Avantium Holding N.V.

(a public company with limited liability incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands)

Offering between €20 million and €30 million newly issued ordinary shares

We are offering by way of an initial offering (the "Offering") between €20 million and €30 million new ordinary shares with a nominal value of €0.16 per share (the "Offer Shares"). The Offering consists of (i) a public offering in the Netherlands (including institutional investors) and (ii) a private placement to institutional investors in various other jurisdictions. The Offering will be made only outside the United States in reliance on Regulation S ("Regulation S") under the US Securities Act of 1933, as amended (the "US Securities Act"). A maximum of two percent of the Offer Shares is reserved for a preferential treatment of our employees if they subscribe for the Offer Shares pursuant to the Offering. Preferential treatment may also be given to applications received from Dutch retail investors before 17.30h (Amsterdam time) on November 9, 2007 in the event that the Offering is oversubscribed,

In this document (the "Prospectus"), the "Company", "we", "our", "us" and similar terms refer to Avantium Holding B.V., a private company with limited liability under the laws of the Netherlands and, following its conversion into a public company with limited liability to Avantium Holding N.V. and, where appropriate, its subsidiaries. Such conversion is expected to take place immediately prior to and subject to completion of the Offering. Any reference to "shares" shall refer to ordinary shares of the Company, including the Shares (as defined herein), outstanding from time to time (unless indicated otherwise herein).

Prior to the Offering, there has been no public market for our shares. We will apply for admission of our ordinary shares, including the Offer Shares, to listing and trading on Eurolist by Euronext Amsterdam ("Euronext Amsterdam") under the symbol "A". We expect that trading in our shares on Euronext Amsterdam will commence on or about November 16, 2007 (the "Listing Date") on an "as-if-and-when-issued" basis and that delivery will take place on the third business day following the Listing Date (the "Settlement Date"), expected to be on or about November 21, 2007. If the Offering is withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and all transactions in the shares on Euronext Amsterdam will be cancelled. All dealings in the shares prior to settlement and delivery are at the sole risk of the parties concerned. Euronext Amsterdam N.V. ("Euronext") does not accept any responsibility or liability for any loss or damage incurred by any person as a result of a withdrawal of the Offering or (the related) annulment of any transactions on Euronext Amsterdam.

Our business and any investments in the Shares involve a high degree of risk. These risks are described under "Risk Factors" beginning on page 13 of this Prospectus.

Offer Price Range €12.50 to €16.00 per Offer Share
(the "Offer Price Range")

The subscription period for prospective investors is expected to begin on November 5, 2007 and end on November 15, 2007 at 17.30 hours Amsterdam time, subject to acceleration or extension of the timetable for the Offering (the "Subscription Period").

The Shares have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulations under the US Securities Act) ("US Person"). Neither this document nor any copy of it may be distributed directly or indirectly to any US Person. The Shares are being offered and sold only outside the United States, in reliance on Regulation S, to investors that are not US persons. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any securities commission or other regulatory authority of any state or other jurisdiction of the United States, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. When used in this Prospectus, the terms "US" or "United States" shall mean the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

For a description of restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus in the United States and other jurisdictions, see Chapter 18 "Selling Restrictions" and Chapter 19 "Transfer Restrictions".

We have appointed Fortis Bank (Nederland) N.V. ("Fortis" or the "Underwriter") to act as underwriter in connection with the Offering. We have granted the Underwriter an option (the "Over-Allotment Option") exercisable within 30 calendar days after the Listing Date pursuant to which it may require us to issue additional new shares (the "Additional Shares", and together with the Offer Shares the "Shares") at the Final Offer Price (as defined herein) for an amount up to 15% of the amount of the Offering to cover over-allotments made in connection with the Offering and short positions arising from stabilization transactions.

Delivery of the Offer Shares (and delivery of any Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date) is expected to take place on or about November 21, 2007 in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("Euroclear Nederland"), against payment therefore in immediately available funds, subject to acceleration or extension of the timetable of the Offering.

We reserve the right to change the Offer Price Range and to increase the amount of the Offering prior to the end of the Subscription Period. Any change in the Offer Price Range on the last day of the Subscription Period will result in an extension of the Subscription Period of at least two full business days. Any change in the Offer Price Range or any increase of the amount of the Offering will be announced in a press release, in at least one national newspaper distributed daily in the Netherlands and in the Daily Official List of Euronext Amsterdam (*Officiële Prijscourant*) (the "Daily Official List").

The actual number of Offer Shares and the final offer price (the "Final Offer Price") will be determined after taking into account the conditions described in Chapter 16 "The Offering – Final Offer Price and Amount of the Offering", and will be incorporated in a pricing statement which will be deposited with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM") on or about November 16, 2007 and published in the Daily Official List and in at least one national newspaper distributed daily in the Netherlands, subject to acceleration or extension of the timetable of the Offering.

Any acceleration or extension of the timetable for the Offering will be announced in a press release, in the event of an accelerated timetable for the Offering, at least three hours before the proposed expiration of the accelerated Subscription Period or, in the event of an extended timetable for the Offering, at least three hours before the expiration of the original Subscription Period. Any extension of the timetable for the Offering will be for a minimum of one full business day. A minimum of six business days is to be observed for the Subscription Period.

This Prospectus constitutes a prospectus for the purposes of Article 3 of the Directive 2003/71/EC (the "Prospectus Directive") and has been prepared pursuant to Article 5:2 of the Financial Supervision Act effective as per January 1, 2007 (*Wet op het financieel toezicht*) (the "Financial Supervision Act") as amended from time to time and the rules promulgated there under. This Prospectus has been approved by and filed with the AFM.

Sole Global Coordinator and Bookrunner

Fortis

This Prospectus is dated November 2, 2007

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1. SUMMARY

This summary provides an overview of selected information contained elsewhere in this Prospectus and should be read as an introduction to this Prospectus. Any decision to invest in any of our Shares should be based on consideration of this Prospectus as a whole. This summary should be read in conjunction with, and is qualified in its entirety by, reference to the more detailed information and the consolidated financial statements and notes thereto contained elsewhere in this Prospectus, including, but not limited to, the risks as set out in Chapter 2 "Risk Factors". This summary is not complete and does not contain all the information that investors should consider in connection with any decision relating to the Shares.

Unless otherwise stated, the information in this Prospectus assumes that Fortis will not exercise the Over-Allotment Option.

Under laws in effect in the states within the European Economic Area, no civil liability will attach to us in respect of this Summary, or any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a state, the plaintiff investor may, under the national legislation of the member states within the European Economic Area, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Summary of Our Business

Introduction

We are a leading technology company in the area of advanced high-throughput R&D with a focus on applications in the energy, chemicals and pharmaceutical industries. We were spun out of Royal Dutch Shell in 2000 to accelerate and exploit the application of high-throughput R&D, initially developed by Royal Dutch Shell for catalysis research, across a range of industries. We have further advanced the technology for applications in catalysis research for the energy and chemicals industries and successfully applied the same high-throughput principles in crystallization research for the pharmaceutical industry. Our technology is protected by an extensive patent portfolio.

Compared to conventional research methods, our proprietary high-throughput technology enables a more rapid and cost-effective development of novel and improved products and production processes. By using our unique rational approach towards the design of experiments and data analyses, we have the capacity to accomplish these innovations at a superior rate of success. We have demonstrated the validity and commercial viability of our technology by successfully providing our services and tools to more than 70 companies worldwide, including many industry leaders.

Building on our expertise and track record in the energy, chemicals and pharmaceutical industries, we focus on developing our own products in two fields: (i) novel biofuels and bio-based chemicals, and (ii) novel crystal forms of marketed drugs under patent. Our strategy is to progress our development programs and exploit the commercial value of our expanding patent portfolio by securing value-adding partnerships during the coming years, while at the same time continuing to expand our cash generative services and tools business.

Our Approach

Our advanced high-throughput R&D technology allows us to develop new and improved products and processes in a more rapid and cost-effective way at a superior rate of success compared to conventional research. The key principles of high-throughput R&D are parallelization, automation and miniaturization. It allows us to screen hundreds to thousands of materials, reagents and process conditions in parallel. The ability to conduct a much larger number of experiments increases the chance of finding novel products and

processes. This is of particular relevance for complex and unpredictable areas of chemical sciences, such as catalysis and crystallization.

We differentiate from other companies in the high-throughput R&D industry by our rational approach towards R&D. Our rational approach is based on internally developed software for experimental design to target the most relevant experimental conditions and to analyze data to extract valuable conclusions from the large data sets that our high-throughput technology generates. This approach can be utilized for several R&D applications that require repetitive screening of a large number of parameters. We have focused on applications in catalysis research and crystal form identification. By using our unique, rational approach, we have the capacity to accomplish innovations at a superior rate of success. In addition, our proprietary hardware for catalysis research allows us to test new catalytic materials under industrial pressure and temperature ranges with industrial product streams, mimicking industrial plant conditions and reducing scale-up effects.

Our Strategy

We are driven by our ambition to be a leader in the area of advanced high-throughput R&D as a means to accelerate the discovery and development of advanced products and processes with applications in the energy, chemicals and pharmaceutical industries.

Our business model is based on core skills and expertise that lend themselves to two complementary strategic arms: (i) developing and future licensing of proprietary products and processes, and (ii) providing value-adding services and tools. We believe that our development programs are capable of generating significant shareholder value and we anticipate continued growth in our services and tools business. Our capabilities are validated by our track record of work for clients over several years, demonstrating the industrial and commercial potential of our approach.

Key elements of our strategy are to:

- advance the development programs of our own products to commercial viability;
- continue to expand our profitable services and tools business; and
- continue to invest in further strengthening our advanced high-throughput R&D technology.

Our Development Programs

Our Biofuels Program

We aim to develop biofuels with superior properties and process economics compared to current biofuels such as bio-ethanol and biodiesel, which have significant disadvantages that limit their widespread use. We focus our efforts on the catalytic conversion of sugars into a class of molecules called ‘furanics’. Our bio-based furanics have a unique potential to serve as a fuel. In addition, they can serve as building blocks for a range of alternatives for oil-derived chemical products, such as plastics.

We have identified certain furanics in our product portfolio with superior fuel properties. Our furanics can be blended with conventional fuels and we believe they are compatible with the current logistical infrastructure for transportation fuels. In order to build an extensive patent portfolio on the production and use of furanics, we have filed over a dozen patent applications. We have already successfully demonstrated the applicability of these furanics for their use as biofuel in a proof-of-concept engine test, that was conducted by an independent test center in the Netherlands. Amongst other positive findings, total particulate measurements showed a significant reduction of total particulate matter (soot) when using a blend of conventional diesel and our furanics. Based on our high-throughout technology, rational approach and vast experience in catalyst development, we anticipate developing catalytic processes for the

economically attractive production of bio-based furanics. Ultimately, our ambition is to develop biofuels that are competitive with fossil-based fuels.

In parallel to developing biofuels, we also develop furanics for several other significant applications, such as bio-based monomers for plastics, and bio-based specialty and fine chemicals. These applications require a less efficient process to be economically attractive and are therefore expected to be commercialized prior to our biofuels application. We have established that plastics, in particular polyesters, produced on basis of our furanics, have attractive physical properties.

Once we have built valuable intellectual property on the catalysts, related processes and product applications, we will seek industrial partners for further development, scale-up and commercialization. We believe that our future partners will benefit from the fact that we develop processes that are compatible with existing chemical process technology, thereby facilitating the implementation of our processes in the chemical plants of such partners. Through these partnerships we expect to receive milestone payments, license fees and/or royalties, reflecting the economic value of our products and processes.

For our biofuels program, we expect to announce the results of a full scale engine test in 2008. For a fine or specialty chemicals application, we seek to enter into a first partnership for the scale up of the furanics production in 2009. We expect to determine suitable applications for bulk chemicals by 2010. We intend to enter into one or more partnerships for these applications after 2010 and for fuel applications following further process optimization in 2012.

Our Pharmaceutical Program

We aim to identify novel crystal forms of marketed drugs under patent with the objective to improve their properties and extend the product lifecycle. We select drugs which we expect to be able to improve the drug properties, such as solubility, and/or to benefit from the current intellectual property position. We will select a portfolio of 15 drugs, which we plan to screen for novel crystal forms in the period to 2009. The 11 drugs we have selected so far and which are currently being screened, are in the area of anti-viral and cardiometabolic diseases, each with annual sales in the range of US$0.5 – 5.0 billion.

Based on our track record of applying our crystallization technology to more than 100 drug candidates for more than 50 pharmaceutical companies, we expect to be able to discover novel crystal forms for approximately 80% of the drugs that we will select. To date, we have conducted the high-throughput crystallization screening of three drugs and have filed patent applications for novel crystal forms in all three cases. We believe that, from our portfolio of 15 drugs, we can generate at least three commercially attractive opportunities in the coming years, of which at least one crystal form is anticipated to have superior characteristics compared to the existing drug.

The commercial opportunities for these novel crystal forms are several. First, improved properties such as solubility may lead to more convenient formulations and dosing regimens, thereby potentially reducing side effects and improving patient compliance. Secondly, it may allow the originator to extend the drug life cycle, or a generics company to challenge the market exclusivity, of the existing drug. As we develop novel crystal forms of existing drugs with proven safety and efficacy profiles, we expect to benefit from reduced risk and shortened timelines in comparison to the development of new drugs.

We will determine the optimal partnering strategy for each drug on a case by case basis and intend to license the intellectual property rights to either the pharmaceutical originator or a (generic) pharmaceutical company in exchange for upfront and milestone payments and/or royalties on sales. We believe that we can secure value-adding partnerships following the completion of comparative biology models and/or limited human studies demonstrating bio-equivalence or superiority to the existing drug.

We expect to complete a comparative biology study of our first novel crystal form in the second half of 2007. We expect to announce our first licensing deal in 2008.

Our Services and Tools Business

We offer advanced high-throughput R&D services and tools to our clients in the energy, chemicals and pharmaceutical industries worldwide. Our service offerings include (i) the development of novel catalytic solutions for energy and chemicals companies in their search for process optimization, new products and feedstock diversification, and (ii) specialized crystallization research services for the pharmaceutical industry to support their development of small molecule drugs. In addition, we increasingly sell research tools to our clients, thereby enhancing their internal R&D capabilities. We believe that the combined offering of research services and tools is synergistic and reinforces our position as a leading provider of high-throughput R&D. Among our customers are recognized industry leaders in the chemicals and energy industries, including BP, Royal Dutch Shell and Sasol, as well as the pharmaceutical industry, such as Pfizer, Boehringer Ingelheim and GlaxoSmithKline. Our success in servicing these industry leaders validates our technology and forms the basis of our development programs described above. We have grown our services and tools revenues from €6.7 million in 2004 to €13.5 million in 2006, representing a compound annual growth rate of 42%. Over 60% of our customers in 2006 were recurring customers.

Risks Associated with Our Business, our Company and the Offering

Our business is subject to numerous risks relating to the industry in which we operate, our Company and the Offering. These risk factors include: (i) general risks relating to *inter alia* acceptance of our technology, rapid technological change, increasing competition, protection of our intellectual property, use of hazardous materials, and dependence on suppliers; (ii) risks relating to all stages of our development programs; (iii) risks relating to our services and tools business, including dependency on R&D spending and outsourcing and dependency on a limited number of manufacturers; (iv) risks relating to the Company, including dependency on key personnel and consultants and (v) risks relating to the Offering. These risks are more fully described in the next Chapter "Risk Factors".

Corporate Information

We are currently a private company with limited liability under the laws of the Netherlands and will be converted into a public company with limited liability prior and subject to the Offering. We are incorporated under the laws of the Netherlands and our corporate seat and registered office are situated in Amsterdam, the Netherlands. We are registered with the Commercial Register in the Netherlands under number 34138918. Our business address is Zekeringstraat 29, 1014 BV Amsterdam, the Netherlands (telephone number +31 (0)20 586 80 80, fax number +31 (0)20 586 80 85 and website www.avantium.com).

The Offering

Offering	We are offering Offer Shares for an amount between €20 million and €30 million, assuming no exercise of the Over-Allotment Option. The Offering consists of (i) a public offering in the Netherlands (including to institutional investors) and (ii) a private placement to institutional investors in various other jurisdictions. All offers and sales of the Offer Shares will be made only outside the United States in reliance on Regulation S to investors that are not US Persons.
Issuer	Avantium Holding N.V., a public company with limited liability incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.
Offer Price Range	Between €12.50 and €16.00 per Offer Share. The Offer Price Range reflects a non-fully diluted valuation of our Company prior to the Offering, but after conversion of the Warrants, between €50.4 million and €60.0 million. We reserve the right to change the Offer Price Range prior to the end of the Subscription Period. Any change in the Offer Price Range on the last day of the Subscription Period will result in an extension of the Subscription Period of at least two full business days. Any change in the Offer Price Range will be announced in a press release.
Shares Outstanding	Immediately prior to the Offering and assuming the Capital Restructuring (as defined herein) has taken place, we have 2,736,491 shares outstanding, each with a nominal value of €0.16. Immediately after completion of the Offering, we expect to have 5,979,256 shares outstanding, assuming (i) we raise €30 million of gross proceeds in the Offering, (ii) no exercise of the Over-Allotment Option and (iii) a Final Offer Price of €14.25, at the mid-point of the Offer Price Range.
Share Ownership	Immediately after completion of the Offering, assuming (i) we raise €30 million of gross proceeds in the Offering, (ii) no exercise of the Over-Allotment Option and (iii) a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, we expect approximately 58,7% of our shares will be owned by DFJ Esprit Capital, Signet Healthcare Partners, AlpInvest, MVM, S.R. One, EDB Ventures and Eastman Chemical (the "Major Shareholders"), excluding any shares acquired by the Major Shareholders in the Offering. See Chapter 11 "Major Shareholders".
Subscription Period	The period commencing on November 5, 2007 and ending on November 15, 2007 at 17:30 hours Amsterdam time. The timetable for the Offering may be accelerated or extended. Any such acceleration or extension of the timetable for the Offering will be announced in a press release at least three hours before the proposed expiration of the accelerated Subscription Period, or, in the event of an extended timetable for the Offering, at least three hours before the expiration of the original Subscription Period. Any extension of the timetable for the Offering will be for a minimum of one full business day. The Subscription Period will be

	for a minimum of six business days.
Final Offer Price and Amount of the Offering	The Final Offer Price and the actual number of Offer Shares will be determined after the end of the Subscription Period and after taking into account the conditions described in Chapter 16 "The Offering – Final Offer Price and Amount of the Offering", and will be set out in a pricing statement, which will be deposited with the AFM on or about November 16, 2007, subject to acceleration or extension of the timetable of the Offering. The Final Offer Price and the actual number of Offer Shares will also be announced in a press release and an advertisement in the Daily Official List and in at least one national newspaper distributed daily in the Netherlands.
Allotment	The allotment of the Offer Shares is expected to take place before the commencement of trading of our shares on Euronext Amsterdam on the Listing Date, which is expected to be on or about November 16, 2007, subject to acceleration or extension of the Subscription Period. Investors may receive a smaller number of Offer Shares than applied to subscribe for, or none at all. Fortis (in consultation with the Company) may, at its own discretion and without stating the grounds, reject any subscriptions wholly or partly.
Preferential Allotment to Employees	Preferential treatment will be given to our employees if they subscribe for Offer Shares pursuant to the Offering. A maximum of two percent of the Offer Shares is reserved for such preferential treatment.
Preferential Treatment of Retail Investors	Preferential treatment may be given to Dutch retail investors if they subscribe for Offer Shares pursuant to the Offering before 17.30h (Amsterdam time) on November 9, 2007 in the event that the Offering is oversubscribed.
Listing and Trading	We will apply for admission of our shares to listing and trading on Euronext Amsterdam under the symbol "A". Trading of our shares on Euronext Amsterdam is expected to commence on or about the Listing Date on an "as-if-and-when-issued" basis. Prior to the Offering, there has been no public market for our shares. If the Offering is withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and all transactions in the shares on Euronext Amsterdam will be cancelled. All dealings in the shares prior to settlement and delivery are at the sole risk of the parties concerned. Euronext does not accept any responsibility or liability for any loss or damage incurred by any person as a result of a withdrawal of the Offering or (the related) annulment of any transactions on Euronext Amsterdam.
Listing Date	Expected to be on or about November 16, 2007, the date on which trading in our shares is expected to commence on Euronext Amsterdam on an "as-if-and-when-issued" basis, subject to acceleration or extension of the timetable for the Offering.
Payment, Delivery, Clearing and	Payment for the Offer Shares, and payment for Additional Shares

