group:

1. A commercial settlement was reached with EON Benelux

A commercial settlement was reached with EON Benelux on the interpretation of the respective contractual rights and obligations as included in the off-take contract for electricity and green certificates for the Ham project.

2. Lowered expectations for 2013

The lower forecasts for electricity prices, the increased operating costs (among others due to environmental and technical requirements) and the lower than expected benefits for cogeneration in Ham, lowered the financial plan for 2013 and the years thereafter. Consequently the debt reimbursement schedules needed to be revisited.

3. Cogeneration benefits for the Ham project lower and less likely

4Energy Invest has ongoing consultations with the VREG about the cogeneration algorithm for the Ham Cogeneration project. The heat off-take and the sale of related cogeneration certificates (WKK) are known to be critical for the economics of the Ham cogeneration project going forward.

The algorithm that is currently on the table poses 2 problems:

- Under the new system of ‘Qualitative WKK’ a minimum cogeneration volume has to be achieved before WKK certificates can be obtained. This threshold is set so high, that the probability of realizing this in the coming years has become very low.
- Even when the cogeneration status is achieved, the number of WKK certificates that will be realized under the new system of ‘Qualitative WKK’ is much lower than expected and does not compensate for the loss of green certificates (GSC).

This seriously impairs the economic viability of the Ham-project, if the other variables (electricity and GSC prices) remain low.

4. Debt restructuring agreement of 21st December 2012 aborted and new standstill agreed upon

In view of the group's current and expected financial and operational condition and prospects, impacted by the evolutions described above, Renogen and 4HamCogen will not be able to meet their debt repayment obligations as they are currently structured and would be amended by the agreement of 21 December 2012.

Therefore 4Energy Invest needed to abort its plans to raise new capital as described in the press release of 21st of December 2012.

ING, KBC and LRM have agreed to a standstill on scheduled principal repayments of the group until August 30, 2013.

In the coming months, 4Energy Invest intends to try and further restructure its debt at the level of both its subsidiaries. If the group does not succeed in bringing its financial obligations in line with its debt service capacity before the expiry of the standstill, on August 30, 2013 at the latest, it will be confronted with significant liquidity problems and with a risk of discontinuity in both its subsidiaries.

1.2.7.30 Earnings per share

	2012 € '000	2011 € '000	2010 € '000
Result of the period	**-37,392**	**-4,249**	**-1,095**
Weighted average number of shares	12,520,090	12,520,090	12,520,090
Weighted average number of warrants issued	647,012	660,011	824,284
Earnings/share	**-2.99**	**-0.34**	**-0.09**
Diluted earnings/share	**-2.99**	**-0.34**	**-0.09**

The number of outstanding shares did not change over the last 3 years.

Taking into account the actual number of warrants forfeited, the weighted average number of warrants issued over 2012 equals 647.012.

Considering the fact that the warrants were not in-the-money since 2009, 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 DECEMBER 2012 (RPR BRUSSEL – VAT BE 0876.488.436)

In accordance with the legal requirements, we report to you on the performance of our mandate of auditor. This report includes our report on the consolidated financial statements for the year ended December 31, 2012, as defined below, as well as our report on other legal and regulatory requirements.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – DISCLAIMER OF OPINION

We have audited the consolidated financial statements of 4Energy Invest and its subsidiaries, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated income statement and consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 56.522.089,43 EUR and the consolidated income statement shows a loss for the year of 37.391.690,33 EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the company and group's officials and board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our disclaimer of opinion on the consolidated financial statements.

Disclaimer of opinion

We refer to the uncertainties described in the annual report concerning the obtaining of a further restructuring of the existing credit facilities at both Renogen and 4HamCogen level and the need to strengthen the capital structure of 4Energy Invest. If no satisfactory restructuring of the existing credit facilities will be achieved, or if no additional funds will be found, the going concern of the group can no longer be guaranteed. In case the group will not be able to continue as a going concern, additional impairments and corrections may be required.

Taking into account the considerable uncertainties with respect to the group's going concern described above, we are unable to express an opinion whether the consolidated Financial statements give a true and fair view of the group's financial position as of 31 December 2012, and of its results and its cash flow statement for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the framework of our mandate our responsibility is, in all material aspects, to report our findings with respect to certain legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify our opinion on the consolidated financial statements:

> The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material aspects, with the consolidated financial statements, and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Zele, April 22, 2013

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 2012 IN ACCORDANCE WITH ARTICLE 119 OF THE BELGIAN COMPANY CODE[2]

The following report has been established pursuant to article 119 of the Belgian Company Code by the Board of Directors on April 19, 2013 for submission to the annual general shareholders' meeting of May 23, 2013. 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, 2012.

3.1 Overview of activities during the year 2012

2012 has been a year with significant changes for 4EnergyInvest:

Two additional projects have been launched into commercial operation. With no more projects under development (for the time being), the group is now fully focusing on its operations.

- This shift in strategy resulted in:
    - Enhanced insights in the operational parameters and challenges of wood biomass fired cogeneration plants;
    - Altering needs with respect to the group's leadership and management – this resulted in changes both at management and director level;
    - A different cost structure and business model.
- Operations generated disappointing results.
- Combined with updated information on market evolutions (mainly with respect to electricity) and the specific regulatory framework, all this caused a drastic change to the business plans for the respective installations.
- This resulted in a review of the financing structure of the group.

Two projects launched into commercial operation in 2012

The Ham cogeneration project has been in pre-commercial operation as of November 2011 and was definitely taken over from the contractor that designed and built the installation in April 2012. From then on, the installation is commercially operated by 4EnergyInvest.

[2] All amounts in this section refer to IFRS consolidated figures.

Considering that no strategic partner could be found to provide the additional financing needed for the Bio-Coal project, the Amel 3 installation (that was initially designed to produce Bio-Coal) has been converted into a white wood pellet production facility. It became operational in the first half of 2012.

This means that at the end of 2012 the group operates the following assets:

- 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);
- Amel III white wood pellets production project ("Amel III"): in operation as from the first semester of 2012 (operated within the affiliates Renogen/Amel Bio) ;
- Ham cogeneration project ("Ham"): in pre-commercial operation as from November 2011, in commercial operation as from April 2012 (operated within the affiliate 4HamCogen);

Enhanced insights in operational parameters and challenges

Operating wood biomass fired cogeneration plants requires intensive management attention. Each new installation has a learning curve to incur and many operational parameters have to be fine-tuned. The type of biomass that is consumed has a critical impact on the operations.

In 2012 this continuous learning process was relevant for all the installations, but in particular for the Ham (fluidized bed technology) and Amel 3 (white wood pellet production) installation. We had to cope with the fine-tuning of many parameters, oa. higher than expected ash-content of the biomass, water and sand consumption, pre-treatment of the biomass, the fine-tuning of the boiler, etc.

Operational and strategic leadership and management aligned with the changed activities

Running an operational company (as opposed to developing new projects) requires very different skills at operational, managerial and leadership level. This resulted in changes in the composition of the management team and the Board.

In this respect further optimizations will be made in 2013.

Cost structure and business model have been revisited

The shift to a fully focused operational business model, resulted in changes to the cost structure, where especially the "non-operational" costs have been cut, e.g. the Anderlecht headquarter office has been reduced to a minimum, and all staff has been moved to the operational sites.

Operating results were disappointing

The installations faced some unexpected outages (due to technical breakdowns) and combined with low electricity prices and higher operating costs (amongst others due to the decreased quality of biomass), this implied less cash flow generation.

Updated information on the markets for electricity and the regulatory framework for renewable energy

2012 was a revealing year for the electricity market as the prices remained low. The electricity shortages that were announced during Summer did not occur due to the continued high imports from surrounding countries. Over Christmas, the electricity price was even slightly negative.

As the revenues generated by 4EnergyInvest depend on the market prices, this resulted in a drop in revenues. Moreover, the market does not show signs of picking up in the coming years, although it is impossible to make accurate forecasts in this respect.

Secondly, the ongoing discussions with the VREG in 2012 revealed that the potential benefits to be obtained from cogeneration for the Ham project are uncertain.

