



Interim report for the six month period ended 30 June 2009



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## 1. Report of the Board of Directors

This report of the Board of Directors should be read in conjunction with Thenergo's consolidated financial statements for the six month period ended 30 June 2009. All amounts are in thousands of Euros, unless explicitly stated differently.

### 1.1. Main transactions during the first six months of 2009

#### OPERATIONAL HIGHLIGHTS

In 2008 Thenergo established a further integration of the previously acquired companies, consolidation and a continued organic growth. In 2009 Thenergo's activities are predominantly focused on the operations of the current operational units in order to fully optimize the profitability of these units.

During the first half of 2009 Thenergo brought 3\* new projects into operation.

At 30 June 2009 Thenergo holds 30 operational units (27 at 31 December 2008) in Belgium, the Netherlands and Germany, representing a total of 77 MW electrical (72 MW electrical at 31 December 2008) and 200 MW thermal capacity (195 MW thermal at 31 December 2008). In total these plants provide approximately 110,000 households with clean electricity, Thenergo thus establishes a 91,000 ton CO<sub>2</sub>-savings per year. With these 30 operational units Thenergo produces approximately 380,000 MWhe on a yearly basis. For comparison, all 110\*\* wind turbines in Flanders combined, with total capacity of 180 MWe, produced 300,000 MWhe in 2008.

Thenergo's operational development continues as planned with 6\*\*\* projects under construction, five of which will be put in operation during the second half of 2009.

Binergy Ieper will be operational by October 2009. Manure and food waste will be used to produce biogas, this biogas will then be used as fuel for the 3.2 MWe CHP-engines. Binergy Ieper will deliver electricity to approximately 7,000 families.

Greenpower is expected to be operational by the end of 2009. The 9 MWe CHP-plant will supply two industrial partners with heat and will provide approximately 20,000 families with electricity. Pure plant oil will be used to fuel the 9 MWe engine.

Three additional units on natural gas will be operational by the end of 2009. 'Groeikracht' units that run on natural gas simultaneously deliver heat, electricity and CO<sub>2</sub> to greenhouse growers.

With these 6 projects under construction turning operational, Thenergo will produce approximately 500,000 MWhe on a yearly basis.

Some entities of the Thenergo business were impacted by the overall economic crisis.

The waste business suffered from the economic downturn during the first six months of 2009. Due to the economic crisis the demand for recycled materials on international markets has collapsed causing a decline in recycling prices. This negatively impacted the result of Leysen.

The cogeneration activities in Germany declined in comparison to the first half of 2008. The activities of the Ludwigsfelde plant were impacted by a decline in the demand for heat from external industries due to the economic downturn. The Elsterwerda plant experienced some technical damage which caused a standstill. The revision of the plant, scheduled for October 2009, was carried out in August. Thanks to this revision the Elsterwerda plant should be running at full capacity as of September 2009.

With regard to the Jatropa-project, in July 2009 Cintras (subsidiary of Leysen) received the permission from the Court of Commerce to apply the Law of the 31<sup>st</sup> of January 2009, regarding the Continuity of enterprises until the 15<sup>th</sup> of December 2009. Under this protection, Cintras expects to be able to strengthen its negotiating position towards potential partners for its Jatropa-project in Thailand.

In order to better cope with current challenges and further reduce the holding costs management responsibilities have been reshuffled in line with the business segmentation. Each of the autonomous business units (BU) now has a BU-manager with full profit and loss (P&L) responsibilities. A detailed organizational chart will be posted on the website.

\*Groekracht Abelebaan, Groekracht Butenpole II and Groekracht Bavikhove

\*\*Source: <http://ode.be/index.php?page=Wind-marktgegevens>

\*\*\*Binery Ieper, Greenpower, Groekracht De Blackt II, Groekracht Vrasene, Groekracht Wommelgem II, Groekracht Bavikhove II

## PMV INVESTS € 10 MILLION IN THENERGO

In April 2009 Thenergo announced the investment of € 10 million by ParticipatieMaatschappij Vlaanderen. The investment of PMV was immediately injected in cash with a mandatory convertible obligation. The conversion will take place at the same time and pro rata a private placement or on decision of PMV.