Settlement	which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date, will take place on the Settlement Date. Delivery of the Offer Shares, and delivery of the Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date, are expected to take place on or about the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the shares in immediately available funds. Settlement of trades effected on the Listing Date will be on the Settlement Date.
Settlement Date	Expected to be on or about November 21, 2007, which is the third business day following the date on which trading is expected to commence on Euronext Amsterdam, subject to acceleration or extension of the timetable for the Offering.
Sole Global Coordinator and Bookrunner	Fortis Bank (Nederland) N.V.
Over-Allotment Option	We have granted the Underwriter an option, exercisable within 30 calendar days after the Listing Date, pursuant to which it may require us to issue Additional Shares at the Final Offer Price for an amount up to 15% of the amount of the Offering. The Underwriter may exercise the Over-Allotment Option at its discretion to cover over-allotments made in connection with the Offering and short positions arising from stabilization transactions.
Use of Proceeds	We intend to raise between €20 million and €30 million of gross proceeds from the issue of Offer Shares in the Offering without exercise of the Over-Allotment Option and between €23 million and €34.5 million of gross proceeds assuming full exercise of the Over-Allotment Option. We intend to use the net proceeds we receive from the Offering, after deduction of the fees and commissions and our expenses related to the Offering, primarily for advancing our biofuels and pharmaceutical development programs, reinforcing and expanding our technology and our intellectual property portfolio, expanding the capacity of our services and tools business in terms of equipment and personnel and general corporate purposes, including working capital requirements, capital expenditures and acquisitions if and when they present themselves. See Chapter 4 “Use of Proceeds”.
Lock-up Arrangements	We, the members of our Management Team and our Supervisory Board and our employees currently holding (options for) depositary receipts for shares as well as our Major Shareholders and certain other minor shareholders have each agreed with the Underwriter that, for a period of 365 days after the Settlement Date, they will not, except for any shares acquired in the Offering (but including the shares acquired pursuant to the conversion of the Warrants) or thereafter and certain other limited exceptions, offer, pledge, issue, sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our shares or depositary receipts for shares or any securities convertible into or exchangeable or exercisable for our shares or depositary receipts for shares, or enter into certain derivative transactions, without the prior written consent of the Underwriter.

	See Chapter 17 "Plan of Distribution – Lock-up Arrangements".
Capital Restructuring	Increase of the authorized share capital from €0.5 million to €2.0 million, reverse split of each four outstanding shares into one share, increase of each fractional share resulting from this reverse share split into a full share, increase of the nominal value of our shares resulting from the reverse share split from €0.04 to €0.16 each, which shall be charged against our share premium reserve, abolishment of the various classes of shares, creation of one class of ordinary shares and a class of preference shares pursuant to the execution of the Deed of Amendment and Conversion immediately prior to the Listing Date. See Chapter 13 "Description of Share Capital and Corporate Governance – General", "Description of Share Capital and Corporate Governance – Share Capital – Authorized and Issued Share Capital" and "Description of Share Capital and Corporate Governance – Preference Shares and Stichting Continuïteit Avantium".
Warrants	We issued warrants to our Major Shareholders and five other shareholders which will automatically convert into 1,137,504 shares in aggregate upon completion of the Offering, based on a Final Offer Price of €14.25, at the mid-point of the Offer Price Range (the "Warrants"). See Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital – Warrants".
Dividends	We do not anticipate paying any dividends for the foreseeable future. See Chapter 5 "Dividend Policy".
Taxation	Any dividends paid on our shares will generally be subject to Dutch withholding tax. See Chapter 15 "Taxation – Dividend Withholding Tax".
Voting Rights	Holders of our shares will be entitled to one vote per share at General Meetings of Shareholders. See Chapter 13 "Description of Share Capital and Corporate Governance – General Meetings of Shareholders and Voting Rights".
Transfer Restrictions	Our shares will be subject to certain transfer restrictions in particular in the United States. See Chapter 18 "Selling Restrictions" and Chapter 19 "Transfer Restrictions".
Share Trading Information	ISIN Code: NL0000853182 Common Code: 032525440 Euronext Amsterdam Security Code: 85318 Euronext Trading Symbol: "A"
Listing Agent and Paying Agent	Fortis Bank (Nederland) N.V.

Summary of Historical Financial Information and Operating Data

The summary of consolidated financial data set forth below should be read in conjunction with Chapter 7 "Selected Historical Financial Information", Chapter 8 "Operating and Financial Review" and our audited consolidated financial statements and notes thereto that appear elsewhere in this Prospectus. The year-end consolidated financial data set forth below have been derived from our consolidated financial

statements which have been prepared in accordance with IFRS as adopted by the European Union ("EU") and audited by PricewaterhouseCoopers Accountants N.V., our independent auditors.

The six-month consolidated financial data are based on our unaudited condensed consolidated interim financial information for the six-month periods ended June 30, 2006 and June 30, 2007. The condensed consolidated interim financial information for the six-month period ended June 30, 2007 has been reviewed by PricewaterhouseCoopers Accountants N.V. See Chapter 23 "Index to Financial Statements – Review Report". Our results for the six-month period ended June 30, 2007 are not necessarily indicative of results for the full year.

The auditors' report included elsewhere in this Prospectus has been issued in respect of our audited IFRS consolidated financial statements as of and for the three years ended December 31, 2004, 2005 and 2006. The summary consolidated financial data set forth below may not contain all of the information that is important to investors.

IFRS Consolidated Income Statement

(€ in thousands)	**Year ended December 31, 2004**	**Year ended December 31, 2005**	**Year ended December 31, 2006**	**Six months ended June 30, 2006 (unaudited)**	**Six months ended June 30, 2007 (unaudited)**
Revenues	6,673	9,514	13,477	5,605	5,989
Cost of sales	3,945	4,902	6,038	2,764	3,086
Gross profit	**2,728**	**4,612**	**7,439**	**2,841**	**2,903**
Selling and marketing expenses	1,879	1,968	2,676	1,056	1,444
Research and development expenses	4,262	2,020	1,993	717	1,705
General and administrative expenses	2,297	2,152	2,146	1,377	2,032
Total operating costs	**8,438**	**6,140**	**6,815**	**3,150**	**5,180**
Operating result	**(5,710)**	**(1,528)**	**624**	**(309)**	**(2,278)**
Financial income (expenses), net	(329)	(272)	(302)	(108)	(163)
Result before corporate income tax	(6,039)	(1,800)	322	(417)	(2,441)
Corporate income tax	-	-	-	-	-
Result for the year	**(6,039)**	**(1,800)**	**(322)**	**(417)**	**(2,441)**

IFRS Consolidated Balance Sheet

(€ in thousands)	At December 31, 2004	At December 31, 2005	At December 31, 2006	At June 30, 2007 (unaudited)
Non current assets				
Intangible fixed assets	295	246	765	1,136
Tangible fixed assets	5,967	3,409	2,758	2,941
Current assets				
Inventories	-	-	41	49
Trade receivables	2,356	2,132	2,200	2,117
Other receivables	230	303	917	1,850
Cash and cash equivalents	2,382	3,409	4,655	2,006
Total assets	**11,230**	**9,499**	**11,336**	**10,098**
Equity	(7,625)	(9,459)	(9,107)	(10,781)
Non-current liabilities	191	200	385	667
Current liabilities				
Trade payables	1,067	742	2,023	1,483
Liability to non-ordinary shareholders	15,910	16,210	16,510	16,660
Other current liabilities	1,687	1,806	1,525	2,069
Total liabilities	18,855	18,758	20,443	20,879
Total equity and liabilities	**11,230**	**9,499**	**11,336**	**10,098**

IFRS Consolidated Cash Flow Statement

(€ in thousands)	Year ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2006	Six months ended June 30, 2006 (unaudited)	Six months ended June 30, 2007 unaudited
Net Cash generated from operations activities	(2,320)	1,753	3,158	319	(1,970)
Net Cash used in investing activities	(344)	(665)	(1,319)	(467)	(1,203)
Net Cash used in financing activities	(57)	(61)	(593)	(62)	524
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(2,721)	1,027	1,246	(210)	(2,649)
Cash and cash equivalents at the beginning of the year	5,103	2,382	3,409	3,409	4,655
Cash, cash equivalents and bank overdrafts at the end of the year	**2,382**	**3,409**	**4,655**	**3,199**	**2,006**

2. RISK FACTORS

Investing in our shares involves a high degree of risk. Investors should carefully review and consider the risks described below and all of the other information set forth in this Prospectus before deciding to invest in any of our shares. Some of the following risks relate principally to the industry in which we operate and our business in particular. Other risks relate principally to the Company and the Offering.

The occurrence of any of the risks described in these risk factors could significantly and negatively affect our business, financial condition and results of operations and/or the trading price of the shares. These risks could also lead to our expectations being inaccurate with regard to risks or other forward-looking statements. If any of the following risks materialize, the market price of our shares could fall, and investors could lose their entire or part of their investment.

The order in which we present the following risk factors is not intended to be an indication of their probability of occurrence or the magnitude of their potential effects. Additional risks not known to us or that we do not currently consider material may also adversely affect our business, financial condition and results of operations and may cause the market price of our shares to fall.

Risks Related to Our Business – General

We are dependent upon acceptance of our technology and approach by customers and future partners, and if we cannot achieve and maintain market acceptance, we will be unable to build a sustainable or profitable business.

Our ability to succeed is dependent upon achieving and maintaining the acceptance by customers and future partners of our high-throughput R&D technology as an effective tool for product and process development. Historically, energy, chemicals and pharmaceutical companies have conducted R&D activities using conventional R&D technology for material research, catalyst development, product and process development, formulation development and crystallization research. In order for us to achieve our business objectives, we must convince these companies that our technology and capabilities justify outsourcing part of their R&D programs, or to purchase our tools to increase their R&D productivity. If we cannot convince companies in these industries of the effectiveness of our high-throughput R&D technology, we may be unable to keep our existing customers or attract additional customers and future partners on acceptable terms or to develop a sustainable, profitable business.

We face rapid technological change.

Our success depends on maintaining a competitive position in the development of new products, materials and process improvements and the manner in which we conduct our R&D activities. Rapid technological change in the energy, chemicals and pharmaceutical industries could render our R&D technologies and tools obsolete or non-competitive in one or more of those markets. Such change could equally seriously adversely affect our development programs and services and tools business. In addition, we might not be able to adapt our technology to new applications and new chemistries required by our customers and/or our development programs. This could affect our future revenues and operating results.

We operate in highly competitive industries and may face increasing competition.

We operate in highly competitive industries that are subject to rapid technological advancements. Energy, chemicals, pharmaceutical and services and tools companies, academic organizations, research and governmental institutions are actively involved in similar activities. Many of these entities have substantially larger financial and other resources than we have. These competitors may succeed in developing competing technologies, products and processes more rapidly or more cost effectively than we do. Moreover, we compete with companies that are more experienced in catalyst development, crystallization research and commercialization of products, such as biofuels, bio-based chemicals and

crystal forms. Some of these entities compete with us in developing or acquiring proprietary and complementary technologies in the field of the development of biofuels and bio-based chemicals, catalysis and crystal form research and high-throughput experimentation. If our competitors develop better technologies, products or processes or develop technologies, products or processes that are more effective or less expensive than we do, our commercial opportunities will be reduced or eliminated, thus resulting in a reduction of our revenues and operating results. Moreover, there is no assurance that competitors will not obtain patent protection or other intellectual property rights that would make it difficult or impossible for us to commercialize our offerings. In addition, we face increasing competition from companies and organization based in low-cost countries such as China and India, which are able to provide similar services at lower costs. This could result in more customers engaging competitors based in those countries, which would reduce our revenues and operating results.

If we are unable to adequately protect our proprietary technology, this could have a material adverse effect on our business.

We rely substantially on proprietary technology, information, trade secrets and know-how to conduct our development programs and our services and tools business and to attract and retain customers and future partners. The success of our business depends on our ability to protect our intellectual property portfolio and obtain patents without infringing the proprietary rights of others. If we do not effectively protect our intellectual property, our business and operating results could be harmed.

Our applications may not result in patents or patents may only be granted for certain claims, thereby limiting the scope of protection. Patent applications are only made public after a certain number of months or years. Consequently our patent applications run the risk of lacking novelty due to the prior art of competitive applications not yet in the public domain. This can result in the refusal of an application. Even if we are able to obtain patents covering our technology, products and processes, the patents may be challenged, circumvented, invalidated or unenforceable. Competitors may develop similar technology or design around patents issued to us or our other intellectual property rights. Our competitors would then be able to offer R&D services and develop, manufacture and sell products which compete directly with our services, tools and products. In that case, our revenues and operating results would decline.

We also seek to protect our technology, products and processes in part by confidentiality agreements with our customers and future partners, prospects, employees, suppliers and consultants, and by limiting broad access to our proprietary technologies and processes to such parties. However, confidentiality agreements might be breached by any of these parties, and in that event, we might not have adequate remedies for the breach. Further, our trade secrets might otherwise become known or be independently discovered by competitors. Unauthorized disclosure of our trade secrets could enable competitors to use some of our proprietary technologies. This could harm our competitive position and could cause our revenues and operating results to decline.

Litigation or third party claims of intellectual property infringement could require substantial time and money to resolve. Unfavorable outcomes in these proceedings could limit our intellectual property rights and our activities.

We may need to resort to litigation to enforce or defend our intellectual property rights, including any patents issued to us. If a competitor, supplier, customer or future partner files a patent application claiming technology invented by us, in order to protect our rights, we may have to participate in an expensive and time consuming opposition proceeding before the European Patent Office, the US Patent and Trademark Office or any other patent authorities in any other jurisdiction.

Although we undertake extensive and continuous research in order to monitor proprietary technology of third parties we cannot guarantee that there will be no claims from third parties alleging that our technologies or products, materials or processes infringe their intellectual property rights. Third parties may assert that we are employing their proprietary technologies without authorization and they may resort to litigation to attempt to enforce their rights. Third parties may have or obtain patents in the future and claim that the use of our technology or any of our products, materials or processes infringes their patents. We may

not be able to develop or commercialize products, materials or processes because of patent protection others have. Our business will be harmed if we cannot obtain a necessary or desirable license, if we can obtain such a license only on terms we consider to be unattractive or unacceptable, or if we are unable to redesign our technologies or products, materials or processes to avoid actual or potential patent or other intellectual property infringement.

Suppliers, customers, prospects or future partners may furthermore claim ownership of intellectual property rights developed by us based on our contractual relationship with such party. In our services and tools business we generally seek patent protection for all inventions in respect of our high-throughput experimentation technology, hardware, software and research and other methodologies. Customers generally obtain the intellectual property rights related to products and processes which originate pursuant to, or in connection with, our services to them. There may be overlaps between these two categories that could potentially lead to a dispute with a customer regarding the ownership of intellectual property rights.

In our pharmaceutical program, we are developing novel crystal forms of marketed drugs under patent. In case we find equivalent or improved forms of drugs currently marketed by pharmaceutical companies, these companies could initiate exhaustive litigation against us or against our future partners.

Our efforts to obtain, protect and defend our patents and other intellectual property rights, whether we are successful or not, can be expensive and may require us to incur substantial costs, including the diversion of management and technical personnel. An unfavorable ruling in patent or intellectual property litigation could expose us to significant liabilities to third parties, require us to cease developing, manufacturing or selling the affected products, services or technologies using the affected processes, require us to license the disputed rights from third parties, or result in an award of substantial damages against us. During the course of any patent litigation, there may be public announcements of the results of hearings, motions and other interim proceedings or developments in the litigation. If security analysts or investors regard these announcements as negative, the market price of our shares may decline. General proclamations or statements by key public figures may also have a negative impact on the value of our intellectual property.

Any significant intellectual property impediment to our ability to develop and commercialize our products could have a material adverse effect on our business and prospects.

We use hazardous materials in our business, and any claims relating to improper usage, handling, storage or disposal of these materials could subject us to significant liabilities.

Our business involves the use of a broad range of hazardous chemicals and materials. Environmental laws impose stringent civil and criminal penalties for improper usage, handling, disposal and storage of these materials. In addition, in the event of an improper or unauthorized release of, or exposure of individuals or goods to, hazardous materials, we could be subject to civil damages due to personal injury or property damage caused by the release or exposure.

A failure to comply with environmental laws could result in fines and the revocation of environmental permits, which could prevent us from conducting our business. Accordingly, any violation of environmental laws or failure to properly use, handle, store or dispose of hazardous materials could result in restrictions on our ability to operate our business and could require us to incur potentially significant costs for personal injuries, property damage and environmental clean-up and remediation.

New regulations can pose more stringent requirements for the usage, handling, disposal and storage of these hazardous chemicals and materials. That can lead to additional or higher costs for or lower revenues from our operations and would reduce our profitability.

Our business can be disrupted due to fire and explosions or due to natural calamities and other disasters.

We use chemical processes and materials in our business that can partially or entirely disrupt our operations in case of a fire, explosion, leakage of chemicals or gases, intoxication or other calamities. Although we operate under a strict safety management system we cannot guarantee that no calamities shall occur due to the nature of our activities. Our business is operated out of one facility and will be operated out of two connected facilities as of 2008. Therefore in case of a calamity all of our operations are at risk. The usage of hazardous materials significantly increases the risk of a calamity. In addition, we use and work with new materials that can have properties not yet fully understood. As a result the safest manner to handle such materials may still be unknown, which may further increase the risk of a calamity.