Revision of the financing structure

As several of the developments mentioned above had an immediate negative impact on the (expected) cash flow generation and the overall economics of the assets, the group decided to revisit its financing structure, to avoid liquidity problems.

At the level of Renogen/Amelbio (the entities that operate the Amel 1, 2 & 3 projects) a debt restructuring was agreed upon with KBC in October 2012.

On December 21st an agreement in principle was reached with LRM and the bank consortium ING/KBC, the financial partners of 4HamCogen. This restructuring plan also included a share capital increase with preferential subscription rights for the existing shareholders. The agreement was subject to evolution of the financial and operational performance of the group in the subsequent months.

3.2 Risks and uncertainties

The company continues to be exposed to the general risks as mentioned in the registration document of 30 April 2009.

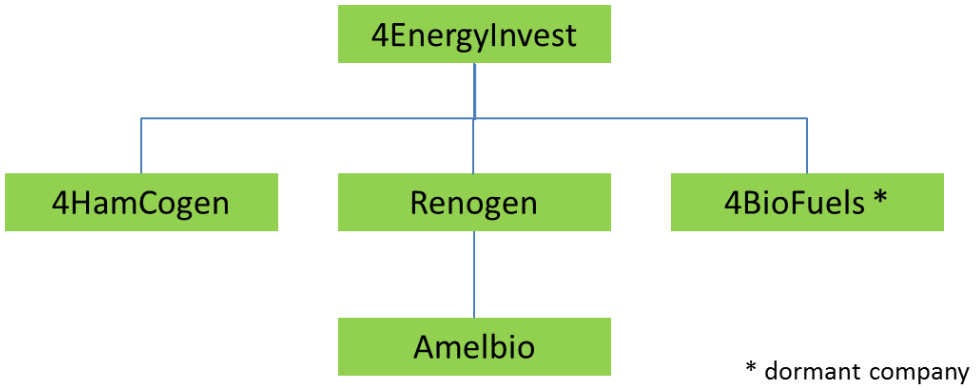
The key uncertainties the Group is confronted with at this point in time, are:

- Evolution of electricity prices;
- Regulatory framework with respect to renewable energy;
- Outcome of the ongoing discussions with the banks and LRM about debt restructuring. This item is particularly important, as the Group's continuity depends on it.

More information on these items can be found in items 3.4, 3.5 and 3.6.

3.3 Comments on the consolidated financial statements

The consolidated financial statements reflect the following group structure as of 31 December 2012:



The consolidated financial statements reflect the following status of the different investment projects pursued by 4Energy Invest as of 31 December 2012:

<u>In operation</u>

- 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”): in pre-commercial operation as from November 2011 (in this phase operations and maintenance remained the responsibility of the contractor that built the installation); in commercial operation as of April 2012 (from this date onwards operations and maintenance became the responsibility of 4HamCogen) (operated within the affiliate 4HamCogen);
- Amel III white wood pellets production project (“Amel III”): in operation as from the first semester of 2012 (operated within the affiliates Renogen/Amel Bio).

<u>Under construction/development</u>

There are currently no more projects under construction or development.

Consolidated statement of comprehensive income of 4Energy Invest for the years ended 31 December 2012, 31 December 2011 and 31 December 2010

	Notes	31-12-12	31-12-11	31-12-10
Sales	1.2.7.1	18,836	11,764	9,545
Other operating income	1.2.7.2	750	1,262	1,441
Total operating income		**19,586**	**13,026**	**10,986**
Operating expenses				
Cost of sales	1.2.7.3	-11,316	-6,352	-5,028
Personnel costs	1.2.7.25	-2,279	-973	-794
Other operating expenses	1.2.7.4	-1,734	-1,525	-1,900
Operating cash flow (EBITDA)		**4,257**	**4,176**	**3,264**
Depreciation, amortisation and provisions	1.2.7.8-15	-6,450	-3,371	-2,842
Impairment of property, plant and equipment	1.2.7.5	-24,184	-3,471	-1,706
Impairment of goodwill	1.2.7.13	0	0	-335
Operating result (EBIT)		**-26,377**	**-2,665**	**-1,619**
Financial income	1.2.7.6	8	7	26
Financial costs	1.2.7.6	-4,326	-2,796	-1,631
Net financial costs		**-4,318**	**-2,789**	**-1,605**
Result before tax		**-30,695**	**-5,455**	**-3,224**
Income tax expense	1.2.7.7	-6,697	1,205	2,128
Result of the period		**-37,392**	**-4,249**	**-1,096**
Result of the period (excl. impact IRS) (1)		**-36,719**	**-3,092**	**-748**
Result of the period (excl. impact IRS/warrant) (2)		**-36,705**	**-3,008**	**-528**
Attributable to:				
Equity holders of 4 Energy Invest		-37,392	-4,249	-1,096
Minority interests		0	0	0
Number of shares		12,520,090	12,520,090	12,520,090
Number of warrants issued (not in-the-money)		647,012	660,011	824,284
Earnings/Share		-2.99	-0.34	-0.09
Diluted earnings/share		-2.99	-0.34	-0.09

	31-12-12	31-12-11	31-12-10
Result of the period	**-37,392**	**-4,249**	**-1,095**
Other comprehensive income:			
Income related to issued warrants	14	85	220
Income tax relating to components of other comprehensive income	0	0	0
Other comprehensive income for the year, net of tax	14	85	220
Total comprehensive income for the year	**-37,377**	**-4,164**	**-875**

The start of the Ham cogeneration project exploitation has a major impact on all aspects of the consolidated income statement.

Turnover of the existing projects (Amel 1 and Amel 2) decreased, due to a 5% decrease in the electricity sales price and a 12% decrease in output quantity, caused by a three yearly scheduled major overhaul and by some unexpected outages. But this was compensated by the revenues generated by the Ham site, amounting to 8 mio euro.

Sales are composed of mainly 3 elements:

- Electricity injected into the grid generates 4.4 mio euro;
- Sale of certificates related to renewable energy (green certificates, CO2…): this is the major source of income (almost 14 mio euro);
- Sale of white wood pellets (produced by Amel 3): this component only began in the first semester of 2012 and generated about 0.5 mio euro in sales.

Other operating income consists of insurance compensation for damages and delays.

The cost of sales over the year 2012 amounted to € 11.3 million, compared to € 6.4 million in 2011 and consisted of purchases of biomass, operating and maintenance expenses and other expenses. The increase resulted from the operations of the Ham project, but also from the increased operating costs of the Amel 1 and Amel 2 sites. The operating and maintenance expenses increased significantly mainly due to the deterioration in biomass quality.

The personnel costs more than doubled, to € 2.3 million, reflecting the increased workforce hired for the new operations.

The resulting EBITDA margin for the year 2012 equals € 4.3 million (22.6% of sales) which is only marginally higher than the 4.2 million (35.6% of sales) realized over 2011. Half of the 2012 EBITDA is realized by the Amel 1 and Amel 2 operations, and the other half by the Ham-project.

The Amel 1 and Amel 2 EBITDA dropped by half compared to last year. Also here, higher operating and maintenance costs are the cause, as well as reduced turnover.

Property, plant and equipment have been depreciated for € 6.2 million over the year 2012. The increase is due to the new installations that are now for the first time depreciated for a full year.

Provisions were recorded for the remaining rent on the Anderlecht headquarters, which are no longer being used and for a dispute about infrastructure works carried out on the Ham site (for a total of € 0.25 million).

The changed market conditions, new insights in the regulatory framework and enhanced comprehension of the side effects of operations (e.g. processing of ashes), resulted in revised business plans for all the installations. The asset values resulting from the discounted expected cash flows from the new business plans, are far lower than the accounting values of the assets. Therefore the Board has decided to adjust the net book values by recording an impairment of € 22.2 million. This comes on top of the impairment recorded on Amel 3 per 30 June 2012.

The impairment reflects the current understanding and conditions in the market – clearly 4Energy Invest strives to improve the economics of the different installations through its discussions with the regulators and the realization of operational improvements, e.g. through the valorization of by-products. 4Energy Invest considers the impairment in the current circumstances realistic. It cannot be excluded, however, that these impairments may be, in part or in whole, revised (upward or downward), in function of developments of electricity prices, changes in the regulatory environment (prices and volumes of green certificates) and operational, financial or other developments. Amongst others, a recovery of the electricity prices would immediately validate a (partial) reversal of this value reduction.