In June 2009 PMV converted 2,500 of the 10,000 obligations. The conversion was made at the thirty day average of the Thenergo share price. It resulted in the creation of 1,023,034 new shares. These shares are non-transferable until final conversion date of the obligation. The remaining balance of € 7.5 million needs to be converted by no later than 31 December 2010, the final conversion date of the obligation, at a conversion rate between € 2.04 and € 3.55 per share.

The investment reinforces the capital base and solvency of Thenergo. At the same time Thenergo will be able to further develop its future investments and its plans for growth.

The 27<sup>th</sup> of May 2009 the Extraordinary General Meeting of shareholders gave the Board of Directors the mandate to raise another € 25.5 million. The EGM also appointed Daniël Schurmans as additional director. Daniël has an engineering degree and is 'Business Unit Manager Sustainable Development' at PMV.

Note 5 *Share capital* of the interim financial statements explains in detail the changes in the company's share capital during the first six months of 2009.

## SINGLE LISTING ON EURONEXT BRUSSELS

On 14 June 2007 the Thenergo shares were listed on Alternext by Euronext TM Paris. On 25 August 2008 the Alternext Paris listing was replaced by a dual Euronext listing in Brussels and Paris.

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

## MAIN TRANSACTIONS WITH RELATED PARTIES DURING THE FIRST SIX MONTHS OF 2009

Note 8 *Related parties* of the interim financial statements provides all the relevant information with regard to the transactions with associates and jointly controlled entities.

### 1.2. Financial performance

The key financial data can be summarised as follows:

*thousands of Euros*

For the six month period ended 30 June	2009	%	2008*	%	2007	%
<b>Operating income</b>	<b>40,400</b>		<b>36,593</b>		<b>6,489</b>	
Revenues	37,987	100%	34,635	100%	6,489	100%
<b>Recurring EBITDA</b>	<b>4,534</b>	<b>12%</b>	<b>5,284</b>	<b>15%</b>	<b>957</b>	<b>15%</b>
Depreciation, amortisation and impairment	5,143	14%	4,016	12%	552	9%
<b>Recurring operating result (REBIT)</b>	<b>-609</b>	<b>-2%</b>	<b>1,268</b>	<b>4%</b>	<b>405</b>	<b>6%</b>
Non-cash share-based payment expense	438		644		1,858	
Impairment Jatropa assets	1,971					
<b>Operating result (EBIT)</b>	<b>-3,018</b>		<b>624</b>		<b>-1,453</b>	
Financial income	1,271		755		268	
Financial costs	-6,099		-3,103		-414	
Contemplated public offering costs			-2,816			
Share of result of associates	171		355		87	
Income tax benefit/(expense)	177		-51		261	
<b>Result for the period</b>	<b>-7,497</b>		<b>-4,235</b>		<b>-1,251</b>	
Attributable to:						
Equity holders of Thenergo	-6,440		-4,198		-1,633	
Non-controlling interests	-1,057		-37		382	
Basic earnings per share (Euros)	-0.33		-0.26		-0.31	
Diluted earnings per share (Euros)	-0.33		-0.26		-0.31	

\* The 2008 figures as published were restated in order to reflect the finalisation of the Leysen purchase accounting and Van Dijke Recycling sale as well as the change in consolidation method for Biocogen and Groeikracht Wommelgem (see also note 25 *List of subsidiaries, joint ventures and investments in associates* of our 2008 annual financial statements). The restatements resulted in a decrease of the result by € 624.

## OPERATING ACTIVITIES BY SEGMENT

Over the first half year of 2009, Thenergo's operating income has increased to € 40,400, coming from € 36,593 in HY 2008, being an increase of 10.4%. This increase was fully caused by organic growth in Thenergo's core cogeneration businesses.

Growth was most explicit in the segment Cogeneration based on natural gas outside Germany, where the operating income increased with a multiplier of 1.87. Consequently the portion of energy sales (i.e. heat and electricity) in total Operating income has increased from 42% in HY 2008 to 53% in HY 2009.