We are also vulnerable to damage from natural calamities and other types of disasters, including power loss, attacks from extremist organizations, fire, floods and similar events. If any disaster were to occur, our ability to operate our business could be seriously impaired.

In addition, the unique nature of our activities and of much of our equipment could make it difficult for us to recover from a calamity or other similar significant business interruptions. We do not plan to seek additional insurance coverage due to the cost of obtaining such coverage. Any significant losses that are not recoverable under our insurance policies could seriously impair our business and operating profits.

We have liability exposure related to our products and processes, which may harm our business and our reputation.

There is an inherent risk of liability law suits related to our business. Any individual may bring a liability claim against us if one of our tools or products, materials or processes we manufacture or sell causes, or appears to have caused, an injury, damage or loss. If we cannot successfully defend ourselves against the liability claim, we may incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for our services, tools, products, materials or processes;
- injury to our reputation;
- significant litigation costs;
- substantial monetary awards to, or costly settlements with, customers;
- loss of revenue;
- the inability to commercialize our products, materials or processes; and
- the diversion of managements' attention from managing our business.

We are highly dependent on market perception of us, our brands and the safety and quality of our products, materials, processes and our services and tools. Our business could be adversely affected if we or our brands are subject to negative publicity. Our business could also be adversely affected if any of our products or any similar products distributed by other companies appear to be, or are asserted to be, harmful to customers. Also, because of our dependence on market perceptions, any adverse publicity associated with illness or other adverse effects, resulting from customers' and future partners' use or misuse of our products or any similar products distributed by other companies, could have a material adverse impact on our results of operations.

Most of our agreements with customers and suppliers contain liability and/or indemnification provisions under which we may claim damages from our counterparties and under which our counterparties may claim damages from us, including damages caused by product defects. In the event we need to claim damages from a counterparty, we may not receive compensation covering in full our damages, or the applicable provision limits the payment to a certain amount, is unenforceable for any reason or because the counterparty is unable to pay (due to insolvency or otherwise). Although in many cases we try to limit our liability, such limitations may not be effective in the event that we need to pay damages and we nevertheless could become liable to make substantial payments.

We have liability insurance, which we currently believe is adequate to cover liabilities we may incur. However, our current or future insurance coverage may prove insufficient to cover any liability claims

brought against us. We intend to expand our insurance coverage to include the sale of commercial products, should that be necessary in connection with the marketing of any of our products currently being researched. Because of the increasing costs of insurance coverage, we may not be able to maintain insurance coverage at reasonable costs or obtain insurance coverage that will be adequate to satisfy any liability that may arise.

Our business is dependent on the supply of specialized products, equipment, materials and software. Failure to procure such products in a timely manner or at all may harm our business and operating results.

Our business is dependent on the supply of specialized products, equipment, materials and software. As a result, we are dependent on a limited number of specialized suppliers. Without such products we may not be able to continue our operations or delays can occur when these products are not obtained in time. Failure to procure or timely procure such products may harm our business and operating results.

Risks Related to Our Business – Development Programs

We cannot predict whether we will discover novel biofuels, bio-based chemicals, catalytic production processes or novel crystal forms, nor the pace, quality or number of discoveries we may generate, and any inability to successfully develop and commercialize these discoveries could reduce our business and future profitability.

To date, we have not generated revenues related to our development programs, which we initiated in 2006. Our future revenues, costs, and profitability are dependent on our ability to identify novel biofuels, bio-based chemicals, catalytic production processes or novel crystal forms under our development programs. Because of the inherent uncertain nature of development activities, we cannot predict the pace with which we may generate discoveries or the quality or number of any discoveries that we may generate. Our high-throughput R&D technology allows us to systematically screen hundreds to thousands of materials, reagents, solvents, process conditions, crystallizations, catalysts and/or combinations thereof. However, we may not discover novel biofuels, bio-based chemicals, catalytic production processes or novel crystal forms that we would wish or the new products may not possess the improved properties, or the new processes may not fulfill the requirements, to make our investments in our development programs profitable. In addition, we cannot guarantee that the new products or processes which we identify or develop can be scaled to industrial production scale or reproduced by our future partners or result in products having the commercial potential we anticipate. In any event, we may not be able to generate or sustain future revenues from the development and commercialization of our products by our future partners.

Products, materials or processes developed by us relating to biofuels and bio-based chemicals or the production thereof may not gain market acceptance.

In case we find new materials which may act as biofuels or bio-based chemicals or catalytic production processes which are successful in producing existing or novel biofuels or bio-based chemicals from certain biomasses, they may not gain market acceptance among companies using, distributing or manufacturing biofuels or bio-based chemicals. We cannot predict whether manufacturing companies will deem the catalytic processes developed by us for the production of biofuels or bio-based chemicals as having an advantage over current or then current production methods of biofuels or bio-based chemicals and/or conventional fuels or fossil-based chemicals. The use of a new type of biofuel or bio-based chemical depends on the compatibility of such biofuel or bio-based chemical with existing infrastructure, engines and equipment using such biofuel or bio-based chemical as well as the manner in which such novel biofuel or bio-based chemical may be distributed or used by a manufacturer.

Manufacturers may elect not to use, distribute or manufacture our new type of biofuel or bio-based chemical or new catalytic production process due to regulatory and political considerations, including but not limited to tax exemptions, subsidies, trade barriers, handling and safety requirements and new

regulations restricting or otherwise affecting the use of biomass for the production of biofuels and bio-based chemicals, and for a variety of other reasons, including:

- product and process safety considerations;
- advantages of alternative manufacturing methods;
- lack of cost-effectiveness;
- timing of market introduction of competitive products;
- process economics;
- product properties for biofuels, including but not limited to energy density, octane and cetane number, boiling and freezing point, viscosity, flammability, vapor pressure and blending possibilities with other fuel components;
- product properties for bio-based chemicals including but not limited to melting point, process-ability, stability, blending properties and glass transition temperature;
- incompatibility with required product specifications; and
- lack of fit with existing infrastructure, such as fit with chemical plants or fuels supply chain or equipment, such as engines and other equipment which use biofuel as a source of energy.

If we are not able to successfully commercialize novel biofuels or bio-based chemicals that we develop under our biofuels program, we may not be able to generate significant revenue, if any.

We intend to use raw materials derived from biomass such as sugars for the production of biofuels and bio-based chemicals. Fluctuations and long lasting development in the prices of these raw materials could reduce the chance for successful commercialization. In addition, we are dependent on the supply and availability of biomass feedstock.

We aim at developing new production processes for novel biofuels and bio-based chemicals derived from biomass, such as corn, starch, cellulose or glucose, thereby replacing conventional fossil-based processes, fuels and chemicals, such as plastics, and specialty and fine chemicals. The prices of biomass commodities have been prone to fluctuation in the past. The future prices of such commodities, in addition to common market trends, could unexpectedly fluctuate or increase, for instance as a result of usage of such materials for other applications such as for food or personal care. Similar considerations apply to the prices of fossil raw materials. A long lasting increase in the price of such biomass commodities that is not accompanied by a similar increase in the price of fossil resources, or a long lasting decrease in the price of fossil resources could affect the profitability of any biofuel product or bio-based chemical or technology based on biomass. This may force us to suspend or to cease the development or commercialization related to biofuels and bio-based chemicals.

The supply and availability of biomass as raw material for the production of biofuels and bio-based chemicals is dependent on a number of factors, including land availability for agriculture, crop yields, transportation of biomass, trade barriers, competition with food production, technology to economically convert raw biomass into sugars, most importantly technology to economically convert cellulose into glucose, irrigation and competition for water resources, use of fertilizers and pest control, conflict with conservation of biodiversity, environmental regulations and climate change. If the supply and availability of biomass would be disrupted, this would reduce the chance of successful commercialization of our biofuels program.

Our future success will depend upon our ability to enter into collaboration agreements for the manufacturing, marketing and sales of pharmaceutical products based on novel crystal forms.

In case we identify novel crystal forms as part of our pharmaceutical development program, we may not be able to locate, or enter into favorable agreements with, suitable future partners in respect of further development, manufacturing, marketing and sales of our products. Our ability to enter into favorable agreements with such partners depends on a variety of factors, including:

- patent status;

- product properties including, but not limited to, aqueous solubility, dissolution rate, bio-availability, stability, taste;
- lower demonstrated clinical safety and efficacy compared to the original marketed product or other products;
- prevalence and severity of side effects;
- advantages of alternative treatment methods;
- lack of availability of reimbursement from insurers and other third party payers;
- lack of cost-effectiveness;
- ease of manufacturing and reproducibility relative to alternative products;
- healthcare insurance coverage regulations; and
- timing of market introduction of competitive products.

Our future partners will need to conduct clinical trials, which may be limited and accelerated subject to the characteristics of the novel crystal form, and receive regulatory approvals by governmental agencies prior to commercialization (see Chapter 9 "Business – Regulatory Environment – Our Pharmaceutical Program"). The commencement and completion of clinical trials may be delayed, suspended or terminated as a result of many factors, including a delay or refusal of governmental agencies to authorize our future partner to commence a clinical trial, unfavorable governmental or regulatory inspection and review of a clinical trial site or records of any clinical trial and unforeseen safety or health concerns of patients and volunteers in the clinical trial. In addition, changes in regulations about the status and registration of novel crystal forms could affect our pharmaceutical development program, as well as the patentability thereof. Furthermore, our future partners may be forced to withdraw a product from the market if health or safety concerns arise with respect to such product. If we are not able to successfully commercialize novel crystal forms that we develop under our pharmaceutical program, we may not be able to generate significant revenue, if any.

The success of our pharmaceutical program is dependent on the performance of the marketed drugs that we select.

We carefully select marketed drugs under patent with proven safety and efficacy for our pharmaceutical program. While these drugs have successfully passed the regulatory process for drug approval, we are dependent on their performance. If one of the drugs that we select is withdrawn from the market because of side effects or if the widespread use of the drug is limited or prevented as a consequence of regulatory changes, the introduction of a new drug with better demonstrated efficacy and safety or for other reasons, this could negatively impact the potential revenues of our pharmaceutical program.

Changes in the patent and regulatory status of crystal forms could negatively impact our pharmaceutical development program.

In case we identify novel crystal forms in our pharmaceutical development program, we plan to patent these crystal forms and license them to pharmaceutical partners for further commercialization. We are subject to the views of (most notably) the European and US patent offices on the patentability of new crystal forms and certain groups of crystal forms (*i.e.* polymorphs, salt forms and co-crystals). With crystal forms the discovery lies in the enhancement of the properties of a newly discovered solid form of a material of which the composition is already known. In order for such discovery to be patentable, such discovery needs to be novel, inventive and have an industrial application. If the European and US patent offices make the requirements for the patentability of newly discovered crystal forms more stringent, this may result in less patent applications being granted.

We are furthermore subject to the views of (most notably) the US Food and Drug Administration ("FDA") and the European Medicines Agency ("EMEA") on the admissibility of new crystal forms as drugs. Under certain circumstances the registration procedures of new crystal forms as drugs may be shortened due to the fact that the same material in another crystal form has already successfully completed all necessary registration procedures and obtained regulatory approval. Such shortened registration procedures could possibly result in earlier entry to the market and a reduction of the costs necessary for

gaining regulatory approval of the new crystal form to be marketed as a drug. If the FDA and the EMEA increase the requirements or regulatory burdens that need to be met for a new crystal form to be approved as a medicine, this may result in higher costs and later market entry.

Any of these developments could lead to fewer opportunities to license such new crystal forms or reduced royalty payments and could seriously harm our revenues and operating results.

We conduct and intend to conduct proprietary development programs, which may give rise to conflicts with our customers and may limit the possibilities to enter into agreements with future partners.

We pursue two proprietary development programs. These programs are focused on developing novel biofuels and bio-based chemicals for the energy and chemicals industries and identifying patentable novel crystal forms of existing drugs for the pharmaceutical industry. In general, in our proprietary development programs, we do not research any substances which we have researched in our R&D program for our services and tools business for customers. We believe that this approach will enable us to minimize commercial conflicts with our customers relating to potentially overlapping leads developed through our proprietary programs and through programs funded by our customers. We also impose internal Chinese walls between different research groups where necessary, so as to further minimize any possible conflicts with our customers. However, conflicts between us and a customer could potentially arise, particularly if we were to discover a material in one of our proprietary programs that was a potential target of one of our development programs conducted for such a customer, or customers may claim that we used their confidential information for our development programs. This may lead to disputes and could harm the relationship with such customer. Concerns regarding our proprietary development programs could also affect our ability to enter into new service agreements and collaborative relationships. If circumstances surrounding our proprietary development programs were to affect our existing collaborative relationships or our ability to enter into new service agreements or collaborative relationships, this could seriously harm our revenues and operating results.

Risks Related to Our Business – Services and Tools

We cannot predict whether we will be able to continue to meet the requirements of our customers in the services and tools business.

Our future revenues and profitability are dependent on our ability to meet the requests of our customers for new materials, products and processes. Because of the inherent uncertain nature of R&D activities, we cannot predict whether, the pace with which we may generate, or the quality or number of, new materials, products and processes for our customers. Our high-throughput R&D technologies allow us to systematically screen hundreds to thousands of materials, catalysts, reagents, solvents, process conditions, crystallizations and/or combinations thereof. However, we may not discover the number of materials, products or processes one could expect of these high-throughput R&D efforts. In addition, we cannot guarantee that our developments are of use to our customers, for instance because such developments cannot be scaled to industrial production scale, cannot be reproduced by customers or future partners or do not result in products having the commercial potential our customers expect. In any event, our future revenues from service agreements would likely decline in case we are unable to generate sufficient discoveries. In such circumstances our existing and potential new customers may become reluctant to continue existing or enter into new agreements with us.

We are dependent on R&D spending and outsourcing of companies in the energy and chemicals industry and pharmaceutical industry.

The market for our high-throughput R&D services and tools for the energy, chemicals and pharmaceutical industry depends on our customers' ability and willingness to invest in and outsource R&D. Substantially all of our current revenues are attributable to our R&D services and tools.

Many companies in the energy and chemicals industry have, in the past several years, experienced declining profitability due to several macro-economic factors, such as economic cycles affecting global

supply and demand, geo-political factors, competition from low labor cost countries, more stringent environmental regulations and fluctuations in raw material prices including oil and natural gas. In addition, many chemical products have become commodity products which compete primarily on the basis of price. If commodization of chemical products and other developments affecting the energy and chemicals industry continue in the future, more companies could adopt strategies that involve significant reduction in spending or outsourcing of their R&D programs.

Many pharmaceutical companies have experienced declining profitability due to several factors including patent expiries of their best selling products, increasing difficulty to renew their product pipelines, and the inability to launch new, innovative therapies with the sales potential to replace products that have become generic medicines, consolidation, increasing regulatory restrictions and changes in healthcare management and insurance. Pharmaceutical companies may adopt strategies to reduce R&D spending or outsourcing of their R&D programs when their profitability declines. In addition, during periods of consolidation, pharmaceutical companies may focus on internalizing R&D and reduce spending on the outsourcing of R&D activities.

Although we believe that our approach can help energy, chemicals and pharmaceutical companies increase the efficiency of their R&D activities and as a result thereof their profitability, our efforts to convince them of this value may be unsuccessful. To the extent that such companies reduce their R&D spending and outsourcing, they could be less likely to do business with us or reduce the value of the services procured from us. Decisions by energy, chemicals and pharmaceutical companies to reduce their R&D spending and outsourcing could therefore reduce our revenues and harm our business and operating results.

Furthermore, our revenues from our services and tools business are for a large part generated from a small number of large customers. In 2006, circa 65% of our revenues was generated from our 10 largest customers. In case one or more of such large customers would decide to reduce their R&D spending and outsourcing, this would have a significant effect on our revenues and operating results.

Our tools business is relatively immature and to date we have sold a limited number of our tools, we cannot assure that we will be able to build a sustainable business related to the sale of our existing or future tools.

To date, we have sold only limited numbers of our tools. Due to the high costs and complexity of our tools, we cannot assure that we will be able to build a sustainable business relating to the sale of our existing tools or tools that we may develop in the future. Sales of our tools involve the education of our potential customers and future partners about the full benefits of the systems, which may require significant time. Due to these factors, sales of tools will be subject to a number of risks over which we have little or no control, including:

- customers' budgetary constraints;
- potential downturns in general or in industry specific economic conditions;
- market acceptance of the use of the systems in internal R&D by our customers; and
- lack of fit with existing information systems at customers.

If the sales cycle for our tools lengthens unexpectedly, this could adversely affect the timing of revenues.

We are providing advanced high-throughput R&D services as well as tools to our customers. The successful sales of our tools may affect the provision of services by us to our customers and future partners as they will become well equipped to undertake high-throughput R&D themselves and may be less inclined to outsource similar R&D activities to us. Although this risk is mitigated by the fact that other factors are involved in conducting successful high-throughput experiments, such as efficiently processing large quantities of data and having qualified personnel that are able to select the most relevant experiments to be undertaken, it could adversely affect our revenues and operating results.

We are contemplating entering into collaboration arrangements for the marketing and sale of our existing tools in certain geographies and for any future tools that we may develop, and if we are unable to enter into such arrangements, we may be unable to expand our tools business.

In order to successfully market and sell our existing tools and any newly developed tools in certain geographies, we may need to enter into collaboration arrangements with various third parties. Although we have several business development professionals with experience in this area, we may not be able to enter into the contemplated or into future arrangements and we may not be able to build a sustainable business related to the sale of these tools. Matters that could impact our ability to successfully commercialize our tools include:

- complexity of our systems and difficulties we may encounter in meeting individual customers' specifications and commitments on a timely basis;
- the fact that there may be only a limited number of customers that are willing to pay the purchase price for our systems; and
- a long sales cycle that involves substantial human and capital resources.

If we are not able to enlarge the business infrastructure to support our tools business, we may be unable to expand this business. Because we expect future revenue growth from the sale of tools, our revenues may decline or not grow as anticipated if we are unable to build the infrastructure to support this business.

The commercial success of our tools will furthermore depend in a large part on the features and price as compared to competing products and on their ability to achieve market acceptance. In addition, our ability to realize significant commercial sales of our tools will depend on the efforts of our distribution partners in promoting, marketing and selling our tools. The efforts of such distribution partners are largely beyond our control. Accordingly, to the extent that such distribution partners fail to effectively promote, market and sell our tools, our revenues from the sales of our tools, and therefore our operating results, would be harmed.

Our tools are subject to operating and performance specifications. We may experience unforeseen difficulties in compliance with these criteria, which can result in increased design, installation and other costs and expenses.