The resulting EBIT margin equals minus € 26.4 million.

The net financial costs of € 4.3 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 an amount of € 3.6 million. This is much higher than last year, as in 2011 the interests related to the non-operational projects were still capitalized;
- A negative evolution in mark-to-market value for € 0.7 million at 31 December 2012 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 a loss of € 30.7 million over the year 2012.

The Board decided to reverse the deferred tax asset, which only represents a value when it can be offset against taxable profits within a reasonable period of time.

The net result for the period equals minus € 37.4 million, which is entirely due to non-cash items, that represent a total cost of € 37.7 million.

Consolidated statement of financial position of 4Energy Invest for the years ended 31 December 2012, 31 December 2011 and 31 December 2010

Assets	Notes	31-12-12	31-12-11	31-12-10
Non current assets		**50,362**	**83,086**	**69,000**
Intangible fixed assets	1.2.7.8	0	165	69
Land and buildings	1.2.7.9	4,463	4,847	2,919
Installations, machinery and equipment	1.2.7.10	40,834	59,766	27,802
Furniture and vehicles	1.2.7.11	23	41	70
Leasing and similar rights	1.2.7.12	5,038	611	783
Other tangible assets	1.2.7.13	0	28	33
Assets under construction	1.2.7.14	0	10,679	31,797
Goodwill	1.2.7.15	0	0	0
Deferred tax assets	1.2.7.16	0	6,697	5,491
Other non current assets	1.2.7.17	4	254	36
Current assets		**6,160**	**6,217**	**4,797**
Inventories	1.2.7.18	934	1,014	1,021
Trade receivables	1.2.7.19	3,417	3,394	1,242
Other receivables	1.2.7.19	163	1,099	1,515
Cash and cash equivalents	1.2.7.20	1,646	710	1,019
Total		56,522	89,303	73,797

Equity and liabilities		31-12-12	31-12-11	31-12-10
Equity		**-14,869**	**22,509**	
Share capital	1.2.7.21	6,387	6,387	6,387
Share premium		18,104	18,104	18,104
Retained earnings		-39,360	-1,982	2,182
Equity attributable to equity holders		-14,869	22,509	26,673
Minority interests		0	0	0
Total equity		-14,869	22,509	26,673
Non current liabilities		**28,504**	**54,333**	
Interest bearing loans and borrowings	1.2.7.21	28,265	54,333	37,843
Deferred tax liability	1.2.7.16	0	0	0
Provisions	1.2.7.25	239	0	0
Current liabilities		**42,887**	**12,462**	
Interest bearing loans and borrowings	1.2.7.22	36,318	5,718	4,610
Trade payables	1.2.7.23	2,961	3,563	3,070
Other payables	1.2.7.23	3,609	3,181	1,600
Total		56,522	89,303	73,796

The balance sheet total has dropped significantly as the result of the impairments.

There are no more assets under construction, as all projects are now fully operational. The asset value is impacted severely by the € 22.4 million additional impairment that is booked based on the current understanding of the market and our operations, and reflecting the changed cash flow forecasts.

Inventories consist of the biomass supply and stocks of spare parts for the installations, and to a small extent of pellets ready to be sold.

Trade receivables are composed of the electricity and green certificates to be invoiced and received. They only contain very recently produced items (4th quarter). There are no doubtful receivables.

Other receivables have dropped significantly, due to amongst others an impairment of a € 0.6 million subsidy to be received. As the payout of this amount is no longer 100% certain due to time limitations, it has been reversed. The final decision in this respect is expected in July 2013.

The high cash balance is a working capital buffer, necessary to face the timing differences in payments received from our clients, and the cash disbursements needed to operate the plants (salaries, procurement of biomass…).

Shareholder equity reflects the negative result of the year, and is severely impacted by the impairments recorded on the installations and the deferred tax asset.

The total amount of interest bearing loans has increased, reflecting the last investments in the installations, especially in Ham. As 4HamCogen is presently in breach of the financing agreements with the bank consortium ING/KBC and LRM, and the standstill only runs until August 2013, the full debt amount is to be considered a current liability.

Trade payables include invoices payable to suppliers of biomass, services and contractors. There are no amounts substantially overdue.

Other payables are composed of payroll related provisions, VAT payable and miscellaneous accrued charges.

Financing has been increased in 2012 by 4,1 million EUR net: this is composed of debt reimbursements of 2,1 million EUR and new/increased debt of 6,2 million EUR. The new debt relates mainly (3,5 million EUR) to the Ham facilities. As the Group is in breach of its financing agreements with ING-KBC and LRM for the Ham facilities, all debt is considered short term, as it is immediately callable when the standstill period expires, if no debt restructuring is agreed.

Outstanding debts per site:

	31/12/2012	31/12/2011
Renogen facilities Amel I	11,763	11,437
Renogen facilities Amel II	8,794	8,550
Renogen facilities Amel III	9,630	9,617
4HamCogen facilities ING-KBC	26,577	23,985
4HamCogen facilities LRM	5,500	4,661
Amelbio fuel preparation facilities	512	598
Straight loans and cash credits	1,237	1,016
Accrued interests	569	187
	64,582	60,051

3.4 Outlook for the year 2013

4Energy Invest's annual results 2013 are expected to be influenced by:

- Further optimization of operations in Ham and Amel

  This will include amongst others putting in place an action plan to decrease important cost parameters, like processing cost of ashes, purchase price of biomass etc. Such an action plan might require additional investments and/or improvements to the current equipment and needs to take into account the requirements imposed by the environmental regulation.

- Evolution of electricity prices

  Electricity prices currently experienced in the wholesale power market for the output of the cogeneration facilities remain very depressed. Revenues will be impacted immediately when the electricity markets recover. It is impossible to predict whether, when and to what extent this will happen.

- Regulatory environment for renewable energy

  The regulatory environment with respect to green certificates is critical for the economics of the projects. Changes hereto will have a critical impact (positive or negative) on the financials of the group.

- Outcome of the ongoing debt restructuring

  4EnergyInvest confirms that it needs a further important restructuring of its existing credit at both Renogen/Amelbio and 4HamCogen level in order to be able to fulfill the financial obligations over 2013 and beyond.

  The outcome of the ongoing discussions on debt restructuring with the financial partners of 4EnergyInvest will have a major impact on the viability of the group. If no satisfactory solution can be agreed upon by the end of the standstill period (30 August 2013) continuity is at stake.

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

The following events that took place in 2013 have a significant impact on the Group:

1. A commercial settlement was reached with EON Benelux

A commercial settlement was reached with EON Benelux on the interpretation of the respective contractual rights and obligations as included in the off-take contract for electricity and green certificates for the Ham project.

2. Lowered expectations for 2013

The lower forecasts for electricity prices, the increased operating costs (among others due to environmental and technical requirements) and the lower than expected benefits for cogeneration in Ham, lowered the financial plan for 2013 and the years thereafter. Consequently the debt reimbursement schedules needed to be revisited.

3. Cogeneration benefits for the Ham project lower and less likely

4Energy Invest has ongoing consultations with the VREG about the cogeneration algorithm for the Ham Cogeneration project. The heat off-take and the sale of related cogeneration certificates (WKK) is known to be critical for the economics of the Ham cogeneration project going forward.

The algorithm that is currently on the table poses 2 problems:

- Under the new system of 'Qualitative WKK' a minimum cogeneration volume has to be achieved before WKK certificates can be obtained. This threshold is set so high, that the probability of realizing this in the coming years has become very low.
- Even when the cogeneration status is achieved, the number of WKK certificates that will be realized under the new system of 'Qualitative WKK' is much lower than expected and does not compensate for the loss of green certificates (GSC).

This seriously impairs the economic viability of the Ham-project, if the other variables (electricity and GSC prices) remain low.