On the other hand Cogeneration activities in Germany and the Waste business saw their operating income decreasing due to the economic downturn in the first half of the year. Also revenues from project development activities decreased because of the fewer number of projects completed for third parties.

By consequence the recurring EBIT evolved accordingly. While recurring EBIT improved significantly in the segment Cogeneration based on natural gas outside Germany (increase from € 958 in HY 2008 to € 1,985 in HY 2009) and the Holding segment (from € - 1,977 in HY 2008 to € - 1,474 in HY 2009), the recurring EBIT decreased in the segments Cogeneration activities Germany and the Waste business, following the economic downturn.

Thenergo has a total number of 30 operational plants at 30 June 2009, with a gross capacity of 77 MW electrical, and 6 sites under construction (gross capacity 18 MW electrical).

Detailed information on the segment performance is disclosed in note 3 - *Segment reporting*.

## CASH FLOWS

During the first half of 2009 operating activities generated cash for a total amount of € 2,172 (€ 1,569 during the first half of 2008).

During the first half of 2009 Thenergo raised new capital (the PMV convertible bond – see also note 5 *Share capital*) for a total amount of € 10,000 (€ 9,819 after directly attributable cash expenses). Borrowings and leases were repaid for a total amount of € 7,926. Acquisitions of property, plant and equipment amounted to € 7,002 while the proceeds from new borrowings amounted to 5,217 €.

At 30 June 2009 the company held cash for a total amount of € 18,412 compared to € 18,590 at 31 December 2008.



## 1.3. Risks and uncertainties

### *RISKS RELATED TO THE THENERGO'S BUSINESS AND INDUSTRY*

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

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

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

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

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

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

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

An important part of Thenergo's income growth is envisaged to originate out of the sale of electricity, heat and certificates. In 2008, these segments together contributed 52% of the revenue figure. Although Thenergo sells part of its electricity through forward contracts at a fixed price, it is not insensible to fluctuations in the sale price of these products. Eg. during the first half of 2009 the low electricity prices negatively impacted the margins of the Belgian and Dutch CHP business.

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

It is Thenergo's strategy to fund each project partly with equity and partly with debt. The market conditions for debt financing have deteriorated and may have an impact on the future debt financing of the projects. With respect to Thenergo's existing debt agreements, apart from a covenant breach within the debt of tse.AG as indicated in note 3, Thenergo may also be facing a renegotiation of certain covenants linked to its debt at Thenergo F+L. Despite such breaches, Thenergo is confident that it will continue to keep access to its existing credit facilities or that it will be able to arrange that such breaches will not impact the continuity of the company.

***Risk related to partnerships***

For most of its projects, Thenergo works together with partners who take off the heat, electricity and/or CO<sub>2</sub> produced by the CHP plant and/or secure the feedstock. Many of the partners in Thenergo's current portfolio are greenhouse agricultures whereby the CHP plant is built on the site of this partner. Insolvency of the partner and interruptions in the cooperation with the partner for whatever reason could result in a long term interruption of the CHP activities or in a complete shut-down of the plant, negatively impacting Thenergo's financials. This risk however is mitigated by the possibility to transfer the majority of the invested assets to potential other new sites.

## 1.4. Events after the balance sheet date

See note 9 *Events after the balance sheet date* of the consolidated financial statements for the six month period ended 30 June 2009.

## 1.5. Statement from the responsible persons

The undersigned persons state, to the best of their knowledge:

- the interim financial statements of Thenergo NV and its subsidiaries as of 30 June 2009 have been prepared in accordance with the International Reporting Standards (IFRS), and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation;
- and the interim report of the Board of Directors gives a fair overview of the information required to be included therein.

Sofinan bvba represented by  
Norbert Van Leuffel

Carl Malbrain bvba represented by  
Carl Malbrain

## 1.6. Financial calendar

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Full year results 2009	30 March 2010
General Shareholders Meeting 2009	5 May 2010

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