Our tools need to comply with specified operating and performance specifications. We may experience unforeseen difficulties in demonstrating compliance with these criteria, which can lead to unanticipated expenses for the redesign, modification and testing of the equipment and related software. This would increase our cost of goods sold and adversely affect the results of our operations. If we are not able to demonstrate compliance with the performance and operating specifications in respect of specific equipment, we may have to pay penalties to the customer, issue credit notes to the customer and/or take other remedial action, including payment of damages, any one of which could negatively affect our operating income.

We are dependent on a limited number of manufacturers for the production of our R&D tools. If a manufacturer is unable to manufacture for whatever reason, that could reduce our revenues and harm our business.

Due to the specialized nature of our tools there are only a limited number of manufacturers that are able to manufacture and assemble the necessary components in accordance with our quality standards. Therefore, we are highly dependent on our manufacturers and for our tools we are currently dependent on only one manufacturer for each tool. In case one of our manufacturers faces difficulties in respect of quality assurance or shortage of qualified personnel, or any other delay in the supply, this may result in a delay or decrease in revenues and a decrease in our operating results.

Risks Related to Our Company

We rely on the skills and expertise of our key personnel and consultants, and our future depends on our ability to attract and retain qualified personnel.

Our success will depend to a significant degree upon the continued services of key management, technical and scientific personnel and consultants and on our ability to attract and to retain other highly skilled personnel. Whilst we have entered into employment arrangements with our key management, technical and scientific personnel and, in some instances, have entered into consultancy agreements, with the aim of securing their services, the retention of their services cannot be guaranteed and our management and other employees may voluntarily terminate their employment with us at any time with short notice.

We have a limited number of experts covering our wide range of activities listed below:

- research and development relating to finding a new generation of biofuels and bio-based chemicals as well as finding novel crystal forms for existing drugs;
- catalysis research;
- crystallization research;
- performing R&D services for customers; and
- selling R&D tools.

Should one of these experts decease, become (permanently) disabled, leave us or decide to stop co-operating with us, this could have a material adverse impact on our operations.

We have endeavored to ensure that our employees receive suitable incentives. However, there is intense competition for skilled personnel and the retention of such personnel or the recruiting of new highly qualified employees on acceptable terms cannot be guaranteed. The loss of such key personnel or the failure to attract new highly qualified and experienced employees could have a material adverse effect on our business, financial condition and the results of our operations.

In addition, we may have to rely on consultants and advisors, including scientific and clinical advisors, to assist us in the execution of our development programs. Such consultants and advisors may be employed by third parties or may have commitments under consulting or advisory agreements with third parties that may limit their availability to us.

We may need additional funding in the future, which may not be available to us on acceptable terms, or at all, which could delay or impair our ability to implement our strategy.

The net proceeds of the Offering alone, together with future revenues, may not be sufficient to finance our long term development programs. Therefore, additional funds may be required. There can be no assurance that additional funds, if required, will be available on a timely basis, on favorable terms, or at all, or that such funds, if raised, would be sufficient to enable us to continue to implement our long term business strategy. If we are unable to raise such additional funds through equity or debt financing, we may need to delay, scale back or cease expenditures for some of our long term development programs. Our inability to obtain additional funds necessary to operate the business could materially and adversely affect the market price of our shares. As a result, the investment in our shares could be entirely or partially lost. In addition, to the extent we raise capital by issuing additional shares, shareholders' equity interests would be diluted.

The amount and timing of any expenditure required to implement our business strategy and continue the development of our products will depend on many factors, some of which are out of our control, including but not limited to:

- scope, rate of progress, results and cost of development programs;
- terms and timing of any collaborative, licensing and other arrangements that we may establish;
- higher cost or slower progress than expected to develop products;
- number and characteristics of products that we pursue;

- timing, receipt and amount of sales or royalties, if any, from our potential products;
- the cost of preparing, filing, prosecuting, defending and enforcing any intellectual property rights; and
- the extent to which we acquire or invest in businesses, products or technologies.

We may fail to select or capitalize on the most scientifically or commercially promising or profitable products.

We have limited technical, managerial and financial resources to determine which of the selected catalysts or biofuels and bio-based chemicals or crystal forms will be pursued in our development programs. We may draw incorrect conclusions in this regard. Our decisions to allocate our R&D, management and financial resources toward particular targets may not lead to the development of viable commercial products and may divert resources from better opportunities. Similarly, our decisions to delay or terminate certain development programs may also be incorrect and could cause us to miss valuable opportunities.

We may encounter difficulties in managing future growth.

Our success will depend on the rapid expansion of our operations and the effective management of growth, which will place a significant strain on our management, operational and financial resources. To manage such growth, we must expand our facilities, augment our operational, financial and management systems and hire and train additional qualified personnel, all of which may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans, which would adversely affect our business and prospects.

Our information technology systems could face serious disruptions that could adversely affect our business.

Our information technology and other internal infrastructure systems, including databases, data management systems, electronic lab notebooks, internally developed software for operating our high-throughput systems, laboratory information management systems, corporate firewalls, servers, leased lines and connection to the internet, face the risk of systemic failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause interruptions in our collaborations with our future partners and delays in our offerings.

Exchange rate fluctuations could negatively affect our financial condition.

We are based in the Netherlands but source R&D, materials, products, hardware, consulting, software development and other services from several countries. We also pay and receive payments in currencies other than our reporting currency, including the US Dollar, the British Pound and the Japanese Yen. As a result, our business and share price will be affected by fluctuations in foreign exchange rates between the Euro and these currencies, which may have a significant impact on our reported results of operations and cash flows from year to year.

Risks Related to the Offering

There has been no prior public market for our shares, no assurance can be given that an attractive market in the shares will develop and investors may not be able to sell our shares at or above the Final Offer Price.

Prior to this Offering, there has been no public market for our shares. We will apply for admission of our shares to listing and trading on Euronext Amsterdam. We cannot predict the extent to which an active market for our shares will develop, if at all, or be sustained after this Offering, or how the development of such a market might affect the market price for our shares. An illiquid market for our shares may result in lower trading prices and increased volatility, which could adversely affect the value of an investment in our shares.

The Final Offer Price will be agreed between us and the Underwriter based on a number of factors, including market conditions in effect at the time of the Offering, which may not be indicative of the price at which our shares will trade following completion of the Offering. The market price for our shares could fluctuate substantially due to a number of factors, including the factors described under the various risk factors in this Chapter, and may fall below the Final Offer Price. Investors may not be able to sell their shares at or above the Final Offer Price.

The price of our shares may be volatile and affected by a number of factors, some of which are beyond our control.

The price of shares listed on stock markets can experience wide fluctuations due to various factors including a company's operating results, changes in estimates by stock market analysts, general economic conditions and other events and factors outside a company's control.

Particularly, the markets in which we operate are directly affected by many national and international factors that are beyond our control. Any of the following factors, among others, may cause a substantial decline in the markets in which we operate: legislative and regulatory changes, economic and political conditions, concerns about terrorism and war, the level and volatility of equity and other markets, the level and volatility of interest rates and foreign currency exchange rates, concerns over inflation and changes in institutional and consumer confidence levels. Any of these factors could have an adverse effect on the price of our shares.

Furthermore, securities markets and in particular shares of companies whose products are still under development have experienced significant price and volume fluctuations in recent years. Such fluctuations in the future could adversely affect the market price for the shares irrespective of our results of operations or financial condition.

The price and trading volume of our shares could decline depending on market appraisal.

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

Furthermore, the market price for our shares may fall in response to market appraisal of our strategy or if our operating results and prospects from time to time are below the expectations of market analysts and investors.

There is only a limited free float of our shares and that may have a negative impact on the liquidity of and market price for our shares. The free float is expected to remain limited for at least a period of 365 days after the Settlement Date due to lock-up arrangements.

Immediately after completion of this Offering, assuming (i) total gross proceeds of the Offering of €30 million, (ii) no exercise of the Over-Allotment Option and (iii) a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, and excluding any shares acquired by the Major Shareholders in the Offering, 2,105,260 Offer Shares representing 35,2% of our shares (or up to 2,421,050 Offer Shares representing up to 38,5% of our shares if the Over-Allotment Option is exercised in full by the Underwriter), will be publicly held. The remaining 3,873,995 shares representing 64,8% (or 61.5% if the Over-Allotment Option is exercised in full by the Underwriter) and excluding any shares acquired by the Major Shareholders in the Offering, are held by our Major Shareholders and other existing shareholders. Our Major Shareholders (amongst others) have entered into lock-up undertakings for a period of 365 days after the Settlement Date (see Chapter 17 “Plan of Distribution – Lock-up Arrangements”). Therefore the free float is expected to remain limited. This may have a negative impact on the liquidity of our shares and

result in a low trading volume of our shares, which could adversely affect the then prevailing market prices for our shares and our ability to raise capital in the future.

The ownership of our shares will continue to be highly concentrated and interests of investors may conflict with the interests of our existing shareholders.

Upon completion of this Offering, our existing shareholders, mainly private equity investors, will own 3,873,995 shares representing 64.8% of our shares if the Over-Allotment Option is not exercised (or 3,873,995 shares representing 61.5% of our shares if the Over-Allotment Option is exercised in full by the Underwriter), assuming that the maximum number of Offer Shares is issued, and excluding any shares acquired by the Major Shareholders in the Offering. Some of these existing shareholders, acting together, may have the ability to exert significant influence over our management and operations, including the election of our Executive Board and other matters submitted to our shareholders for approval pursuant to Dutch law.

The voting power of these existing shareholders may discourage or prevent certain take-overs or changes in control over us unless the terms are approved upfront by such existing shareholders. Moreover, the significant concentration of share ownership may adversely affect the trading price of our shares due to investors' perception that conflicts of interest may exist or arise.

Future sales, or the possibility of future sales, of a substantial amount of our shares, could materially adversely affect the price of the shares and dilute shareholders.

In connection with the Offering, we, the members of our Management Team and our Supervisory Board and our employees currently holding (options for) depositary receipts for shares as well as our Major Shareholders and certain other minor shareholders have each agreed with the Underwriter that, for a period of 365 days after the Settlement Date, they will not, except for any shares acquired in the Offering (but including the shares acquired pursuant to the conversion of the Warrants) or thereafter and certain other limited exceptions, offer, pledge, issue, sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our shares or depositary receipts for shares or any securities convertible into or exchangeable or exercisable for our shares or depositary receipts for shares, or enter into certain derivative transactions, without the prior written consent of the Underwriter.

We cannot predict whether substantial numbers of our shares in addition to those which will be available in the Offering will be sold in the open market following the expiry of the lock-up. In particular, there can be no assurance that after the period expires, the Major Shareholders will not reduce their holdings of shares. Future sales of our shares could be undertaken by the shareholders or us to fund an acquisition or for another purpose. A sale of a substantial number of shares, or the perception that such sales could occur, could materially and adversely affect the market price of our shares and could also impede our ability to raise capital through an issue of equity securities in the future.

We do not intend to pay dividends for the foreseeable future.

We do not intend to pay any dividends for the foreseeable future and our ability to pay dividends in the long run is uncertain. Payment of future dividends to shareholders will effectively be at the discretion of the Executive Board, subject to the approval of the Supervisory Board, after taking into account various factors including our business prospects, cash requirements, financial performance, progress of our development programs and any payment on our preference shares when issued. In addition, payment of future dividends may be made only if our shareholders' equity exceeds the sum of our called up and paid-in share capital plus the reserves required to be maintained by law and by our articles of association. Accordingly, investors cannot rely on dividend income from our shares and any returns on an investment in our shares will likely depend entirely upon any future appreciation in the price of our shares.

Raising additional capital by issuing securities or through collaboration and licensing arrangements may cause dilution to existing shareholders, restrict our operations or require us to relinquish proprietary rights.

We may seek the additional capital necessary to fund our operations through public or private equity offers, debt financings, collaboration, and licensing arrangements as well as national and supranational subsidies and grants. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect the rights of our shareholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or products, or grant licenses on terms that are not favorable to us.

No minimum amount for the Offering has been set and we might have to reduce our level of investment or seek further external funding.

We have the right to proceed with the Offering even if we raise substantially less than we currently intend. No minimum amount for the Offering or minimum number of Offer Shares in the Offering has been set. The actual number of Offer Shares will be confirmed in the financial press in the Netherlands (including in the Daily Official List) together with the Final Offer Price. As a result, a relatively low number of Offer Shares could be available for trade on the market, which could limit their liquidity and our financial capacity might be reduced in view of our stated use of proceeds. We might therefore reduce our level of investment or have to seek further external funding.

The Final Offer Price is considerably more than the net asset value per share.

The Final Offer Price of our Offer Shares is considerably more than the net asset value per share of our outstanding shares. Accordingly, investors purchasing Shares in the Offering will pay a price per share that substantially exceeds the value of our assets after subtracting liabilities.

Our Executive Board has broad discretion over the use of the net proceeds received by us from the Offering and may not apply the net proceeds effectively or in ways with which investors agree.

Our Executive Board generally has broad discretion over the use of net proceeds from the sale of Shares in the Offering. We intend to use the net proceeds from the Offering primarily for advancing our biofuels and pharmaceutical development programs, reinforcing and expanding our technology and intellectual property portfolio, expanding the capacity of our services and tools business and general corporate purposes. Shareholders will not have an opportunity, as part of their investment decision, to assess whether the net proceeds of the Offering received by us are being used appropriately. We cannot assure our shareholders that our Executive Board will apply the net proceeds effectively or that the net proceeds will be invested to yield a favorable return.

If the Offering is withdrawn, subscriptions for the Shares will be disregarded and transactions effected in the Shares will be annulled.

Application will be made to list all our shares on Euronext Amsterdam under the symbol "A". We expect that our shares will first be admitted to listing and that trading in such shares will commence prior to completion of the Offering on the Settlement Date on an "as-if-and-when-issued" basis. The Settlement Date, on which completion of the Offering is scheduled to take place, is expected to occur on or about November 21, 2007, the third business day following the date on which trading is expected to commence ("T+3"). Completion of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (see Chapter 17 "Plan of Distribution – Termination of the Underwriting Agreement") are not satisfied or waived or occur on or prior to such date. Such conditions include the receipt of officers' certificates and legal opinions and such events include the suspension of trading on Euronext Amsterdam or a material adverse change in our financial condition or business affairs or in the financial markets. Trading in the shares before completion the Offering will take place subject to the conditions subsequent (*ontbindende voorwaarden*) that completion of the Offering does

not take place on the Settlement Date or at all. Then the Offering will be withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam will be annulled. All dealings in the shares prior to settlement and delivery are at the sole risk of the parties concerned. Euronext does not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or (the related) annulment of any transactions on Euronext Amsterdam. The Underwriter and the Company do not accept such responsibility or liability either.

Dutch law and our Articles of Association permit anti-takeover measures that may prevent or discourage takeover attempts that may be favorable to shareholders.

Our Articles of Association allow us to implement anti-takeover measures that may have the effect of preventing, discouraging or delaying a change of control. We intend to incorporate a Stichting Continuïteit Avantium which upon incorporation will be entitled to acquire from us, and we may demand that the Stichting Continuïteit Avantium acquires from us, preference shares up to 50% of our total issued and outstanding share capital, excluding issued and outstanding preference shares. The issuance of preference shares in this manner would cause substantial dilution to the voting power of any shareholder, including a shareholder attempting to gain control of us, and could therefore have the effect of preventing, discouraging, or delaying a change of control that might have otherwise resulted in an opportunity for shareholders to sell our shares at a premium to the then prevailing market price. This anti-takeover measure may have an adverse effect on the market price of our shares.

3. IMPORTANT INFORMATION

Avantium Holding N.V., with its corporate seat in Amsterdam, accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, Avantium Holding N.V. further declares that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. No representation or warranty, express or implied, is made by any Underwriter as to the accuracy or completeness of information contained in this Prospectus.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. No person is or has been authorized to give any information or to make any representation in connection with the Offering contained in this Prospectus or the Shares and, if given or made, such information or representation must not be relied upon as having been authorized by us or the Underwriter. Pursuant to Article 5:23 of the Financial Supervision Act, we are obliged to publish a supplement to the Prospectus in the event of a significant new development, material mistake or inaccuracy with respect to the information contained in this Prospectus which is capable of affecting the assessment of the Offer Shares and which arises or is noticed between the date of this Prospectus and the Settlement Date. Without prejudice to this obligation, neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, imply that the information herein is correct as of any time subsequent to the date hereof or that there has been no change in our affairs since such date. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by us or any Underwriter as to the future.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used in connection with any offer or solicitation in any such jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. Other than in the Netherlands, no action has been or will be taken in any jurisdiction by us or the Underwriter that would permit a public offering of the Shares or possession or distribution of this Prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus may come are required by us and the Underwriter to inform themselves about and to observe these restrictions. Neither we nor the Underwriter accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of our Shares, of any of these restrictions.

Each person receiving this Prospectus acknowledges that (i) such person has not relied on the Underwriter or any person affiliated with the Underwriter in connection with any investigation of the accuracy of such information or its investment decision, (ii) no person has been authorized to give any information or to make any representation concerning us or the Shares (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Underwriter and (iii) the Underwriter is exclusively advising the Company, and no one else, in connection with the Offering. The Underwriter will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients nor for the giving of advice in relation to the Offering, the contents of this Prospectus or any transaction or arrangement or other matter referred to in this Prospectus.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offering, including the merits and risks involved.

Stabilization and Underwriter's Dealings

In connection with the Offering the Underwriter, acting as stabilization agent, or any of its agents, may, to the extent permitted by applicable law, at its own discretion, engage in transactions that stabilize, support, maintain or otherwise affect the price of our shares for a period of 30 calendar days beginning on the Listing Date. Specifically the stabilization agent or its agents may, for a limited period, over-allot in connection with the Offering or effect transactions with a view to supporting the market price of our shares at a level higher than that which might otherwise prevail in the open market. However, there is no obligation on the stabilization agent or its agents to do this, and there can be no assurance that any such activities will be undertaken. To the extent permitted by applicable law, such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise. Such stabilizing, if commenced, may be discontinued at any time or end after a limited period. Except as required by law or regulation, none of the stabilization agent or any of its agents intends to disclose the extent of any stabilization and/or over-allotment transaction in connection with the Offering.

In connection with the Offering, the Underwriter, and any of its relevant affiliates acting as an investor for its own account, may take up Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities or related investments and may offer or sell such securities or other related investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Shares being offered or placed should be read as including any offering or placement of securities to the Underwriter, and any of its relevant affiliates acting in such capacity. The Underwriter does not intend to disclose any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Underwriter has indicated that it does not accept responsibility to any potential investor for providing protections or for rendering advice in relation to the Offering, the contents of this Prospectus or any transaction or arrangement or other matter referred to in this Prospectus.