4. Debt restructuring agreement of 21st December 2012 aborted and new standstill agreed upon

In view of the group's current and expected financial and operational condition and prospects, impacted by the evolutions described above, Renogen and 4HamCogen will not be able to meet their debt repayment obligations as they are currently structured and would be amended by the agreement of 21 December 2012.

Therefore 4Energy Invest needed to abort its plans to raise new capital as described in the press release of 21^{st} of December 2012.

ING, KBC and LRM have agreed to a standstill on scheduled principal repayments of the group until August 30, 2013.

In the coming months, 4Energy Invest intends to try and further restructure its debt at the level of both its subsidiaries. If the group does not succeed in bringing its financial obligations in line with its debt service capacity before the expiry of the standstill, on August 30, 2013 at the latest, it will be confronted with significant liquidity problems and with a risk of discontinuity in both its subsidiaries.

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

The elements that can significantly affect the development of the Group have been discussed in items 3.4 and 3.5.

If a satisfactory debt restructuring agreement is reached, the future profitability of the Group depends on the evolutions in the electricity markets and in the regulatory framework for (renewable) energy.

3.7 Information regarding research and development activities

4Energy Invest focuses on operating its existing intallations in the affiliates Renogen/Amelbio and 4HamCogen. It is currently not carrying out any research and development activities.

The software package to operate its Bio-Coal production facility has been fully written off, as under the current conditions it cannot be used, licensed nor sold.

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 Group entered into interest rate swaps to stabilize its financial costs related to the financing of its projects. A negative evolution in mark-to-market value of EUR 0.7 million at 31 December 2012 impacted the financial result of the year.

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 2012, 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.

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.

As the authorization with respect to authorized capital expires, the board of director will request the Shareholders for a renewal of the authorization for a period of 5 years. A special report in this respect has been prepared and is attached in chapter 7.

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 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)

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

In view of the size of the Company and the changes the Company is undergoing, the Board has assumed all tasks and responsibilities of these committees at Board level, in order to reduce costs and enhance and speed up the decision making process. This approach will probably be maintained throughout 2013.

Hamaco BVBA, with permanent representative Henri Meyers, is an independent director. ContinuousInsight2Impact BVBA, with permanent representative Filip Lesaffer, Nadece BVBA, with permanent representative Nathalie De Ceulaer, and Gerd Smeets are competent in accounting and auditing as evidenced by their previous and current activities as investment director and CFO, and the director offices they exercise in several companies.

Going forward, in the event that the board of directors assumes tasks and responsibilities of the audit committee, the meeting will not be chaired by the Executive Chairman, but by a non-executive director.

For more information on the internal control and risk management systems, refer to section 5.16.5.

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 DECEMBER 2012 (RPR BRUSSEL – VAT BE 0876.488.436)

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the financial statements for the year ended December 31, 2012, as defined below, as well as our report on other legal and regulatory requirements.

REPORT ON THE FINANCIAL STATEMENTS – DISCLAIMER OF OPINION

We have audited the financial statements of 4Energy Invest for the year ended December 31, 2012, prepared in accordance with the legal and regulatory requirements applicable in Belgium, with total assets of 134.268,31 EUR and the income statement shows a loss for the year of 18.855.678,66 EUR.

Board of directors' responsibility for the preparation of the financial statements

The board of directors is responsible for the preparation and fair presentation of the Financial statements in accordance with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory joint auditor's responsibility

Our responsibility is to express an opinion on the 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the company and group's officials and board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, with emphasis of matter paragraph.

Disclaimer of opinion

We refer to the uncertainties described in the annual report concerning the obtaining of a further restructuring of the existing credit facilities at both Renogen and 4HamCogen level and the need to strengthen the capital structure of 4Energy Invest. If no satisfactory restructuring of the existing credit facilities will be achieved, or if no additional funds will be found, the going concern of the company can no longer be guaranteed. In the case the company will not be able to continue as a going concern, additional impairments and corrections may be required.

Taking into account the considerable uncertainties with respect to the group's going concern described above, we are unable to express an opinion whether the financial statements give a true and fair view of the company's assets and liabilities, its financial position as of 31 December 2012, and of its results for the year then ended, in accordance with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

In the framework of our mandate, our responsibility is, in all material aspects, to report our findings with respect to certain legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify our 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, we are required to report the following transactions that have occurred since the last Annual General Meeting:

The board of directors reported on the decision of December 2012 in respect of a rights offering. More specifically, Continuous Insight2Impact BVBA (or at least its permanent representative, Filip Lesaffer) had a possible conflict of interest because he directly or indirectly owned shares in Think2Act Capital NV and Think2Act Arkiv NV, and since Article 9 of the Commitment Letter stipulated that, in the event that certain conditions are met, 4Energy Invest must pay an amount of 300.000 Eur to Think2Act Capital NV and Think2Act Arkiv NV.

- Without prejudice to formal aspects of minor importance, and taking into account the uncertainties mentioned in this report regarding our opinion, we cannot comment on the fact that the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium. There are no transactions undertaken of decisions taken in violation of the company's by-laws of the Company Code that we have report to you.

- The appropriation, presented to the General Meeting complies with the legal and statutory conditions.

Zele, April 22, 2013

VGD Bedrijfsrevisoren Burg. CVBA

Represented by Jurgen Lelie

Spinnerijstraat 12

9240 ZELE

5. REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2012 IN ACCORDANCE WITH ARTICLE 96 OF THE BELGIAN COMPANY CODE[3]

The following report has been established by the Board of Directors pursuant to article 96 of the Belgian Company Code on April 19, 2013 for submission to the annual general shareholders' meeting of May 23, 2013. 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, 2012.

[3] All amounts in this section refer to Belgian GAAP non-consolidated figures (Belgian statutory company accounts).

5.1 Abbreviated statutory financial statements for the accounting years ended 31 December 2012 and 31 December 2011

The information included in this section is an extract from the draft statutory financial accounts. The full set can be consulted in the investors section of 4Energy Invest of 4Energy Invest's website (www.4energyinvest.com) or is available upon request. All amounts indicated are in Euro.

Balance sheet (in euro)	31/12/12	31/12/11
Formation expenses	0	0
Intangible fixed assets	0	143,801
Tangible fixed assets	11,052	60,805
Financial fixed assets	3,521	12,992,278
a. Participations	*99*	*3,513,856*
b. Debt receivable	*0*	*9,475,000*
c. Other financial fixed assets	*3,422*	*3,422*
Total non currentassets	14,573	13,196,884
Inventories	0	0
Trade receivables	75,341	214,544
Other receivables	16,833	5,744,681
Cash and cash equivalents	3,888	74,071
Deferred charges and accrued income	23,633	54,432
Total current assets	119,695	6,087,728
TOTAL ASSETS	**134,268**	**19,284,612**
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)	-32,217,020	-13,361,341
Investment grants	0	0
Total shareholders equity	-257,120	18,598,559
Provisions	98,607	0
Debts > 1 year	0	0
Debts > 1 year falling due within one year	0	0
Interest bearing loans and borrowings	0	0
Trade payables	250,266	379,551
Taxes, salaries, social charges	12,486	28,884
Other payables	0	260,906
Deferred income and accrued charges	30,029	16,712
Total current liabilities	292,781	686,053
TOTAL LIABILITIES	**134,268**	**19,284,612**

Profit & loss (in '000 euro)	31/12/12	31/12/11
Operating income	783,124	832,591
Revenue	707,500	665,724
Other operating income	75,624	166,867
Operating expenses	921,539	1,665,942
Services & goods	834,261	1,546,852
Personnel costs	80,806	112,117
Other operating expenses	6,472	6,973
Operating cash flow (EBITDA)	-138,415	-833,351
Depreciation and amortization	-24,505	-24,849
Provisions	-98,607	0
Operating result	-261,527	-858,200
Financial income	565,318	634,591
Financial costs	-1,006,131	-372,767
Profit/(loss) from activities	-702,340	-596,376
Exceptional income	260,906	0
Exceptional costs	-18,414,245	-11,302,779
Profit/(loss) before taxes	-18,855,679	-11,899,155
Taxes	0	0
Profit/(loss) after tax	-18,855,679	-11,899,155

5.2 Statutory capital of 4Energy Invest NV

	31/12/12	31/12/11
Capital		
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

5.3 Summary of significant statutory accounting policies of 4Energy Invest NV

5.3.1 Basic Principles

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.

5.3.2 Special accounting rules

5.3.2.1 Incorporation expenses

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

5.3.2.2 Intangible assets

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

5.3.2.3 Property, plant and equipment

1. 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.

2. 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 as follows:

Asset category	Depreciation method
Plant, machinery and equipment	20% straight-line
Furniture	20% straight-line
Vehicles	20% straight-line
Offices	20% straight-line
Fixtures and fittings for rented buildings	11.11% straight-line

5.3.2.4 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.

5.3.2.5 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.

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

5.3.2.6 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.

5.3.2.7 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.

5.3.2.8 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.

5.3.2.9 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.

5.3.2.10 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.

5.4 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 (Pellet production).

5.4.1 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. Operating margins decreased in 2012, mostly due to deterioration in the quality of the biomass that fuels the installation, and also further to some scheduled, but also some unplanned outages. The deterioration of the quality of the incoming biomass is partly caused by the increased volumes the Group is consuming, now the Ham Cogeneration project is also fully active.

In December 2009 the company (through its subsidiary 4Ham Cogen) started the construction of a wood biomass cogeneration project in Ham (Flanders, Belgium). 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 operated the installation throughout 2012: first in pre-commercial operation under the responsibility of the building contractor until April 2012 (at this date the installation was taken over from the building contractor, that until then remained responsible for the operation and maintenance of the site), and after this date autonomously.

The Group now operates 3 cogeneration installations at 2 sites:

- Amel I and II at the site in Amel, operated by legal entities Renogen/Amelbio
- Ham at the site in Ham, operated by legal entity 4HamCogen

5.4.2 Pellet production

The company (through its subsidiary Renogen) started in February 2009 the construction of a biomass torrifaction unit (referred to as Amel III) to produce torrified wood pellets (BioCoal) for co-firing with pulverized coal in electricity generating facilities. The complexity of this technology proved to be beyond the financial capacity and the technical capability of the Group. Therefore in 2012 the Group sought a strategic partner to further develop this project. As no such alliance could be formed, the BioCoal project has been aborted, and the installation has been converted into a more basic white wood pellets production facility.

White wood pellets have a lower energy content than torrified wood pellets and are easier to produce. The production process is quite standardized. It should be noted that the installation is not optimally dimensioned for the production of white wood pellets, as it was designed for the production of torrified wood pellets. Therefore adjustments to the installation had to be made, and some more will take place in 2013.

5.5 Comments on the statutory financial statements

5.5.1 Statutory balance sheet

Intangible assets were composed mainly of software developed in the framework of the BioCoal project. As the project has been aborted and it is unlikely that the software can put to alternate use, it has been fully impaired.

The non-current financial assets reflect the holding company nature of 4Energy Invest. They drop significantly, as they are composed of:

- The three financial participations of 4Energy Invest in Renogen, 4Ham Cogen and 4Biofuels.

  As scheduled a capital increase through conversion of debt into equity took place for Renogen in2012, for 6.1 million EUR.

  The Board has decided to fully impair these participations. This decision was based on a thorough analysis of the expected discounted cash flows for each of the daughter entities, taking into account current markets and conditions, and integrating sensitivity analysis to allow for uncertainties. This evaluation revealed that the net present value of the discounted cash flows (= entreprise value) is lower than the outstanding external debts for these entities. This implies that if no material changes occur, no shareholder value can be recognized for these entities.

- Subordinated debt facilities that have been structured with Renogen and with 4Ham Cogen to comply with the requirements under the covenants for the respective financings of Renogen and 4Ham Cogen.

  As a result of the impairment exercise described in the previous paragraph, the probability of reimbursement of these debts is low, and therefore they have been fully impaired as well.

- The remaining non-current assets relate to cash deposits.

For current assets, a similar development took place, as the current accounts receivable towards the affiliates Renogen and 4HamCogen were also fully impaired. These current accounts had increased over the year, as they included accumulated interests on the intercompany loans.

The cash and cash equivalents position reflect the level of cash at end December 2012.

Shareholder's equity (minus 257 k 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 32,217,020 EUR.

The provision of 98,607 EUR relates to the Anderlecht office: this office is no longer used as all staff moved to the operational sites. Contractually the rent has to be paid until 30 September 2014. This amount has been provisioned. If another occupant would be found before the end date, the rent will be no longer due, and the provision can be reversed.

No long-term debt is outstanding.

The short-term debts for 262,752 EUR consist of commercial debts (mostly trade payables related to consultancy agreements with executive directors).

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.

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

To finance the Ham cogeneration project, daughter entity 4HamCogen obtained credit facilities, to which 4Energy Invest is also party. It has taken the following engagements:

1. 4Energy Invest shall fund any cost overruns in relation to the cogeneration project in Ham by way of equity and/ or subordinated debt.
2. 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).
3. 4Energy Invest shall procure that no change of control occurs over 4Ham Cogen.
4. 4Energy Invest shall not (and will ensure that 4HamCogen shall not) abandon all or a material part of the cogeneration project in Ham.
5. 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;
6. 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.

On 21 December 2012 a conditional debt restructuring agreement was signed, further to which (amongst others) the commitments of 4Energy Invest would be reduced significantly. However, in the first quarter of 2013, all parties recognized that the conditions for the new debt restructuring were not fulfilled and it is therefore no longer valid. Meanwhile a standstill has been granted until 30 August 2013.

5.5.3 Commitments towards LRM in the framework of the 4HamCogen project

4Energy Invest signed a co-debtor clause under the subordinated debt agreement between 4HamCogen and LRM. 4Energy Invest will as a result have to assume all payment obligations of principal and interest to the extent 4Ham Cogen cannot 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.

On 21 December 2012 a conditional debt restructuring agreement was signed, further to which (amongst others) the relationship between 4Energy Invest and LRM would change significantly. However, in the first quarter of 2013, all parties recognized that the conditions for the new debt restructuring were not fulfilled and it is therefore no longer valid. Meanwhile a standstill has been granted until 30 August 2013.

5.5.4 Statutory profit & loss account

The company's turnover mainly reflects the invoicing of recurrent management services to its subsidiaries for 707,500 EUR. Other operating income for 75,624 EUR relates to expenses that were recharged to the subsidiaries, mainly for insurance and legal support.

Among goods and services for 834,261 EUR, 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 holding company was originally set up in anticipation of considerable further growth of the Group, and bore major costs related to project development. In 2012 the cost structure was further downsized significantly, which in turn generated additional costs, e.g. termination of consulting agreements, and termination of the Anderlecht office rent contract (the contract runs until 30 September 2014, but the amounts due until the termination date have been fully provided for against the 2012 results). As a result the budget 2013 foresees operational break-even.

The financial income for 565,318 EUR mainly reflects the interests charged to the subsidiaries on the subordinated debt and on the current account receivables positions.

The impairments recorded on the intercompany participations and loans hit the result heavily. These were the result of a thorough evaluation based on expected discounted cash flows, that revealed that the enterprise value of 4Energy Invest's subsidiaries is – under current markets and conditions – lower than their respective third party indebtedness. Therefore all amounts related to the subsidiaries were fully impaired, for a total amount of 19.1 million EUR.

in '000 euro	*Renogen*	*4HamCogen*	*Total*
Participation	6,815	2,850	9,665
Loan	4,937	3,475	8,412
Current account	58	938	996
Total	11,811	7,263	19,074

The company has not yet received any dividends from its subsidiaries, and it is unlikely that it will in the foreseeable future.

Distribution of profits/losses

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

Profit/(loss) of the financial year	- 18,855,679
Losses carried forward from previous financial years	- 13,361,341
Losses to be carried forward	**- 32,217,020**

5.6 Risk management and management of uncertainties

As 4Energy Invest is a holding company, it indirectly bears the risks born by its operational subsidiaries.

These relate mainly to:

- Market evolutions for electricity, and to a minor extent white wood pellets;
- The regulatory framework for renewable energy;
- The outcome of the ongoing discussions with the banks with respect to debt restructuring.