US Restrictions

The Shares have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. Neither this document nor any copy of it may be distributed directly or indirectly to any US Person. The Shares are being offered and sold only outside the United States, in reliance on Regulation S, to investors that are not US Persons. The Shares have not been approved or disapproved by the SEC or any securities commission or other regulatory authority of any state or other jurisdiction of the United States, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

UK Restrictions

All applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect to anything done in relation to our Shares in, from or otherwise involving or having an effect in the United Kingdom. This Prospectus is communicated to or directed at persons who (i) are outside the United Kingdom or (ii) are persons falling within article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") (investment professionals) or (iii) are persons falling within article 49(2)(a)-(d) of the Order (high net worth companies, unincorporated associations et cetera) (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

Restrictions in Other Jurisdictions

For information for investors in certain other jurisdictions, see Chapter 18 "Selling Restrictions" and Chapter 19 "Transfer Restrictions".

Presentation of Financial and Other Information

Certain figures contained in this Prospectus have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

All references in this Prospectus to "Euros" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. All references to "US dollars", "US$" or "$" are to the lawful currency of the United States.

Unless the context otherwise requires or it is expressly provided to the contrary, this Prospectus assumes (i) total gross proceeds of the Offering of €30 million, (ii) a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, (iii) no exercise of the Over-Allotment Option, and (iv) completion of the Capital Restructuring.

Cross Currency Rates

We publish our consolidated financial statements in Euros. The cross currency rates below are provided solely for information and convenience. No representation is made that the Euro could have been, or could be, converted into US dollars at these rates.

The table below shows the high, low, average and end of period closing cross currency rates expressed in US dollars per €1.00 for the years given, using the cross currency rates published by Bloomberg.

Year ended 31 December	High	Low	Average	End of Period
		(US dollars per Euro)		
2002	1.0492	0.8593	0.9461	1.0492
2003	1.2595	1.0362	1.1326	1.2595
2004	1.3637	1.1822	1.2443	1.3554
2005	1.3465	1.1670	1.2444	1.1849
2006	1.3343	1.1820	1.2566	1.3199
2007 (through October 31, 2007)	1.4488	1.2892	1.3530	1.4488

The table below shows the high and low closing cross currency rates expressed in US dollars per €1.00 for the first ten months of 2007.

	High	Low
	(US dollars per Euro)	
January 2007	1.3272	1.2892
February 2007	1.3242	1.2929
March 2007	1.3386	1.3090
April 2007	1.3651	1.3331
May 2007	1.3605	1.3429
June 2007	1.3542	1.3303
July 2007	1.3827	1.3599
August 2007	1.3798	1.3426
September 2007	1.4267	1.3605
October 2007	1.4488	1.4048

On October 31, 2007, the closing cross currency rate for the Euro was €1.00 = $1.4488.

Market Data and Other Information from Third Parties

All references to market data, industry statistics and industry forecasts or calculations based thereon in this Prospectus consist of estimates compiled by independent research agencies, market research companies, scientific publishers, equity research analysts and ourselves. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although we believe these sources are reliable, as we do not have access to the information, methodology and other bases for such information, we have not independently verified the information and therefore cannot guarantee its accuracy and completeness. Sources used in this prospectus are listed in Chapter 22 "Sources".

In this Prospectus, we make certain statements regarding the competitive advantages of our technology, products and processes, our competitive position in the markets in which we operate and the expected size of the markets for which we are developing our technology, products and processes. We believe these statements to be true based on market data and industry statistics, most of which are in the public domain, but we have not independently verified the information and therefore cannot guarantee its accuracy and completeness.

Documents Incorporated by Reference

Our articles of association (*statuten*) as they will read upon execution of the Deed of Amendment and Conversion (the "Articles of Association") are incorporated by reference into this Prospectus. See Chapter 13 "Description of Share Capital and Corporate Governance – General". No other documents or information form part of, or are incorporated by reference into, this Prospectus.

The contents of our website (including any website accessible from hyperlinks on our website) are expressly not incorporated by reference into this Prospectus and do not form part of this Prospectus.

Forward-Looking Statements

This Prospectus contains forward-looking statements, including statements about our intentions, beliefs and expectations. These statements are based on our current plans, estimates and projections, as well as our expectations of external conditions and events. In particular the words "expect", "anticipate", "predict", "estimate", "project", "may", "could", "should", "would", "will", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. We undertake no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. We caution investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to those discussed in Chapter 2 "Risk Factors", Chapter 8 "Operating and Financial Review" and Chapter 9 "Business".

4. USE OF PROCEEDS

We intend to raise between €20 million and €30 million of gross proceeds from the issue of Offer Shares in the Offering. The net estimated proceeds from the Offering are approximately €27 million, after deducting the estimated underwriting fees and commissions and expenses payable by us of €3.1 million. We intend to allocate the majority of the proceeds to:

- advancing our biofuels and pharmaceutical development programs;
- reinforcing and expanding our technology and our intellectual property portfolio;
- expanding the capacity of our services and tools business in terms of equipment and personnel; and
- general corporate purposes, including working capital requirements, capital expenditures and acquisitions if and when they present themselves.

The expected use of the net proceeds from the Offering represents our current intentions based upon our present plans and business conditions. The amounts and timing of our actual expenditures depend on numerous factors, including the ongoing status of and results from our development programs, as well as the growth of our services and tools business, and any unforeseen cash needs or benefits. Therefore, the Executive Board will retain broad discretion over the allocation of the net proceeds from the Offering.

Pending use of the net proceeds of the Offering, we intend to invest the net proceeds in cash equivalents, government obligations, high grade and corporate notes and commercial paper.

5. DIVIDEND POLICY

We have not paid any dividends since our incorporation. We currently intend to retain future earnings, if any, to finance the growth and development of our business. As a result, we do not anticipate paying any dividends for the foreseeable future.

Our dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the Executive Board, subject to approval of the Supervisory Board, after taking into account various factors including our business prospects, cash requirements, financial performance, progress of our development programs and any payment on our preference shares to the extent they are issued in accordance with our Articles of Association. In addition, under Dutch law, payment of dividends may be made only if our shareholders' equity exceeds the sum of our called up and paid-in share capital plus the reserves required to be maintained by law and by our Articles of Association. See Chapter 13 "Description of Share Capital and Corporate Governance – Dividends and Other Distributions", Chapter 15 "Taxation – Dividend Withholding Tax" and Chapter 16 "The Offering – Ranking of Dividends".

6. CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our unaudited consolidated cash and cash equivalents, capitalization and indebtedness as of September 30, 2007 on an actual basis and on a pro forma basis, our receipt of the net proceeds from the issue of the Offer Shares in the Offering and the mandatory conversion of the Warrants into ordinary shares upon completion of the Offering and based on gross proceeds of €30 million from the Offering and a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, assuming no exercise of the Over-Allotment Option and after giving effect to the Capital Restructuring (see Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital").

	September 30, 2007	
	Actual	Pro forma as adjusted
	(€ in thousands)	
Cash and cash equivalents[3]	**€1,124**	**€29,024**
Share capital – ordinary shares[1, 3]	110	957
Share premium – ordinary shares[1, 3]	751	43,263
Retained earnings[1, 2]	(13,844)	(13,318)
Other reserves	(17)	(17)
Total equity	**€(13,000)**	**€30,885**
Current liabilities[1, 2]	20,775	4,790
Non-current liabilities	809	809
Total indebtedness[4]	21,584	5,599
Total capitalization	**€8,584**	**€36,484**

1 The conversion of non-ordinary shares into ordinary shares on July 6, 2007 is reflected in the actual capitalization overview. The mandatory conversion of the Warrants into ordinary shares upon completion of the Offering, based on the pricing assumption mentioned above and as further explained below, will lead to the issuance of 1,137,504 new ordinary shares as well as an increase in share capital of €182,000 and in share premium of €16.0 million and subsequently a decrease of the current liabilities (see also note 2).

2 The mandatory conversion of the Warrants upon completion of the Offering, based on the pricing assumption mentioned above and as further explained below, will lead to a release from the current liabilities of €526,000 of preferred interest for the class D preference shares. See Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital – Warrants". Out of the €3.1 million estimated underwriting fees and commissions and expenses payable by us in connection with the Offering, an amount of €225,000 is included in the actual figures under the current liabilities as per September 30, 2007.

3 Upon the Capital Restructuring we will *inter alia* (i) reverse split of each four outstanding shares into one share, (ii) increase each fractional share resulting from this reverse share split into a full share and (iii) increase the nominal value of our issued shares resulting from the reverse share split from €0.04 to €0.16 each, which shall be charged against our share premium reserve. The increase in cash and cash equivalents reflects the estimated net proceeds based on gross proceeds from the Offering of €30 million and deducting €3.1 million of estimated underwriting fees and commissions and expenses payable by us.

4 The liabilities are unsecured and unguaranteed. Please note that we have granted a pledge on all our existing and future inventory, stock and receivables to ABN AMRO Bank N.V. for any amounts due under a credit facility provided by this bank. Currently there are no outstanding

liabilities under this facility and we do not intend to draw down on this facility in 2007. See Chapter 8 “Operating and Financial Review – Interest”.

As of September 30, 2007, our authorized capital amounted to €0.5 million and was divided into 5.0 million ordinary shares, 8.5 million class B shares, 9.5 million class C shares, 4.0 million class C preference shares and 23.0 million class D preference shares, all with a nominal value of €0.01 each. On July 6, 2007, all outstanding non-ordinary shares of various classes were converted into ordinary shares. Concurrently with such conversion, we issued Warrants to our Major Shareholders and five other shareholders, entitling them to acquire shares upon completion of the Offering (see Chapter 13 “Description of Share Capital and Corporate Governance – Share Capital – Warrants”). Upon the Capital Restructuring, our authorized capital will amount to €2.0 million and is divided in 8.3 million ordinary shares and 4.2 million preference shares, with a nominal value of €0.16 each.

The financial data set forth above are extracted or derived from our internal unaudited monthly management reports as per September 30, 2007. This table should be read together with our IFRS consolidated financial statements and the related notes thereto appearing elsewhere in this Prospectus, as well as the information in Chapter 8 “Operating and Financial Review”. The table above is prepared for illustrative purposes only and, because of its nature, may not give a true picture of our financial condition following the Offering.

See Chapter 8 “Operating and Financial Review – Contractual Obligations” for information about our contingent obligations.

7. SELECTED HISTORICAL FINANCIAL INFORMATION

Our selected historical consolidated financial data set forth below should be read in conjunction with Chapter 8 "Operating and Financial Review" and our audited IFRS consolidated financial statements and notes thereto for the three years ended December 31, 2004, 2005 and 2006 that appear elsewhere in this Prospectus. Our year-end consolidated financial data set forth below are extracted from our IFRS consolidated financial statements for the three years ended December 31, 2004, 2005 and 2006 that have been audited by PricewaterhouseCoopers Accountants N.V., independent auditors.

Our six-month consolidated financial data are based on our unaudited condensed consolidated interim financial information for the six-months periods ended June 30, 2006 and June 30, 2007. The condensed consolidated interim financial information for the six-month period ended June 30, 2007 has been reviewed by PricewaterhouseCoopers Accountants N.V. See Chapter 23 "Index to Financial Statements – Review Report". Our results for the six-month period ended June 30, 2007 are not necessarily indicative of results for the full year.

Our selected consolidated financial data set forth below may not contain all of the information that is important to investors.

IFRS Consolidated Income Statement

(€ in thousands)	Year ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2006	Six months ended June 30, 2006 (unaudited)	Six months ended June 30, 2007 (unaudited)
Revenues	6,673	9,514	13,477	5,605	5,989
Cost of sales	3,945	4,902	6,038	2,764	3,086
Gross profit	**2,728**	**4,612**	**7,439**	**2,841**	**2,903**
Selling and marketing expenses	1,879	1,968	2,676	1,056	1,444
Research and development expenses	4,262	2,020	1,993	717	1,705
General and administrative expenses	2,297	2,152	2,146	1,377	2,032
Total operating costs	**8,438**	**6,140**	**6,815**	**3,150**	**5,180**
Operating result	**(5,710)**	**(1,528)**	**624**	**(309)**	**(2,278)**
Financial income (expenses), net	(329)	(272)	(302)	(108)	(163)
Result before corporate income tax	**(6,039)**	**(1,800)**	**322**	**(417)**	**(2,441)**
Corporate income tax	-	-	-	-	-
Result for the year	**(6,039)**	**(1,800)**	**322**	**(417)**	**(2,441)**

IFRS Consolidated Balance Sheet

(€ in thousands)	At December 31, 2004	At December 31, 2005	At December 31, 2006	At June 30, 2007 (unaudited)
Non current assets				
Intangible fixed assets	295	246	765	1,136
Tangible fixed assets	5,967	3,409	2,758	2,941
Current assets				

Inventories	-	-	41	49
Trade receivables	2,356	2,132	2,200	2,117
Other receivables	230	303	917	1,850
Cash and cash equivalents	2,382	3,409	4,655	2,006
Total assets	**11,230**	**9,499**	**11,336**	**10,098**
Equity	(7,625)	(9,459)	(9,107)	(10,781)
Non-current liabilities	191	200	385	667
Current liabilities				
Trade payables	1,067	742	2,023	1,483
Liability to non-ordinary shareholders	15,910	16,210	16,510	16,660
Other current liabilities	1,687	1,806	1,525	2,069
Total liabilities	18,855	18,758	20,443	20,879
Total equity and liabilities	**11,230**	**9,499**	**11,336**	**10,098**

IFRS Consolidated Cash Flow Statement

(€ in thousands)	**Year ended December 31, 2004**	**Year ended December 31, 2005**	**Year ended December 31, 2006**	**Six months ended June 30, 2006 (unaudited)**	**Six months ended June 30, 2007 unaudited**
Net Cash generated from operations activities	(2,320)	1,753	3,158	319	(1,970)
Net Cash received in investing activities	(344)	(665)	(1,319)	(467)	(1,203)
Net Cash used in financing activities	(57)	(61)	(593)	(62)	524
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(2,721)	1,027	1,246	(210)	(2,649)
Cash and cash equivalents at the beginning of the year	5,103	2,382	3,409	3.409	4,655
Cash, cash equivalents and bank overdrafts at the end of the year	**2,382**	**3,409**	**4,655**	**3.199**	**2,006**

8. OPERATING AND FINANCIAL REVIEW

Investors should read the following in conjunction with Chapter 7 "Selected Historical Financial Information", Chapter 9 "Business" and our consolidated financial statements and the related notes thereto that appear elsewhere in this Prospectus. In addition to historical information, the following review includes forward-looking information that involves risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed below and elsewhere in this Prospectus, particularly in Chapter 2 "Risk Factors" and Chapter 3 "Important Information".

Overview

We are a leading technology company in the area of advanced high-throughput R&D with a focus on applications in the energy, chemicals and pharmaceutical industries. Building on our expertise and track record in these industries, we focus on developing products in two fields: (i) novel biofuels and bio-based chemicals, and (ii) novel crystal forms of marketed drugs under patent. Our strategy is to progress our development programs and exploit the commercial value of our expanding patent portfolio by securing value-adding partnerships, while at the same time continuing to expand our cash generative services and tools business in the energy, chemicals and pharmaceutical industries.

We were spun out from the research arm of Royal Dutch Shell in 2000, and in 2003 and 2004 we decided to focus our business on catalysis research for the energy and chemicals industries and on crystallization research for the pharmaceutical industry. As a consequence we divested and terminated our non-core business activities and restructured part of our operations laying the foundations for greater efficiency and cost effective service offerings. This refocus on our core expertise and technologies led to several strategic research collaborations with a number of leading chemicals and pharmaceutical companies.

In 2005, we initiated sales of research systems (tools) building on our core technology and intellectual property portfolio. This was also the first year in our history that we became cash generative.

The following year, 2006, proved to be a landmark year. In addition to establishing a US branch office in order to better serve our expanding US customer base, we made the strategic decision to initiate our proprietary development programs. Financially, 2006 was not only cash generative, but also our earnings were positive for the first time.

So far in 2007, we have announced the expansion of our facilities in Amsterdam necessitated by the strong growth of our business. This new adjoining facility will become operational in 2008.

Our business model is based on two complementary pillars: (i) the development and future licensing of proprietary products and processes, and (ii) providing value-adding services and tools. We believe that our development programs will be a significant value driver going forward, whereas we foresee to continue to grow our services and tools business. Our capabilities are validated by our track record of work for clients over several years, demonstrating the industrial and commercial potential of our approach.

We operate our services and tools activities in two business units: Chemicals, comprising our services and tools for the energy and chemicals industries, and Pharma, comprising our services and tools for the pharmaceutical and biotechnology industries. Our third business unit contains our development programs.

Material Factors Affecting our Results of Operations and Financial Condition

We believe that the factors discussed in the following paragraphs have had or are expected to continue to have a material effect on our operational results and financial condition.

Revenues

Chemicals and Pharma Business

Currently, all of our revenues are generated from our Chemicals and Pharma business. Over the three-year period 2004-2006 we have generated approximately €29.7 million of revenues, of which €13.1 million were in Chemicals and €16.6 million in Pharma. This represents an overall compound annual growth rate ("CAGR") of 42%, whereby Chemicals achieved a CAGR of 32% and Pharma 52%. This growth has been achieved due to our strategic alliances with several key customers, and to high level of repeat business reflecting our excellent operational performance and customer satisfaction with the value added by our services and products. In 2005, we sold our first Block96™. The introduction of the Crystal16™ in 2005 and the Flowrence™ in 2006 has led to a significant growth in our sales. Our Chemicals and Pharma business has a diverse and geographical spread customer base, distributed between the energy, chemicals and pharmaceutical industries. In 2006, our largest customer generated 19% of the total revenues, with the top 10 customers generating circa 65% of our total revenues.

Although our revenues are not materially impacted by seasonality, revenues in Chemicals particularly can show significant period-to-period variances caused by our tools revenue recognition as the impact of the delivery of a Flowrence™ tool is significant for the revenues in that reporting period.

Development Programs

To date, we have not generated revenues related to our product development programs, which we initiated in 2006. In the future, we expect to generate revenues by licensing products and processes from our programs to industrial partners for further development and commercialization.

Cost of Sales

The cost of sales comprise of cost of goods sold, allocated employee costs directly related to revenues, depreciation costs of intangible and tangible assets related to revenues, costs of laboratory consumables and specific costs related to revenues. Cost of sales was approximately 45% of our total 2006 revenues.

Operating Costs

Our operating costs consist of three categories: selling and marketing costs, research and development costs and general and administrative costs.

Selling and marketing costs include allocated employee costs, travel costs, facility and office costs and marketing costs. Approximately 39% of our total 2006 operating costs were related to selling and marketing.

Our research and development costs include allocated employee costs, depreciation and amortization costs of intangible and tangible assets not related to revenues and specific purchases not related to revenues. All of our research and development costs in 2004 and 2005 were related to the development of our core technology. In 2006, part of the costs related to our development programs. Approximately 29% of our total operating costs in 2006 were related to research and development. In the coming years, we expect our research and development costs to increase, predominantly driven by our development programs.

General and administrative costs include allocated employee costs, facility and office costs and corporate and intellectual property costs. Approximately 32% of our total operating costs in 2006 were related to general and administrative costs. We expect these costs to increase, as we will incur significant accounting and other expenses following the listing of our shares that we did not incur as a private company.