A more elaborate description can be found in the Board report on the consolidated accounts (in section 3).

5.7 Important events which occurred after the end of the fiscal year

As 4Energy Invest is a holding company, events related to its subsidiaries directly impact the Company itself. The following events that took place in 2013 have a significant impact on the subsidiaries:

1. A commercial settlement was reached with EON Benelux

A commercial settlement was reached with EON Benelux on the interpretation of the respective contractual rights and obligations as included in the off-take contract for electricity and green certificates for the Ham project.

2. Lowered expectations for 2013

The lower forecasts for electricity prices, the increased operating costs (among others due to environmental and technical requirements) and the lower than expected benefits for cogeneration in Ham, lowered the financial plan for 2013 and the years thereafter. Consequently the debt reimbursement schedules needed to be revisited.

3. Cogeneration benefits for the Ham project lower and less likely

4Energy Invest has ongoing consultations with the VREG about the cogeneration algorithm for the Ham Cogeneration project. The heat off-take and the sale of related cogeneration certificates (WKK) is known to be critical for the economics of the Ham cogeneration project going forward.

The algorithm that is currently on the table poses 2 problems:

- Under the new system of 'Qualitative WKK' a minimum cogeneration volume has to be achieved before WKK certificates can be obtained. This threshold is set so high, that the probability of realizing this in the coming years has become very low.
- Even when the cogeneration status is achieved, the number of WKK certificates that will be realized under the new system of 'Qualitative WKK' is much lower than expected and does not compensate for the loss of green certificates (GSC).

This seriously impairs the economic viability of the Ham-project, if the other variables (electricity and GSC prices) remain low.

4. Debt restructuring agreement of 21st December 2012 aborted and new standstill agreed upon

In view of the group's current and expected financial and operational condition and prospects, impacted by the evolutions described above, Renogen and 4HamCogen will not be able to meet their debt repayment obligations as they are currently structured and would be amended by the agreement of 21 December 2012.

Therefore 4Energy Invest needed to abort its plans to raise new capital as described in the press release of 21st of December 2012.

ING, KBC and LRM have agreed to a standstill on scheduled principal repayments of the group until August 30, 2013.

In the coming months, 4Energy Invest intends to try and further restructure its debt at the level of both its subsidiaries. If the group does not succeed in bringing its financial obligations in line with its debt service capacity before the expiry of the standstill, on August 30, 2013 at the latest, it will be confronted with significant liquidity problems and with a risk of discontinuity in both its subsidiaries.

5.8 Information regarding research and development activities

4Energy Invest focuses on operating its existing intallations in the affiliates Renogen/Amelbio and 4HamCogen. It is currently not carrying out any research and development activities.

The software package to operate its Bio-Coal production facility has been fully written off, as under the current conditions it cannot be used, licensed nor sold.

5.9 Information regarding the existence of company's branch offices

The company has no branch offices.

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

The following elements impact the future of the subsidiaries:

- ***Further optimization of operations in all subsidiaries, to improve financial and operational performance***
  This will include amongst others putting in place an action plan to decrease important cost parameters, like processing cost of ashes, purchase price of biomass etc. Such an action plan might require additional investments and/or improvements to the current equipment and needs to take into account the requirements imposed by the environmental regulation.

- ***Evolution of electricity prices***
  Electricity prices currently experienced in the wholesale power market for the output of the cogeneration facilities remain very depressed. Revenues will be impacted immediately when the electricity markets recover. It is impossible to predict whether, when and to what extent this will happen.

- ***Regulatory environment for renewable energy***
  The regulatory environment with respect to green certificates is critical for the economics of the projects. Changes hereto will have a critical impact (positive or negative) on the financials of the group.

- ***Outcome of the ongoing debt restructuring***
  4EnergyInvest confirms that it needs a further important restructuring of its existing credit at both Renogen/Amelbio and 4HamCogen level in order to be able to fulfill the financial obligations over 2013 and beyond.

  The outcome of the ongoing discussions on debt restructuring with the financial partners of 4EnergyInvest will have a major impact on the viability of the group. If no satisfactory solution can be agreed upon by the end of the standstill period (30 August 2013) continuity is at stake.

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

The company does not make use of financial instruments.

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 4HamCogen.

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

5.12 Justification of valuation rules (art 96, 6° of the Belgian Company Code)

The accumulated losses over the past years, and particularly the impairments recorded in 2012, result in negative equity. Therefore the Board prepared a special report for the Shareholders, in compliance with article 633 of the Belgian Company Code (attached in section 6).

The continuity of the Company is highly dependent on the outcome of the ongoing discussions with its financing partners. 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 all parties are committed to search for a solution by the end of the standstill period, 30 August 2013.

If no satisfactory debt restructuring is achieved, continuity is at stake. This would impact the financial statements as follows:

- Valuation of assets: very limited impact, as all major fixed and current assets have already been impaired (see 5.5.4) and the carrying value of participations in and receivables from affiliated companies hence has been reduced to zero;
- Off balance sheet obligations:
    - Towards personnel: severance pay to be paid out to 1 employee;
    - Towards suppliers: all contracts are short term, no termination cost involved;
    - On rent contracts (Anderlecht office): remaining rent to be paid until the end of the contract is already fully provided for.

5.13 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 2012:

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.

Minutes of the Board of Directors of December 19th 2012 in respect of a Rights Offering

Prior to the deliberations, the director Continuous Insight2Impact BVBA, represented by Mr. Filip Lesaffer informed the meeting that it possibly had an interest of a financial nature that was in conflict with the interests of the Company.

More specifically, Continuous Insight2Impact BVBA (or at least its permanent representative) had a possible conflict of interest because it directly or indirectly owned shares in Think2Act Capital NV and Think2Act Arkiv NV, while Article 9 of the Commitment Letter stipulated that, in the event that certain conditions are met, the Company must pay an amount of EUR 300,000 to Think2Act Capital NV and Think2Act Arkiv NV.

In view of the foregoing and in accordance with Article 523 of the Belgian Company Code, the director concerned proposed not to take part in the deliberations and resolutions relating to the approval and execution of the Commitment Letter on behalf of the Company. The other members of the board of directors agreed with this proposal.

The statutory auditor of the Company would be informed of the aforementioned declaration by the director concerned.

After having explained the nature of its conflict of interest, the director concerned (and its permanent representative) left the meeting, in accordance with Article 523 of the Belgian Company Code.

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

The meeting began with the deliberation.

Nico Terry BVBA, represented by Mr. Nico Terry, submitted to the meeting the most recent draft of the commitment letter, to be entered into by and between, on the one hand, the Company and, on the other hand, Think2Act Capital NV and Think2Act Arkiv NV, in relation to the Rights Offering (the “**Commitment Letter**”).

Each of the present Directors confirmed to have received a copy of the Commitment Letter prior to the meeting and to have taken note thereof.

Nico Terry BVBA, represented by Mr. Nico Terry, requested that a copy of the Commitment Letter would be attached to the minutes of this meeting.

The present Directors then examined whether and to what extent the approval by the Company of the Commitment Letter, the exercise by the Company of its rights under or in connection with the Commitment Letter and the performance by the Company of its obligations under the Commitment Letter, benefit the Company.

Upon deliberation on and consideration of the above, the Board of Directors was of the good faith opinion that the transactions contemplated in the Commitment Letter were in the best interest of the Company.

Thereafter, the following resolutions were adopted:

- ***The Board of Directors resolved:***
    - that the terms and conditions of the Commitment Letter and the transactions contemplated thereby (the "Commitment Letter Transactions"), in the form as submitted to the Board of Directors, or as amended in accordance with paragraph (b) below, be and hereby are approved;
    - that the execution, initialing and delivery of the Commitment Letter, in the form as submitted to the Board of Directors, or as amended in accordance with paragraph (b) below, be and hereby are approved; and
    - that the performance by the Company of its obligations under the Commitment Letter, in the form as submitted to the Board of Directors, or as amended in accordance with paragraph (b) below, be and hereby is approved.
- ***The Board of Directors resolved that each Director of the Company (together the "Commitment Letter Signatories" and each a "Commitment Letter Signatory") be and hereby is granted a special power of attorney, acting separately and each with individual power of substitution, to, in the name and on behalf of the Company,***
    - finalize the Commitment Letter to be signed by or on behalf of the Company to the extent that it would not yet have been finalized and agree to such amendments that the Commitment Letter Signatory may agree to and that are deemed necessary, useful or appropriate by said Commitment Letter Signatory (such agreement and belief to be evidenced by the execution of the Commitment Letter by the Commitment Letter Signatory in name and on behalf of the Company);
    - initial, sign and deliver the Commitment Letter to be signed by or on behalf of the Company, in the form as submitted to the meeting or with such amendments as permitted under sub-paragraph (b)(i) above; and
    - execute and deliver such other agreements, registers, deeds, certificates, instruments, notices, requests, mandates and other documents and undertake all other acts in relation to the Commitment Letter that the Commitment Letter Signatory may agree to and that are deemed necessary, useful or appropriate by said Commitment Letter Signatory (such agreement and belief to be evidenced by the execution of such documents and/or the undertaking of such acts by the Commitment Letter Signatory in name and on behalf of the Company).

Thereafter, the Chairman was called back into the meeting.

5.14 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 disclosed in the report of the Board of Directors on the consolidated financial statements for the financial year ended 31 December 2012 in accordance with article 119 of the Belgian Company Code (see section 3.9).

5.15 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)

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

In view of the size of the Company and the changes the Company is undergoing, the Board has assumed all tasks and responsibilities of these committees at Board level, in order to reduce costs and enhance and speed up the decision making process. This approach will probably be maintained throughout 2013.

Hamaco BVBA, with permanent representative Henri Meyers, is an independent director. ContinuousInsight2Impact BVBA, with permanent representative Filip Lesaffer, Gerd Smeets and Nadece BVBA, with permanent representative Nathalie De Ceulaer are competent in accounting and auditing as evidenced by their previous and current activities as investment director and CFO, and the director offices they exercise in several companies.

Going forward, in the event that the board of directors assumes tasks and responsibilities of the audit committee, the meeting will not be chaired by the Executive Chairman, but by a non-executive director.

5.16 Corporate Governance Statement (art 96 § 2 Belgian Company Code)

5.16.1 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

5.16.2 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 only one independent director. As such, 4Energy Invest currently does not fully comply with the principles of the code. Given the Company's current uncertain situation, it is very difficult to attract people with sufficient competence and skills who would be willing to act as independent director of the Company.

These members are:

Name	Position	Start Term	End Term
Enerpro SPRL, with permanent representative Yves Crits (CEO)	Non-executive director	2012	2016
VEM BVBA, with permanent representative Philiep Van Eeckhout	Non-executive director	2012	2016

Enermoza BVBA, with permanent representative Guido Schockaert	Non-executive director	2012	2016
Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer	Executive chairman	2012	2016
Hamaco BVBA with permanent representative Henri Meyers (independent director)	Non-executive, independent director	2012	2016
Nadece BVBA, with permanent representative Nathalie De Ceulaer	Executive director	2013	2016

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. Please also refer to “Overview of executive directors” set forth in 5.16.3.4(vi).

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 2012, the board of directors met 15 times, and the overall attendance rate by directors was 100 %.

Attendance at meetings of the board of directors:

Name	Comment	Board meetings attended
Enerpro SPRL, with permanent representative Yves Crits		13
Nico Terry BVBA, with permanent representative Nico Terry	Resigned 28/02/2013	15
Enermoza BVBA, with permanent representative Guido Schockaert		15
Continuous Insight2Impact BVBA, with permanent representative Filip Lesaffer		15
Hamaco BVBA with permanent representative Henri Meyers (independent director)		15
Mr. Gerd Smeets	Resigned 24/07/12	3
VEM BVBA, with permanent representative Philiep Van Eeckhout	Coopted 23/11/2012	3

Note on 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, Hamaco BVBA with permanent representative Henri Meyers is independent director. The board of directors is of the view that the current independent director complies with each of the relevant criteria of the Belgian Company Code. This means that the guideline of 3 independent directors is currently not met. Given the Company's current uncertain situation, it is very difficult to attract to attract persons with sufficient competence and skills who would be willing to act as independent director of the Company.

5.16.3 Committees within the board of directors

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

In view of the size of the Company and the changes the Company is undergoing, the Board has assumed tasks and responsibilities of these committees at Board level, in order to reduce costs and to enhance and speed up the decision making process. This approach will probably be maintained throughout 2013.

The following paragraphs describe the composition and functioning of the committees, should they be present.

5.16.3.1 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.

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.

In view of the size of the Company and the changes the Company is undergoing, the Board has assumed tasks and responsibilities of the audit committee at Board level, in order to reduce costs and to enhance and speed up the decision making process. This approach will probably be maintained throughout 2013.

5.16.3.2 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.

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.

In view of the size of the Company and the changes the Company is undergoing, the Board has assumed tasks and responsibilities of the nomination and remuneration committee at Board level, in order to reduce costs and to enhance and speed up the decision making process. This approach will probably be maintained throughout 2013.

5.16.3.3 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.

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.

In view of the size of the Company and the changes the Company is undergoing, the Board has assumed tasks and responsibilities of the advisory committee at Board level, in order to reduce costs and to enhance and speed up the decision making process. This approach will probably be maintained throughout 2013.

5.16.3.4 Evaluation process

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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 2 non-executive directors are temporarily taking on some executive responsibilities, until a long term solution is found for the vacant CEO and CFO positions:

- ContinuousInsight2Impact, with permanent representative Filip Lesaffer – Executive Chairman;

- Nadece BVBA, with permanent representative Nathalie De Ceulaer – CFO ad interim.

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

5.16.4 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.

5.16.4.1 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.

(i) 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.
- 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.

(ii) 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, 2012 is based on a fixed hourly rate for the time spent. Executive directors do not receive any performance-related remuneration, incentives granted in shares, options or any other right to acquire shares, or pension benefits.

5.16.4.2 Remuneration and benefits granted to directors

(i) 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.

(ii) Non-executive directors

For the financial year ended on December 31, 2012, ContinuousInsight2Impact represented by Filip Lesaffer received a total remuneration of € 40,000 as chairman of the board of directors. The other non-executive member of the board of directors (Hamaco BVBA represented by Henry Meyers) received a total remuneration of € 20,000.

Enermoza BVBA, represented by Guido Schockaert served as executive director of 4Energy Invest till end 2010. In 2012, 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, 2012 of BVBA Enermoza, represented by Guido Schockaert in its capacity as non executive director amounts to € 14,460.

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.

(iii) 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 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. Since no strategic alliance was formed, Enerpro SPRL has now waived its rights to this outstanding compensation.

As per September 30, 2012 the services agreement with Enerpro SPRL and Yves Crits came to an end.

The annual remuneration of the CEO for the financial year ended on December 31, 2012 amounted to € 90,000 (excluding professional costs), consisting of a fixed remuneration of € 10,000 paid on a monthly recurrent basis. It was decided that no variable remuneration would apply over 2012. 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 € 12,257 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, 2012. 4Energy Invest has no obligations to pay any pension retirements or similar benefits to Mr.Yves Crits or Enerpro SPRL.

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 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. Since no strategic alliance was formed, Enerpro SPRL has now waived its rights to this outstanding compensation.

The services agreement with Nico Terry BVBA came to an end in February 2013.

The annual remuneration for the financial year ended on December 31, 2012 of BVBA Nico Terry, represented by Nico Terry amounts to € 102,730 (excluding professional costs). It was decided that no variable remuneration would apply over 2012. 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 € 12,813 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, 2012. 4Energy Invest has no obligations to pay any pension retirements or similar benefits to Mr. Nico Terry or Nico Terry BVBA.

ContinuousInsight2Impact BVBA, represented by Filip Lesaffer

ContinuousInsight2Impact BVBA, represented by Filip Lesaffer, was appointed executive chairman in July 2012. The remuneration for the temporary executive work amounts to 680 euro per day (excluding professional costs).