The allocation of our employee costs is project and activity based. We receive certain subsidies, which support our research efforts in defined research and development projects. These subsidies generally provide for reimbursement of approved costs incurred as defined in various grants. Subsidies are presented as a reduction of costs, predominantly in employee costs. Subsidies are recognized at their fair value when there is a reasonable assurance that the subsidy will be received and we will comply with all relevant conditions.

Taxation

We form a single fiscal entity with our Dutch subsidiaries held both directly and indirectly for Dutch corporate income tax purposes. This means that the entities are considered as one tax paying entity and that taxable profits are calculated on a consolidated basis.

As per December 31, 2006, we estimate to have accumulated €33.9 million of fiscal unity losses and €20.3 million of pre-fiscal unity losses, totalling €54.2 million of tax loss carry-forwards. None of these losses have been capitalized in the form of deferred tax assets. We currently believe that all of these losses are available to be offset against future profits. Dutch tax law however includes certain restrictions to use tax losses. For example, tax loss carry forward is subject to a time limitation of nine years. Losses incurred in the years up to and including 2002 can under certain conditions be offset against profit up to and including 2011.

Results of Operations 2006, 2005, 2004 and Six Months Ended June 30, 2007 and June 30, 2006

Six Months Ended June 30, 2007 and June 30, 2006

Revenues

(€ in thousands)	**Six Months Ended June 30**		**Change**	
	2007 unaudited	**2006 unaudited**	**€**	**%**
Chemicals	3,038	2,179	859	39.4%
Pharma	2,951	3,426	(475)	(13.8%)
Development	-	-	-	-
Total Revenues	**5,989**	**5,605**	**384**	**6.9%**

The Total Revenues increased by 6.9% from €5.6 million to €6.0 million. In the Chemicals business unit revenues increased with 39.4% from €2.2 million to €3.0 million, primarily as a result of a larger number of service projects for existing clients and a new strategic agreement with Sasol. The decrease in Pharma revenues of 13.8% from €3.4 million to €3.0 million was mainly caused by a slow down in new service projects, as a number of our key pharmaceutical customers delayed the initiation of service projects, which we believe to be temporary, due to their internal restructuring. This effect was partly offset by strong growth of Crystal16™ sales. Our Development business did not generate revenues.

Cost of Sales and Operating Costs

€ in thousands	**Six Months Ended June 30**		**Change**	
	2007 unaudited	**2006 unaudited**	**€**	**%**
Cost of Sales	**3,086**	**2,764**	**322**	**11.7%**
Selling and marketing costs	1,444	1,056	388	36.8%
Research and development costs	1,705	717	988	137.7%
General and administrative costs	2,032	1,377	655	47.5%
Total Operating Costs	**5,180**	**3,150**	**2,030**	**64.5%**

Cost of Sales increased by 11.7% from €2.8 million to €3.1 million, while maintaining a gross margin at a comparable level to previous year, as we hired extra personnel to be able to support the growth in client projects. Total Operating Costs increased with 64.5% from €3.2 million to €5.2 million. Half of the increase of €2.0 million was driven by the increase in Research and development costs to accelerate our pharmaceutical development program and commence with our biofuels development program. Due to the lower Pharma revenues compared to 2006, we used our operational flexibility to reallocate resources to our development programs. Sales and marketing expenditures increased with 36.8% because of the expansion of the business development team. General and administrative costs increased by 47.5% as a result of costs related to intellectual property, improvement to our human resource systems and accounting, legal and other expenses.

Years Ended December 31, 2006 and 2005

Revenues

€ in thousands	**Year Ended December 31**		**Change**	
	2006	**2005**	**€**	**%**
Total Revenues	**13,477**	**9,514**	**3,963**	**41.7%**
Chemicals	*6,004*	*3,587*	*2,417*	*67.4%*
Pharma	*7,473*	*5,927*	*1,546*	*26.1%*
Development	-	-	-	-

From 2005 to 2006, Total Revenues increased by €4.0 million, or 41.7%, to €13.5 million. This revenue improvement was a direct result of the increased acceptance of our technology by the targeted industries, reflected in strategic alliances with BP, GlaxoSmithKline and Boehringer Ingelheim and new customers. Chemicals increased its revenues from services by 32%, largely driven by the strategic collaboration with BP and due to new customers in the catalysis services area. The sales of the Flowrence™ in 2006 bolstered the growth with another 35%. The revenues of our Pharma business unit increased with €1.5 million, or 26.1%, to €7.5 million as it continued to acquire new contracts and customers. Also, the sale of Crystal16™ contributed significantly to the growth of Pharma revenues.

Cost of Sales and Operating Costs

€ in thousands	**Year Ended December 31**		**Change**	
	2006	**2005**	**€**	**%**
Cost of Sales	**6,038**	**4,902**	**1,136**	**23.2%**
Selling and marketing costs	2,676	1,968	708	36.0%
Research and development costs	1,993	2,020	(27)	-1.3%
General and administrative costs	2,146	2,152	(6)	-0.3%
Total Operating Costs	**6,815**	**6,140**	**675**	**11.0%**

From 2005 to 2006, Cost of Sales increased by 23.2% from €4.9 million to €6.0 million driven by our revenue growth, as we hired extra personnel to be able to support the growth in client projects. Total Operating Costs increased by 11.0% from €6.1 million to €6.8 million. This increase was predominantly due to an increase of 36% in Selling and marketing costs to drive the revenue growth especially in our tools sales for Pharma. In 2006, we received a subsidy relating to research and development (WBSO) amounting to €162k, which was deducted from operating costs.

Years Ended December 31, 2005 and 2004

Revenues

€ in thousands	**Year Ended December 31**		**Change**	
	2005	**2004**	**€**	**%**

Total Revenues	**9,514**	**6,673**	**2,841**	**42.6%**
Chemicals	*3,587*	*3,464*	*123*	*3.6%*
Pharma	*5,927*	*3,209*	*2,718*	*84.7%*
Development	-	-	-	-

Total Revenues for 2005 increased by €2.8 million, or 42.6%, to €9.5 million, compared to Total Revenues of €6.7 million in 2004. This revenue growth was primarily driven by our Pharma business unit. In particular, two new strategic alliances with GlaxoSmithKline and Boehringer Ingelheim contributed 69% in absolute terms of the 84.7%. On top of this, the successful market introduction of our Crystal16™ in September 2005 boosted the growth with a further 15%. The revenues of our Chemicals business unit remained stable in 2005, contributing 38% of our 2005 revenues.

Cost of Sales and Operating Costs

€ in thousands	Year Ended December 31		Change	
	2005	2004	€	%
Cost of Sales	**4,902**	**3,945**	**957**	**24.3%**
Selling and marketing costs	1,968	1,879	89	4.7%
Research and development costs	2,020	4,262	(2,242)	-52.6%
General and administrative costs	2,152	2,297	(145)	-6.3%
Total Operating Costs	**6,140**	**8,438**	**(2,298)**	**-27.2%**

Cost of Sales increased by 24.3% from €3.9 million to €4.9 million driven by our revenue growth. Higher efficiencies in our operations increased the gross profit as percentage of revenues. Total Operating Costs decreased by 27.2% from €8.4 million in 2004 to €6.1 million in 2005, driven by our restructuring, carried out in 2004, resulting in a reduction in personnel costs. The closure of the Delft research location led to a significant reduction in Research and development costs.

Interest

In July 2006, we entered into a facility for capital leases of €500k with GE Capital, which was increased in February 2007 to €1.0 million. This facility can be used to acquire plant and equipment for operational use. The assets are capitalized on our balance sheet. As at June 2007, we have utilized €477k of this facility and we plan to utilize the balance before the end of 2007. The interest rate ranges from 4% to 5% per annum on the utilized amount.

In June 2007, we obtained a credit facility from ABN AMRO Bank of €4.0 million. Until December 31, 2007, we can opt to convert a maximum amount of €2.0 million into a roll-over-loan with a maximum term of five years. The amounts due to ABN AMRO Bank are secured by a right of pledge on all our existing and future inventory, stock and receivables. We do not intend to draw down on this facility in 2007. The one-off cost of this facility amounts to €40k.

In February 2007, we entered into a factoring facility with IFN Finance of €1.5 million. In view of the ABN AMRO Bank debt facility, this facility was terminated in June 2007. This facility was never utilized. The cost of termination amounted to approximately €20k.

Interest Income and Cost

Interest income reflects interest earned on interest bearing cash accounts, which amounted to €68k in 2006.

Interest cost reflects interest paid on our GE Capital lease facility, which amounted to €21k in 2006, and an exchange rate difference of €39k.

Liquidity and Capital Resources

Our primary sources of liquidity have been our funds generated from our Chemicals and Pharma business and equity financing. Until 2006, we received government subsidies of €4.5 million in total.

Following our incorporation in 2000, we completed our first equity financing round of €25.5 million through the issuance of ordinary shares, of which €19.1 million in cash and the remainder in kind. In this round, the following investors participated: Royal Dutch Shell, GlaxoSmithKline, GSE Systems, Pfizer, Akzo-Nobel Chemicals, W.R. Grace, S.R. One, AlpInvest, The Sagentia Group, Delft University of Technology, Eindhoven University of Technology and University of Twente.

In 2002, we obtained additional funding of €11.0 million through the issuance of class B shares to the following investors: Signet Healthcare Partners (formerly Sanders Morris Harris), AlpInvest, S.R. One, Eastman Chemical and The Sagentia Group, and €20.0 million through the issuance of class C shares to the following investors: Signet Healthcare Partners, S.R. One, DFJ Esprit Capital (formerly Cazenove Private Equity), MVM, EDB Ventures and Pfizer.

The latest financing round of €5.0 million, through the issuance of class D shares, was completed in 2003, with the following investors: Signet Healthcare Partners, S.R. One, DFJ Esprit Capital, MVM, Eastman Chemical and AlpInvest.

The class B, C and D shares were non-ordinary shares with various preferential rights. The general meeting of shareholders, held on July 6, 2007, resolved to convert these classes of non-ordinary shares into ordinary shares and to grant Warrants to these shareholders, which convert into ordinary shares upon completion of the Offering (see Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital").

Net Cash Used

Consolidated Cash Flow Statement Data

(€ in thousands)	**Year Ended December 31**		
	2006	**2005**	**2004**
Net Cash generated from operating activities	3,158	1,753	(2,320)
Net Cash used in investing activities	(1,319)	(665)	(344)
Net Cash used in financing activities	(593)	(61)	(57)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	1,246	1,027	(2,721)
Cash, cash equivalents and bank overdrafts at beginning of the year	3,409	2,382	5,103
Cash, cash equivalents and bank overdrafts at the end of the year	**4,655**	**3,409**	**2,382**

In 2004 we reported negative cash flows from operating activities of €2.3 million. Combined with the cash used in investing activities to acquire predominantly laboratory equipment, we posted a net negative cash flow of €2.7 million.

In 2005 we posted, for our first time since our incorporation, positive cash flows from operating activities of €1.7 million, due to our strong revenue growth. Net Cash used in investing activities amounted to €0.7 million, which was used predominantly for acquiring laboratory equipment and invested in developing the Crystal16™ and Flowrence™. This combined led to an increase in our cash position of €1.0 million.

In 2006, cash flows generated from operating activities continued to grow to €3.2 million. We invested in plant and equipment for €0.6 million and in intangible assets for €0.7 million. Net Cash from financing activities is related to a number of capital investments in plant and equipment in 2006, using the GE Capital lease facility.

Working Capital Statement

We are of the opinion that our current working capital, which consists of cash resources and the existing credit facility from ABN AMRO Bank N.V. of €4.0 million, is sufficient for our present requirements for a period of at least 12 months from the date of publication of this Prospectus.

Contractual Obligations

As at 30 June 2007 we had the following commitments outstanding:

€ in thousands	**2007**	**2008**	**2009**	**2010 and later**
Finance lease	94	178	124	178
Operating lease	350	620	610	4,517
Total	**444**	**798**	**734**	**4,695**

The operating lease commitments comprise mainly a lease contract to rent the existing facility at Zekeringstraat 29 and the new facility at Zekeringstraat 31, totaling €6.0 million for the next ten years. As part of the lease contract we have given a bank guarantee of €187k.We expect to invest circa €3 million to customize the new facility and make it fully functional. The remaining operating lease contracts consist of two car leases and several licenses, mainly software licenses. The finance lease commitments relate for the larger part to our capital lease with GE Capital. Our lease commitments are financed internally from existing and future cash resources.

Off Balance Sheet Arrangements

We have no off balance sheet commitments other than those described in the preceding paragraph under "Contractual Obligations".

Financial and Trading Position

Since June 30, 2007 no significant changes in our financial or trading position have occurred.

Outlook

For 2007, we believe that our Chemicals business will be able to continue to grow, as we have signed deals in place to fully utilize our current services capacity. We have already secured service contracts for 2008. In addition, we have sold multiple chemical tools to a leading energy company, which we expect to recognize as revenues in the second half of 2007. Our Pharma business had a slow start in the first half of 2007. However, we have reliable indications that our change in sales strategy to provide our services and tools not only to large pharmaceutical, but also to small and mid-size pharmaceutical and biotech companies, can stabilize our revenue base, which repositions us for sustainable growth. Based on our latest estimates, we believe that double digit revenue growth for our total services and tools business is attainable in 2007.

Critical Accounting Estimates and Judgments

Our discussion and analysis of our financial position and results of operations are based on our consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an

ongoing basis, we evaluate our estimates based on historical experience and make various assumptions which we believe to be reasonable under the circumstances, the results of which form the basis for making judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

A summary of our significant accounting policies is contained in our consolidated financial statements, which are included in this Prospectus. We consider the following accounting policies to be critical to the understanding of the results of our operations.

(a) Share Based Payments

Share options granted to employees are measured at the fair value of the equity instruments granted, or indirect method of measurement. Fair value is determined through the use of an option-pricing model considering, amongst others, the following variables:

a) The exercise price of the option;

b) The expected life of the option;

c) The current value of the underlying shares;

d) The expected volatility of the share price, calculated considering the effect of dividends on stock price;

e) The dividends expected on the shares; and

f) The risk-free interest rate for the life of the option.

For our share option plans, our judgment is that the Binomial option valuation model is most appropriate for determining fair values as this model allows accounting for non-transferability, vesting conditions and early exercise. Until the listing of our shares, we need to estimate the fair value of our shares and the expected volatility of that value. These assumptions and estimates are further discussed in the IFRS consolidated financial statements.

The result of the share option valuations and the related compensation expense is dependent on the model and input parameters used. Even though we consider the fair values reasonable and defensible based on the methodologies applied and the information available, others might derive at a different fair value for each of our share option plans.

(b) Research and Development

Research expenditures are recognized as expenses as incurred. Costs incurred on development projects are recognized as intangible assets as of the date that it can be established that it is probable that the project will be a success considering its commercial and technological feasibility and costs can be measured reliably. Our judgment is required in determining when to start capitalizing development costs as intangible assets. For tools, we determined that commercial feasibility is probable when we have built a successful prototype and customers have shown interest for the commercial product. For our development programs, we determined that commercial feasibility is probable when essential testing phases have successfully been completed.

(c) Impairment of Assets

In performing impairment testing of assets, we make significant judgments and estimates to determine whether the cash flow we believe can be generated from these assets exceed their carrying value. Determining the cash flows requires the use of judgments and estimates that have been included in our strategic plan and long term forecasts. The data necessary for performing the impairment tests are based on our estimates of future cash flows. The discount rates used are estimated pre-tax rates which reflect specific risks related to the relevant segment.

(d) Revenue Recognition

We use the percentage-of-completion method in accounting for our fixed-price contracts to deliver services. Use of the percentage-of-completion method requires us to estimate the services performed as a proportion of the total services to be performed. Using the percentage-of-completion method, we estimate the required hours to complete each project. Provisions for expected losses are made when they are foreseeable and are recognized as cost of sales. After project completion the provision is released and the debited amount in the cost of sales is credited.

9. BUSINESS

Overview

We are a leading technology company in the area of advanced high-throughput R&D with a focus on applications in the energy, chemicals and pharmaceutical industries. We were spun out of Royal Dutch Shell in 2000 to accelerate and exploit the application of high-throughput R&D, initially developed by Royal Dutch Shell for catalysis research, across a range of industries. We have further advanced the technology for applications in catalysis research for the energy and chemicals industries and successfully applied the same high-throughput principles in crystallization research for the pharmaceutical industry. Our technology is protected by an extensive patent portfolio.

Compared to conventional research methods, our proprietary high-throughput technology enables a more rapid and cost-effective development of novel and improved products and production processes. By using our unique rational approach towards the design of experiments and data analyses, we have the capacity to accomplish these innovations at a superior rate of success. We have demonstrated the validity and commercial viability of our technology by successfully providing our services and tools to more than 70 companies worldwide, including many industry leaders.

Building on our expertise and track record in the energy, chemicals and pharmaceutical industries, we focus on developing our own products in two fields: (i) novel biofuels and bio-based chemicals, and (ii) novel crystal forms of marketed drugs under patent. Our strategy is to progress our development programs and exploit the commercial value of our expanding patent portfolio by securing value-adding partnerships during the coming years, while at the same time continuing to expand our cash generative services and tools business.

In this chapter several data are based on external sources. The numbers of the footnotes in this chapter correspond with the sources as listed in Chapter 22 “Sources”.

Our Development Programs

Our Biofuels Program

We aim to develop biofuels with superior properties and process economics compared to current biofuels such as bio-ethanol and biodiesel, which have significant disadvantages that limit their widespread use. We focus our efforts on the catalytic conversion of sugars into a class of molecules called ‘furanics’. Our bio-based furanics have a unique potential to serve as a fuel. In addition, they can serve as building blocks for a range of alternatives for oil-derived chemical products, such as plastics.

In order to limit the dependence on oil for fuels, increasing efforts are directed at the development of biofuels. In 2005, biofuels accounted for 1% of the total transportation fuel market, totaling 20 million tons of oil equivalent (“Mtoe”)[1], which represents a market of US$9.5 billion, based on the 2006 average oil price of US$65 per barrel[2]. The International Energy Agency estimates the total contribution of renewable energy to grow to 4% of the transportation fuel market by 2030[1]. In contrast, both in the EU and the US, challenging targets of 10%[3] and up to 33%[4] in 2020, respectively, have been set for the share of renewable energy in transportation fuels. To address this mismatch between expected and required growth, major R&D activities have been initiated to develop new technologies in the area of renewable energy to facilitate accelerated supply of biofuels. Paradoxically, existing biofuels are not likely to be suitable alternatives for fossil-based fuel, as they are hampered by, amongst other things, poor process economics and low energy density, or fewer kilometers per liter. New generations of biofuels with better economics and properties are required to further expand the potential market for biofuels.

We have identified certain furanics in our product portfolio with superior fuel properties. Our furanics can be blended with conventional fuels and we believe they are compatible with the current logistical infrastructure for transportation fuels. In order to build an extensive patent portfolio on the production and use of furanics, we have filed over a dozen patent applications. We have already successfully demonstrated the applicability of these furanics for their use as biofuel in a proof-of-concept engine test, that was conducted by an independent test center in the Netherlands. Amongst other positive findings, total particulate measurements showed a significant reduction of total particulate matter (soot) when using a blend of conventional diesel and our furanics. Based on our high-throughout technology, rational approach and vast experience in catalyst development, we anticipate developing catalytic processes for the economically attractive production of bio-based furanics. Ultimately, our ambition is to develop biofuels that are competitive with fossil-based fuels.

In parallel to developing biofuels, we also develop furanics for several other significant applications, such as bio-based monomers for plastics, and bio-based specialty and fine chemicals. These applications require a less efficient process to be economically attractive and are therefore expected to be commercialized prior to our biofuels application. We have established that plastics, in particular polyesters, produced on basis of our furanics, have attractive physical properties.

Once we have built valuable intellectual property on the catalysts, related processes and product applications, we will seek industrial partners for further development, scale-up and commercialization. We believe that our future partners will benefit from the fact that we develop processes that are compatible with existing chemical process technology, thereby facilitating the implementation of our processes in the chemical plants of such partners. Through these partnerships we expect to receive milestone payments, license fees and/or royalties, reflecting the economic value of our products and processes.

For our biofuels program, we expect to announce the results of a full scale engine test in 2008. For a fine or specialty chemicals application, we seek to enter into a first partnership for the scale up of the furanics production in 2009. We expect to determine suitable applications for bulk chemicals by 2010. We intend to enter into one or more partnerships for these applications after 2010 and for fuel applications following further process optimization in 2012.

Our Pharmaceutical Program

We aim to identify novel crystal forms of marketed drugs under patent with the objective to improve their properties and extend the product lifecycle. We select drugs for which we expect to be able to improve the drug properties, such as solubility, and/or to benefit from the current intellectual property position. We will select a portfolio of 15 drugs, which we plan to screen for novel crystal forms in the period to 2009. The 11 drugs we have selected so far and which are currently being screened, are in the area of anti-viral and cardiometabolic diseases, each with annual sales in the range of US$0.5 – 5.0 billion.

Based on our track record of applying our crystallization technology to more than 100 drug candidates for more than 50 pharmaceutical companies, we expect to be able to discover novel crystal forms for approximately 80% of the drugs that we will select. To date, we have conducted the high-throughput crystallization screening of three drugs and have filed patent applications for novel crystal forms in all three cases. We believe that, from our portfolio of 15 drugs, we can generate at least three commercially attractive opportunities in the coming years, of which at least one crystal form is anticipated to have superior characteristics compared to the existing drug.

The commercial opportunities for these novel crystal forms are several. First, improved properties such as solubility may lead to more convenient formulations and dosing regimens, thereby potentially reducing side effects and improving patient compliance. Secondly, it may allow the originator to extend the drug life cycle, or a generics company to challenge the market exclusivity, of the existing drug. As we develop crystal forms of existing drugs with proven safety and efficacy profiles, we expect to benefit from reduced risk and shortened timelines in comparison to the development of new drugs.

We will determine the optimal partnering strategy for each drug on a case by case basis and intend to license the intellectual property rights to either the pharmaceutical originator or a (generic) pharmaceutical company in exchange for upfront and milestone payments and/or royalties on sales. We believe that we can secure value-adding partnerships following the completion of comparative biology models and/or limited human studies demonstrating bio-equivalence or superiority to the existing drug.

We expect to complete a comparative biology study of our first novel crystal form in the second half of 2007. We expect to announce our first licensing deal in 2008.

Services and Tools Business

We offer advanced high-throughput R&D services and tools to our clients in the energy, chemicals and pharmaceutical industries worldwide. Our offerings include (i) the development of novel catalytic solutions for energy and chemicals companies in their search for process optimization, new products and feedstock diversification, and (ii) specialized crystallization research services for the pharmaceutical industry to support their development of small molecule drugs. In addition, we increasingly sell research tools to our clients, thereby enhancing their internal R&D capabilities. We believe that the combined offering of research services and tools is synergistic and reinforces our position as a leading provider of high-throughput R&D. Among our customers are recognized industry leaders in the chemicals and energy industries, including BP, Royal Dutch Shell and Sasol as well as the pharmaceutical industry, such as Pfizer, Boehringer Ingelheim and GlaxoSmithKline. Our success in servicing these industry leaders validates our technology and forms the basis of our development programs described above. We have grown our services and tools revenues from €6.7 million in 2004 to €13.5 million in 2006, representing a CAGR of 42%. Over 60% of our customers in 2006 were recurring customers. To accommodate the strong growth of our business, we are doubling our research laboratory capacity in Amsterdam. The new facility is planned to become operational in 2008.

Our History

We were founded in February 2000 as a spin-out from Royal Dutch Shell to accelerate and exploit the application of high-throughput R&D, initially developed by Royal Dutch Shell for catalysis research, across a range of industries. Over the period 2000 to 2003, we received approximately €60 million in a series of financing rounds from an international consortium of strategic, financial and university partners:

- Strategic partners – Royal Dutch Shell, GlaxoSmithKline, Pfizer, Akzo-Nobel, Eastman Chemical, WR Grace and GSE Systems. Royal Dutch Shell, GlaxoSmithKline and GSE Systems each transferred existing in-house technologies to us in exchange for equity.
- Financial partners – AlpInvest, DFJ Esprit Capital, S.R. One, Signet Healthcare Partners, MVM and EDB Ventures.
- University partners – Delft University of Technology, Eindhoven University of Technology and the University of Twente.

During the first years of our existence, our strategic aim was to broadly apply high-throughput technology across a range of applications and industries. During this period, we developed and patented the main elements of our advanced high-throughput R&D technology. We invested significant resources to advance the technology we acquired when we spun-out from Royal Dutch Shell and to develop new systems and associated software. We also initiated numerous proprietary R&D programs and started to offer research services and systems, including pharmaceutical process development, biocatalysis research, polymer research, coatings and agrochemical formulations, and lab-on-a-chip technology development.

In 2000, we established an R&D satellite laboratory at Delft University of Technology. In the same year, we entered into a collaboration with the University of Leiden to develop high-throughput technology for crystallization research for small molecules in drug development. The activities were initially conducted through our subsidiary Crystallics B.V. and transferred to Avantium Technologies B.V. in 2003. In 2001, we established subsidiaries in Columbia, Maryland, US, following our acquisition of the software platform of GSE Systems to develop laboratory automation called Virtual Lab, and in Hexham, UK, to develop scientific and data management software. During our first years, we signed agreements with a number of key industrial partners, including Pfizer, for which we undertook numerous projects in crystallization research, chemical process development and catalysis research, DSM in the area of catalysis research for specialty chemicals, Millennium Cell for the development of technology for hydrogen generation and storage to be used in fuel cells, and the University of Malaysia on catalysis research for the upgrading of palm oil.

In 2003 and 2004, we restructured our businesses and decided to focus our efforts solely on catalysis research for the energy and chemicals industries and on crystallization research for the pharmaceutical industry. As part of this reorganization, we divested our US activities, including our software platform for laboratory automation, Virtual Lab, to Mettler-Toledo, closed our operations in Hexham and Delft, and discontinued certain other non-core activities. At the same time, we expanded our business development team to increase our targeted approach to customers in our chosen areas of focus and to accelerate our growth. The refocus on our core expertise and technologies led to several strategic research collaborations with leading companies such as Celanese for catalysis research for bulk chemicals, BP for catalysis research and Boehringer Ingelheim and GlaxoSmithKline in the field of crystallization research.

In 2005, we expanded our client offerings with specific tools, comprising stand alone elements of our high-throughput technology, as a logical extension of our service activities. Our first achievement in this area was the launch of the Crystal16™ for crystallization research, which we have since sold to the majority of large pharmaceutical and biotechnology companies worldwide. In 2006, we launched two other tools, Block96™ and Flowrence™, for catalysis research and process chemistry. In addition, we established a US branch office to improve our services to our expanding US customer base.

In 2006, while continuing to successfully grow our services and tools business, we made the strategic decision to leverage our expertise in high-throughput R&D by initiating selective investments in proprietary development programs. After evaluating a variety of opportunities in our areas of focus, we selected the two most attractive development programs: (i) novel biofuels with improved properties as well as bio-based chemicals, and (ii) novel crystal forms of marketed drugs under patent.

In 2007, we announced the expansion of our facilities in Amsterdam to accommodate the strong growth of our business. We also announced a strategic research collaboration with Sasol and extended our multi-year partnership with BP Amoco (see also Chapter 9 “Business – Our Collaborations and Material Agreements” for a brief description of our agreement with BP Amoco). We successfully completed a proof-of-concept engine test in our biofuels development program and generated promising novel crystal screening forms in our pharmaceutical program.

Our Approach

Our advanced high-throughput R&D technology allows us to develop new and improved products and processes in a more rapid and cost-effective way at a superior rate of success compared to conventional research. The key principles of high-throughput R&D are parallelization, automation and miniaturization. It allows us to screen hundreds to thousands of materials, reagents and process conditions in parallel. The ability to conduct a much larger number of experiments increases the chance of finding novel products and processes. This is of particular relevance for complex and unpredictable areas of chemical sciences, such as catalysis and crystallization.

Table: high-throughput R&D versus conventional R&D (indicative)

	High-throughput R&D	*Conventional R&D*
Experimental setup	Automated, in parallel	Manual, one at a time
Throughput	100 to 1,000 experiments per week	1 to 10 experiments per week
Scale	µl – ml	ml – liter
Analysis time	Minutes	Hours
Size of data sets	Thousands to millions of data points per month	Tens to hundreds of data points per month

We differentiate from other companies in the high-throughput R&D industry by our rational approach towards R&D. Our rational approach is based on internally developed software for experimental design to target the most relevant experimental conditions and to analyze data to extract valuable conclusions from the large data sets that our high-throughput technology generates. This approach can be utilized for several R&D applications that require repetitive screening of a large number of parameters. We have focused on applications in catalysis research and crystal form identification. By using our unique, rational approach, we have the capacity to accomplish innovations at a superior rate of success. In addition, our proprietary hardware for catalysis research allows us to test new catalytic materials under industrial pressure and temperature ranges with industrial product streams, mimicking industrial plant conditions and reducing scale-up effects. Our experience and understanding of the challenges inherent to developing advanced high-performance products and processes for commercial markets enables us to minimize the risk, time and cost of development, while maximizing R&D productivity.

Strategy

We are driven by our ambition to be a leader in the area of advanced high-throughput R&D as a means to accelerate the discovery and development of advanced products and processes with applications in the energy, chemicals and pharmaceutical industries.

Our business model is based on core skills and expertise that lend themselves to two complementary strategic arms: (i) developing and future licensing of proprietary products and processes, and (ii) providing value-adding services and tools. We believe that our development programs are capable of generating significant shareholder value and we anticipate continued growth in our services and tools business. Our capabilities are validated by our track record of work for clients over several years, demonstrating the industrial and commercial potential of our approach.

Key elements of our strategy:

Advance the development programs of our own products to commercial viability - We are focused on aggressively advancing our biofuels program and our pharmaceutical program. We intend to patent a range of products and processes with a view to retaining a significant part of the value of our innovations. In the coming years, we intend to exploit the commercial value of several of our proprietary products and processes by entering into partnerships with leading companies for further development and commercialization.

Our biofuels program aims at developing novel biofuels with superior process economics and properties as compared to current biofuels. Our ambition is to develop biofuels that can replace conventional fossil-based fuels. We intend to broaden the commercial potential of our biofuels program by pursuing in parallel the development of selected bio-based chemicals such as plastics, and specialty and fine chemicals. As we continue to optimize our portfolio of products and processes during the next years, we expect to demonstrate commercial proof-of-concept of our bio-based chemicals at pilot plant scale, followed by our commercial proof-of-concept of our biofuels.

The primary objective of our pharmaceutical program is to develop novel crystal forms of marketed drugs under patent with improved properties, allowing the commercialization of second generation drugs. Also, the identification of novel crystal forms with equivalent properties will lead to value creation by either extending or challenging market exclusivity of the existing drug. We intend to complete a screening program of 15 drugs in three years, of which we have selected 11 compounds to date after a stringent evaluation procedure. Based on our experience, we expect to demonstrate *in vivo* proof-of-principle for at least three novel crystal forms.

Continue to expand our profitable services and tools business - We plan to continue the growth of our profitable services and tools business in the energy, chemicals and pharmaceuticals industries. Our services and tools business provide us with an excellent network in attractive markets, and with insights in current and future customer needs. These insights serve as the basis for developing new technological capabilities to create product and process inventions, as well as providing a range of new services and tools to our expanding customer base.

In addition, we may expand our service activities into related chemicals and crystallization areas within the energy, chemicals and pharmaceutical industries, and into new geographies to allow for future growth. Moreover, we expect we can sell a growing number of our tools to companies that seek to enhance their in-house R&D productivity, and develop new versions of these tools as well as novel tools in order to cover a wider range of chemistries and application areas.

Continue to invest in further strengthening our advanced high-throughput R&D technology - We are committed to continue to develop and implement innovative research approaches, both internally and through partnerships with industry leaders, universities and technology providers. We plan to continue our investments in technological developments to sustain our technology leadership position and competitive advantage in high-throughput R&D, with the objective to further accelerate R&D and shorten the time to commercialization. These investments will also provide entry into new chemistries, processes and application areas in order to pursue additional development programs.

We may selectively pursue acquisition opportunities in case we believe that this will allow us to accelerate the achievement of one or more of our strategic objectives described above. In particular, business combinations where we could benefit from further strengthening our approach by extending our current technologies, accelerating our internal development programs, or increasing our critical mass and broadening our client offerings, may be of interest.

Our Development Programs

Catalytic Conversion of Biomass (Sugars) into Biofuels

Market Opportunity

We aim to develop biofuels with superior properties and process economics compared to current biofuels such as bio-ethanol and biodiesel, which still have significant disadvantages that limit their widespread use. We have focused our efforts on the conversion of sugars such as glucose into a class of molecules called ‘furanics’. Our bio-based furanics have the potential to serve not only as fuels, but also as chemical building blocks for a range of alternatives for oil-derived products, such as plastics.

Rising Concerns about the Dependence on Fossil Resources

According to the International Energy Agency, the worldwide production of oil amounts to about 3,940 Mtoe per year, of which 1,861 Mtoe is used as transportation fuel[5], corresponding to an oil production of 82 million and 39 million barrels per day[6], respectively. The 1,861 Mtoe represents 95% of the total transportation fuel market[5]. The International Energy Agency projects the transportation fuel market to grow at a rate of 1.8% per year, to reach 3,111 Mtoe in 2030[5]. Concurrently, worldwide, concerns about the dependence on and availability of fossil resources, predominantly oil, are growing. Production will be concentrated in a small number of countries, many of which are situated in politically unstable regions. Disruption in supply could have a significant economic impact. Moreover, as easily accessible locations are getting scarce, oil companies are facing increasing exploration and exploitation costs. From 1995 to 2006, oil prices have increased from an average of US$17[7] to US$65[2] per barrel. Based on the observations described above, the energy and chemicals industries face a substantial risk that the fossil feedstock prices will continue to rise. Next to the economical and geopolitical concerns, the use of fossil fuels is believed to have a major impact on the environment. It has become widely accepted that greenhouse gases such as carbon dioxide, to a large extent caused by the use of fossil fuels, have a major impact on the environment and have contributed to the overall trend of global warming. The Kyoto protocol is a clear illustration of the true concern over global climate change. In addition, consumers are increasingly demanding that products become more environmentally friendly. In order to counter the risks and concerns related to oil, governments, industries and universities are aggressively promoting to find economically attractive ways to shift to renewable energy sources such as solar, wind, hydrogen and biomass.

Global Need for a Renewable Energy Supply – Transportation Fuels

In order to limit the dependence on oil for fuels, increasing efforts are directed at the development of biofuels. In 2005, biofuels accounted for 1% of the total transportation fuel market, totaling 20 Mtoe[1], which represents a market of US$9.5 billion, based on the 2006 average oil price of US$65 per barrel[2]. The International Energy Agency estimates the total contribution of renewable energy to grow to 4% of the transportation fuel market by 2030[1]. In contrast, both in the EU and the US, challenging targets of 10%[3] and up to 33%, respectively, by 2020[4] have been set for the share of renewable energy in transportation fuels. To address this mismatch between expected and required growth, major R&D activities have been initiated to develop new technologies in the area of renewable energy to facilitate accelerated supply of biofuels. Paradoxically, existing biofuels are not likely to be suitable alternatives for fossil-based fuel, as they are hampered by, amongst others, poor process economics and low energy density, or fewer kilometers per liter. New generations of biofuels with better economics and properties are required to further expand the potential market for biofuels.

Currently, two types of biofuels are available: bio-ethanol and biodiesel. Bio-ethanol is mainly produced in the US and Brazil by fermentation of sugars from corn and sugarcane, respectively. This bio-ethanol uses feedstock that competes directly with food and is therefore referred to as a first generation biofuel. The production of first generation bio-ethanol grew from 9 Mtoe in 2000 to 17 Mtoe in 2005, representing a growth rate of 14% per year[8]. The other biofuel, biodiesel, is mainly produced in Germany from vegetable oils and fat. The global production grew from 0.6 Mtoe in 2000, to 2.4 Mtoe in 2005, representing a growth rate of 32% per year[9].

While the contribution of biofuels to the fuel pool increases, some significant disadvantages of existing biofuels remain. In most parts of the world outside Brazil, biofuels cost significantly more to produce than conventional gasoline or diesel, even with crude oil prices of over US$70 per barrel[10]. Therefore, the production of biofuels depends heavily on tax benefits and/or subsidies.

For bio-ethanol, energy density is a major drawback, reducing the number of kilometers per liter by about 34%[11] relative to gasoline. By nature, bio-ethanol attracts water and therefore has corrosive properties. As a consequence, bio-ethanol can damage fuel pipelines, storage tanks and car engines[12]. To avoid corrosion, bio-ethanol is transported separately to local distributors, where it is blended with gasoline, which adds to the cost of production. Moreover, bio-ethanol does not mix with diesel and is only mixable with gasoline in limited amounts. In the US and Europe, gasoline is blended with 5%-10% bio-ethanol[13]. Fuel blends with greater amounts of bio-ethanol require changes to the car's engine. Finally, when sugar is converted to bio-ethanol, already 33%[14] of the carbon present in sugar is lost upon fermentation as CO_2, i.e. during its production and not during combustion, thereby reducing the efficiency of the process.