The annual remuneration for the financial year ended on December 31, 2012 ContinuousInsight2Impact BVBA, represented by Filip Lesaffer in its capacity as executive chairman amounts to € 40,422. This annual remuneration does not take into account the professional costs incurred (and invoiced) by ContinuousInsight2Impact BVBA, represented by Filip Lesaffer in the execution of its services for an amount of € 242.

5.16.4.3 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.

5.16.4.4 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.

5.16.5 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. Currently the Board is taking on this responsibility.

4Energy Invest employs only one accountant, that also does the accounts for the subsidiaries. In the subsidiaries 3 more staff are involved with administrative tasks. This means that it is not feasible to implement generally accepted processes of internal control, such as full segregation of duties, 4 eyes review, regular job rotation…

Therefore the Board has implemented (and is still optimizing) alternative controls:

- Monthly in depth review of financial reporting;
- Monthly monitoring of key performance indicators;
- Occasional attendance of non-executive board members in management meetings and workgroups e.g. biomass workgroup, environmental monitoring workgroup;
- Participation in key negotiations;
- Review of all strategic contracts (e.g. electricity and green certificate off take agreements) by the Board before signature.

Where possible segregation of duties is implemented, especially in key areas like approval of incoming invoices and outgoing payments.

The external auditor has reviewed these internal control and risk management systems.

5.16.6 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 occurrences mentioned before in section 5.13.

5.17 Approval of accounts and 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.

6. SPECIAL REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS IN ACCORDANCE WITH ARTICLE 633 OF THE BELGIAN COMPANY CODE

The following report has been established pursuant to article 633 of the Belgian Company Code by the Board of Directors on April 19th 2013 for submission to an extraordinary general shareholders' meeting of the company.

Dear Shareholder,

Further to article 633 of the Belgian Company Code a General Assembly is to convene when the shareholder equity has fallen below 50% respectively 25% of shareholder capital.

When preparing the accounts in relation to the fiscal year that ended on 31 December 2012, and particularly after deciding on significant impairments on the participations in and (subordinated) loans granted to its daughter entities, the Board of Directors established that net assets have decreased to less than 25% of shareholder capital. Therefore the Board of Directors has drawn up this Special Report.

The Board also notes that net assets have dropped below EUR 61.500. This means that any stakeholder can request the Court to put the Company in liquidation, in compliance with article 634 of the Belgian Company Code.

As the financial status and results of 4Energy Invest rely fully on the performance of its daughter entities, the Board of Directors has discussed this situation with the parties that are financing the operational entities. This resulted in a standstill, that expires on 30 August 2013.

In order to be able to mend the situation succesfully and to enable continuity for 4Energy Invest, a further important long term restructuring of the existing debt at both Renogen/Amelbio and 4HamCogen is required. As a result, the outcome of the ongoing discussions on debt restructuring with the financial partners of 4EnergyInvest will have a major impact on the viability of the group and, in the event that no satisfactory solution can be agreed upon by the end of the standstill period (30 August 2013), continuity would be at stake.

Based on the discussions that the board of directors has had so far with the group's financial partners, the board believes that there is a reasonable possibility that a satisfactory outcome of the ongoing discussions on debt restructuring can be reached with the group's financial partners by the end of the standstill period (30 August 2013).

Taking into account the foregoing, the board of directors proposes to the shareholders to not dissolve the company, but to resolve to continue the activities of the company.

Should additional measures become necessary, the board of directors will report accordingly to the shareholders' meeting in accordance with the Belgian Company Code.

On behalf of the board of directors,

____

Continuous Insight2Impact BVBA, represented by its permanent representative Mr. Filip Lesaffer

Chairman

____

Nadece BVBA, represented by its permanent representative Mrs. Nathalie De Ceulaer

Director

7. SPECIAL REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS ON AUTHORIZED CAPITAL IN ACCORDANCE WITH ARTICLE 604 OF THE BELGIAN COMPANY CODE

The following report has been established pursuant to article 604 of the Belgian Company Code by the Board of Directors on April 19th 2013 for submission to an extraordinary general shareholders' meeting of the company.

Dear Shareholder,

This special report has been prepared by the board of directors of 4Energy Invest NV in accordance with article 604 of the Belgian Company Code with respect to the proposal to renew the powers of the board of directors to increase the company's share capital within the framework of the authorised capital. The proposal will be submitted to an extraordinary general shareholders' meeting of the company to be held before a notary public. The board of directors has set out in this report the circumstances in which the board of directors will be able to use its powers under the authorised capital, and the purposes that it shall pursue.

The extraordinary general shareholders' meeting held on 21 May 2008 authorised the board of directors to increase the company's share capital in one or several transactions with a maximum amount of 100% of the share capital. The board of directors was expressly authorised to dis-apply or limit the preferential subscription right of the existing shareholders, even for the benefit of one or more specified persons other than personnel of the company or its subsidiaries.

The powers of the board of directors within the framework of the authorised capital are currently set out in article 6 of the company's articles of association. The powers are valid for a term of five years as of the publication of the authorisation in the annexes to the Belgian Official Gazette on 9 June 2008. The board of directors has not yet exercised its powers under the authorised capital.

At the date of this special report, the subscribed share capital of the company amounts to 13,855,484.00 EUR. The share capital is fully paid up and is represented by 12,520,090 shares, each representing the same fraction of the company's share capital. The fractional value of the shares of the company amounts to (rounded) 1.11 EUR. The fractional value of a share is calculated as a fraction the numerator of which is the amount of the company's subscribed share capital, and the denominator of which is the total number of issued and outstanding shares.

The technique of the authorised capital offers the board of directors a degree of flexibility and expedience that may be necessary to ensure an optimal management of the company. The prior disclosures, formalities and time windows to convene a shareholders' meeting and obtain a shareholders' meeting approval to effect a capital increase are elaborate, and often cannot be reconciled with the speed with which market opportunities arise and disappear again. For example, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the outstanding shares is not reached at the first meeting) can take around two months. During this period, market circumstances can change significantly. If the board of directors is not able to seize potential market opportunities that would arise, this could be to the disadvantage of the company.

The board of directors proposes to the general shareholders’ meeting to renew the powers of the board of directors under the authorised capital for a term of 5 years and to set the amount of the authorised capital at 100% of the share capital. If the shareholders approve the proposal of the board of directors, article 6.1 of the company’s articles of association will be amended and be restated to read as follows (whereby the reference “[date]” shall be the date of the general shareholders’ meeting granting the authorisation under the authorised capital and the reference "[amount]" shall be the amount of the company's share capital at the time of the granting of the authorization under the authorized capital by the general shareholders' meeting):

> *By resolution of the extraordinary general shareholders' meeting of [date], the board of directors was explicitly authorised to increase the capital of the company on one or several occasions by a maximum amount of [amount].*
>
> *The board of directors may use this authorisation during a period of 5 years as from the date of publication of this authorisation in the annexes to the Belgian Official Gazette. This authorisation can be renewed in accordance with the applicable legal provisions.*

The proposal is to grant the board of directors sufficient flexibility in order to carry out potential capital raisings in the future, as and when deemed appropriate or necessary, as further described below.

Circumstances and purposes for the use of the authorised capital

- The board of directors intends to use its powers under the authorised capital in circumstances where, in the interests of the company, the convening of a general shareholders’ meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders;
- it appears to be necessary to be able to respond quickly to certain market opportunities;
- a prior convening of a shareholders’ meeting would lead to an untimely announcement of the transaction, which could be in the disadvantage of the company;
- the costs related to the convening of a shareholders’ meeting are not in balance with the amount of the proposed capital increase; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the company.

The board of directors would be able to use its powers under the authorised capital (amongst other things):

- to strengthen the capital or net equity of the company, or to finance its business activities or new business initiatives;
- to finance (in whole or in part) takeovers or acquisitions of companies, businesses or assets, or other types of mergers, partnerships or strategic alliances; or

- to attract new partners or important shareholders to the capital structure of the company.

On behalf of the board of directors,

____

Continuous Insight2Impact BVBA, represented by its permanent representative Mr. Filip Lesaffer

Chairman

____

Nadece BVBA, represented by its permanent representative Mrs. Nathalie De Ceulaer

Director