An additional consideration that makes the production of bio-ethanol, especially in Europe, less beneficial is the imbalance in supply and demand for diesel. In Europe, more diesel is used than gasoline. As the production process of fuels cannot be tuned to compensate for the misbalance in demand, Europe is a net importer of diesel and exporter of gasoline. In Europe, there is an annual diesel shortage of approximately 24 million tons and an annual gasoline surplus of approximately 17 million ton[15]. Therefore, only biodiesel will contribute to the security of supply while bio-ethanol will only add to the large gasoline surplus.

Biodiesel is derived from vegetable oil and fats, including rapeseed, soy beans and palm oil. The availability of these types of feedstock will remain limited and are also used for food and personal care applications. Furthermore, biodiesel shows poor low temperature properties: below temperatures of five degrees Centigrade, biodiesel becomes solid in the tank[16]. As a result, biodiesel cannot be used all year round in many parts of the world without modifications to the engine and fuel tank. In addition, biodiesel slowly disintegrates in the tank, forming deposits that clog engine filters and reduces engine durability by forming residual organic acids that corrode the engine.

In order to be able to meet the ambitious targets for renewable fuels, new technologies and products are urgently needed. To avoid the competition for the use of raw materials and crops needed for food supply and to make the bio-ethanol supply chain economically viable, the focus of the worldwide research efforts in bio-ethanol is on the development of technology to convert cellulose - the woody, undigestable part of a plant that predominantly consists of sugar strains - to sugars. These sugars can subsequently be fermented into what is referred to as cellulosic ethanol, regarded as a second generation biofuel. The advantage of using cellulose as feedstock is that a much larger part of the available biomass can be used, reducing the competition with the food chain. This development will also be beneficial for our biofuels program. Although cellulose will help reducing competition with the food chain, the most significant disadvantages of bio-ethanol remain, such as limited mixability, low energy density and corrosive nature. For biodiesel, the use of cellulose is not possible. Furthermore, no major process optimization is expected[17]. Combined with other unfavorable properties of biodiesels, the potential of the biodiesels currently produced is significantly limited.

Objectives of our Biofuels Program

We aim to develop sugar-derived biofuels with superior economics and properties to overcome the issues related to both the first and second generation biofuels. Our biofuels can be blended in high concentrations with fossil-based diesel, they can be co-blended with biodiesel, and they can be an alternative to bio-ethanol as an additive to gasoline. Ultimately, our ambition is to develop biofuels that are competitive with fossil-based fuels, in particular diesel. Based on our unique approach to and vast experience in catalyst discovery and optimization, we anticipate developing an economically attractive catalytic process to unlock the potential of bio-based furanics as alternative for energy and chemical applications.

We have focused our biofuel program on the development of furan based products ("furanics"), predominantly on ether and ester derivatives of a molecule called HMF, or hydroxymethylfurfural. HMF is a key intermediate substance between biomass based chemistry and oil-based industrial chemistry for which no technical production process has been constructed until now[18]. Although HMF has been known and widely studied for decades, as it can be the precursor to many valuable building blocks[19], there is ample room to improve the route to produce the molecule in an economically attractive way. By using our proprietary catalytic process development technology, we have been able to find catalytic routes to produce furanics from sugars, such as glucose. Moreover, we are the first to claim the use of our furanics as a fuel. Recently, we successfully performed tests that have proven the potential of our furanics as a biofuel.

Our biofuels program, aimed at developing a new generation of biofuels based on furanics, is founded on three key strands of improvement:

- Energy: Superior fuel energy density, or kilometers per liter. Our furanics fuels have an energy density that is about equal to conventional fuels, allowing drivers the same vehicle range as they are used to with today's fuels, in contrast to bio-ethanol which has 34%[11] lower energy density.
- Economics: We are developing a chemical, catalyzed process that is compatible with existing chemical process technology. We estimate that our process will lead to lower fixed and variable costs compared to first and second generation biofuels such as bio-ethanol and biodiesel. It is our ambition to develop a process that will be competitive to fossil-based fuels.
- Emissions: Our furanics have significantly better emission profiles than those of fossil-based fuels. Our furanics biofules do not contain sulphur and we expect a significant reduction in fine particulate matter, which are both important environment and health benefits compared to oil-based diesel.

Furanics for biofuels represent a high-growth market but require an efficient catalytic process to make the application economically attractive. For illustrative purposes, based on our internal models, validated by our Industrial Advisory Board member Mr. Dautzenberg, furanics could potentially compete with fossil-based diesel at an oil price of US$60 per barrel, at a conversion yield of 75% and a glucose price of €50 per ton. On the basis of this scenario, we calculated the production costs of furanics as a biofuel to be € 0.29 per liter. In parallel to optimizing the process and developing the fuel applications, we develop process technology to use furanics for several other significant markets. These applications, such as bio-based plastics, and specialty and fine chemicals, require a less efficient process to be economically attractive. As an example, the production of bio-based monomers for the production of polyesters is an attractive opportunity because of its strong growth. PET, for example, is a widely applied plastic. The market for PET - now already a multi billion dollar market - is projected to grow with 7% to 8% per year[20, 21]. The opportunities in the chemical area, to use these bio-based building blocks for the production of pharmaceutical and agrochemical intermediates and as monomers for the production of polymers, are less challenging thus regarded as lower risk opportunities in terms of process optimization, while providing opportunities for significant value generation.

An industrial advisory board advises us regarding our biofuels program. This advisory board consists of top-tier industry professionals and scientists. The board combines knowledge from industry leaders such as Royal Dutch Shell, DuPont, ABB Lummus and DSM and top-class catalyst experts (see Chapter 10 "Management and Employees – Industrial Advisory Boards").

Our Development Process

We are developing catalysts and processes for the efficient production of furanics from sugars, such as glucose, for use as a fuel or in chemical applications. Currently, the production of first generation bio-ethanol is based on the fermentation of sugars. As mentioned above, major R&D efforts are directed to converting cellulose into glucose for the production of second generation bio-ethanol. Our biofuel program will benefit from these efforts as they are expected to make sugars more abundantly available at lower prices.

Our development program consists of two pillars:

1. The development of a highly efficient, catalytic process to produce furanics, and

2. The testing of furanics for their application as a fuel, and for their use as bulk, specialty and fine chemicals.

In order to develop a highly efficient production process for furanics from biomass, we screen catalysts for their ability to transform sugars, such as glucose, into furanics via HMF. Under the acidic conditions required to form HMF, the molecule is unstable. Our technology enables us to convert HMF directly after its formation to more stable derivatives, which we refer to as furanics. Furanics are a family of products with varying properties and applications. Our processes are developed to be compatible with existing conventional chemical process technology and will preferably run in fixed bed reactor systems, widely applied in chemical plants and refineries. Part of our proprietary platform consists of miniaturized versions of the industrial reactors, in particular our proprietary Nanoflow technology (see "Our Technologies"). Combined with our catalyst development expertise, and speed derived from our high-throughput technology, we are uniquely positioned to unlock the potential of furanics and other high-value products and processes. By modifying the catalysts and process parameters, such as temperature, concentration and solvent type, the process of converting sugars to a range of furanics, can be optimized to predominantly produce the furanics of choice with maximum yield. The more the process is optimized, the lower quantity of raw material is needed to obtain the end product, which will in turn drive the economical attractiveness of the process. For biofuel applications to be economic, an efficient production process is necessary, which means a combination of high conversion and selective production to the desired furanics. Due to the higher end user prices for bulk, specialty and fine chemicals, the catalytic process can be less optimized for these applications and therefore, chemical applications should involve lower development risk and consequently, thus shorter time to market, than fuel applications.

In parallel to screening a vast range of catalysts and process conditions to obtain furanics, we are evaluating furanics for specific applications. We have successfully demonstrated the use of furanics as a biofuel by analyzing its fuel properties and by conducting a proof-of-principle engine test.

In order to determine the application of furanics as a fuel, we have established certain relevant fuel properties of our furanics, NF EN ISO 12205 tests demonstrated that the Cetane number - a measure of the ignition quality of a diesel fuel - increased when conventional diesel was blended with our furanics. ASTM D 6890 tests demonstrated that our furanics did not decrease the oxidation stability of diesel, which means our furanics do not increase the ageing effect of diesel. The tests were carried out by Intertek in France.

In August 2007, we performed our first engine test to determine the viability of our furanics biofuel in a diesel engine. The test was conducted at an independent test center of Intertek in Geleen, the Netherlands. Using a Citroën Berlingo test car with a regular D9B diesel engine, we tested a range of blends of conventional diesel with our furanics. The engine test yielded positive results. The engine ran stationary for several hours without any irregularities. During stationary operation with the blend of conventional diesel and our furanics the total particulate matter of the emission was measured (according to the standard test protocol NEN-EN 13284-1). The results of the tests are outlined in the following table and compared with measurements in the same engine on the basis of 100% conventional diesel.

Experiment	Volume		Total particulate matter	Particle
	Actual (m3/h)	Normal (Nm3/h)	Concentration (mg/Nm3)	PSD <10 µm (%)
particulate matter results of blend of commercial diesel with 17 vol% furanics				
3b	80	60	5.1	100
particulate matter results of 100% conventional diesel fuel				
1	80	60	6.1	98,5

The results of the total particulate matter measurements show a significant reduction of total particulate matter when using a blend of conventional diesel and our furanics.

Furthermore, a number of gas measurements were conducted during the engine test using standard NEN and ISO test protocols. These measurements confirmed that NOx emissions were similar for the blend of conventional diesel with our furanics and 100% conventional diesel. The gas measurements indicated a slightly higher emission of carbon monoxide for the blend of conventional diesel and our furanics compared with 100% conventional diesel. The addition of sufficient amounts of cetane improvers can be used to reduce the NOx and CO emissions well below the base reference fuel.

In 2008, we plan to carry out a full scale engine test. This test is similar to the engine tests in August, but for a longer duration to study engine performance and long term effects. For this test, we need to produce several hundreds of liters of our biofuel.

Furthermore, we are determining the applicability of furanics as a monomer in polymer production, by polymerizing them to various plastics and testing their physical properties. We maximize the chance of our biofuels and bio-based chemicals program by actively pursuing all possible end product applications. This includes the application of furanics as monomer 2,5-furan dicarboxylic acid (FDCA). FDCA can be used for the production of analogues of polyethylene terephthalate (PET). PET is widely applied in polyesters used for the production of bottles, liquid containers and synthetic fibers and represents an attractive growing market opportunity. PET is currently produced on the basis of purified terephthalic acid (PTA), which is produced on the basis of oil. With the development of FDCA, we aim to develop a bio-based, alternative product for the high-growth market of PTA. On basis of analytical tests, we have established that plastics based upon FDCA have attractive physical properties that are comparable to the properties of PET. The results of the analytical tests and the comparison with the characteristics of oil-based PET plastics are summarized in the table below:

Polymer	Furanics Type A64	PET
Feedstock	Glucose (biomass)	Para-xylene (oil)
Monomer	FDCA	PTA
Molecular weight	80,000	60,000-100,000
Viscosity	0.65dl/gram	0.6-0.8dl/gram
Melting temperature	~250ºC	~250ºC
Glass transition temperature	~125ºC	~75ºC

In addition, we are pursuing opportunities to apply our furanics in other polymers, and specialty and fine chemicals.

We estimate the total costs of our development program for biofuels and bio-based chemicals to be €15-20 million, which we believe would cover our estimated expenses for this program up to its commercial viability.

Partnering Strategy

We applied for patents for a range of processes and products in order to retain a significant part of the value of our innovations. In the coming years, we intend to exploit the commercial value of several of our proprietary products and processes by entering into partnerships with leading industry players for further development and commercialization. Through these partnerships, we expect to receive milestone payments, license fees or royalties, reflecting the economic and environmental benefits of our products and processes. For each application of furanics we will decide the best route to commercialization.

Milestones

The further progress of our biofuels program will be evidenced by several milestones. After an engine run was successfully performed in August 2007, demonstrating the fuel potential of furanics, we expect to present results from a large scale engine test in 2008. In parallel, we will aim to further optimize the process yield and conditions, which we expect to result – based on current prices of oil and sugar - in economically sustainable process yields and conditions for specialty and fine chemical applications by 2009. We expect to determine suitable applications for bulk chemicals by 2010. We intend to enter into one or more partnerships for these applications after 2010 and later for fuel applications following further process optimization in 2012.

Our Pharmaceutical Program for the Development of Novel Crystal Forms of Marketed Drugs under Patent

Market Opportunity

Most small molecule drugs are delivered to patients as tablets or capsules, referred to as solid dosage forms or oral formulations. The ability to deliver a drug to a patient in a safe, efficacious and cost efficient manner is heavily influenced by the physico-chemical properties of the crystal form of the drug[22]. Each crystal form can have distinct physico-chemical properties such as solubility and stability. For example, the crystal form has a significant influence on how fast the drug dissolves in the human body and how much enters the bloodstream, which is referred to as bio-availability. Developing a novel crystal form with improved solubility may lead to more convenient formulations and dosing regimens, by reducing the daily-required number of tablets. It may also reduce side effects and improving patient compliance. The discovery of novel crystal forms with improved physico-chemical properties in comparison to an existing drug is valuable as it represents an opportunity to enhance the competitive profile of the drug, and allows extending its product life cycle. The importance of crystal forms is demonstrated by the case of ritonavir (Norvir®), a drug developed and marketed by Abbott Laboratories for the treatment of HIV. The drug had been on the market for 18 months when in 1998 the commercial manufacturing process yielded a previously unknown crystal form that was less soluble. This new crystal form failed to meet the FDA approved drug specifications and therefore could not be distributed to pharmacies and patients. Although the two forms were chemically identical, the new form was half as soluble, dramatically limiting the bio-availability of the active ingredient, and its ability to suppress the HIV virus. This new form was dominant in the manufacturing process and Abbott had to reformulate the new crystal form as a liquid gel capsule containing the drug in a pre-dissolved state. Unlike the original formulation of the drug, the gel capsules required refrigeration. Overall, the issue had a severe impact on sales as a result Abbott lost an estimated US$250 million[23]. This case underlines the importance of identifying all possible crystal forms of a drug (before launch).

Pharmaceutical companies file numerous patents on any particular drug as they seek to protect their intellectual property and to maximize market exclusivity, including a composition-of-matter patent, crystal form patents, formulation patents and methods-of-use patents. The composition-of-matter patent is based on the chemical structure of the drug molecule. It provides the strongest protection and is least likely to be successfully challenged. The composition-of-matter patent is usually the first patent of the drug's patent portfolio to expire. Therefore, pharmaceutical companies rely on crystal form patents and formulation patents to provide longer term market exclusivity. A novel crystal form can be patented separately and allows the originator to extend the drug life cycle. The patent could also offer an opportunity to generics companies to challenge the market exclusivity of the existing drug, as these companies can market the drug based on a novel crystal form. This is exemplified by a number of patent battles between originator and generic companies over the crystal form patents of well known drugs including atorvastatin (Lipitor®), paroxetine (Paxil®), ranitidine (Zantac®), sertraline (Zoloft®) and alendronate (Fosamax®). As a result, leading pharmaceutical companies such as Pfizer, Merck and GlaxoSmithKline have established state-of-the-art crystallization research capabilities in their desire to identify and better understand the various crystal forms of their new drug products and to ensure they can optimally protect the intellectual property of the various crystal forms of their new drug molecules. Other companies rely on the crystallization research expertise of third parties to achieve this understanding.

Despite the increasing recognition of the importance of crystallization research, many drugs on the market today have not extensively been screened for the existence of alternative crystal forms, as suitable technologies were often not available at the time these drugs were developed. One of our former competitors in crystallization research, TransForm Pharmaceuticals (US), identified and patented a novel crystal form of topiramate (Topamax®), a Johnson & Johnson drug for the treatment of epilepsy. In comparative biology models, the novel crystal form identified by TransForm was 100 times more soluble than the product that was marketed by Johnson & Johnson. Subsequent to a license deal between TransForm and Johnson & Johnson in 2004, TransForm was acquired in 2005 by Johnson & Johnson for US$230 million in cash[24].

Objectives of our Pharmaceutical Program

The primary objective of our pharmaceutical program is to leverage our proprietary high-throughput crystallization technology and expertise to discover and develop novel crystal forms of marketed drugs under patent with improved properties, allowing the commercialization of a second generation drug. The identification of novel crystal forms with equivalent properties will also lead to value creation by either extending or challenging market exclusivity of the existing drug.

Our track record proves our ability to identify novel drug forms. We have screened more than 100 drug candidates for more than 50 pharmaceutical clients and to date, we have discovered novel crystal forms in approximately 80% of our screening projects. Based on this experience, we feel confident that we can successfully pursue opportunities in this field at a similar rate of success. Over the three year period ending December 2009, we have plans to screen 15 selected marketed drugs, predominantly in the field of anti-viral and cardiometabolic diseases, that are currently under patent with the objective of creating a portfolio of novel crystal forms. We aim to license the rights to the novel crystal forms to either the pharmaceutical originator or to a (generic) pharmaceutical company in exchange for upfront and milestone payments and/or royalties on sales.

For our pharmaceutical program, we are advised by an industrial advisory board, which consists of top-tier industry professionals and scientists. The board combines knowledge from industry leaders, such as Pfizer and GlaxoSmithKline, and top-class pharmaceutical experts (see Chapter 10 “Management and Employees – Industrial Advisory Boards”).

Drug Target Selection

We have consulted physicians, industry consultants and intellectual property attorneys, some of whom are members of our Industrial Advisory Boards, to identify suitable candidates for our pharmaceutical program. We select and prioritize the drugs we include in our program, based on the following set of criteria:

- Oral dosage formulations (tablets and capsules);
- Annual sales above US$200 million;
- Positive expert opinion;
- No conflict with drug candidates we have screened for customers;
- Opportunity to benefit from patent status; and
- Opportunity to improve physico-chemical properties.

We have selected from the FDA's Orange Book[25] for further review approximately 700 marketed oral dosage prescription drugs. We have conducted extensive market research and interviewed high-prescribing physicians in the relevant therapeutic areas to obtain their expert opinion on the potential of a second generation product based upon a novel crystal form with improved properties. We have excluded, and will continue to exclude all drugs and drug candidates that we have screened for any of our customers. We have carefully reviewed the patent status of these drugs and selected drugs for which the main patents, such as composition of matter, have sufficient remaining life to provide incentive for the originator to launch a second generation of the drug. In addition we have reviewed the crystal forms patent status of each target drug. We have selected drugs that have characteristics that we believe can be improved by the identification of new solid forms with better physico-chemical properties and/or to benefit from the current intellectual property position.

Over the past two years, we have selected 11 anti-viral and cardiometabolic drugs. These drugs have current annual sales in the range of US$0.5 billion to US$5.0 billion each. In the longer term, we plan to broaden the scope of our program by evaluating other opportunities, such as combination products by co-crystallization or co-formulation of existing drugs and oral formulations of currently non-oral drugs.

Our Development Process

Once a compound has been selected, our dedicated team of scientists will determine the most suitable experimental approach for each individual drug. Our high-throughput technology is ideally suited to screen various methods and means of crystallization using a large number of different solvent systems and a wide range of crystallization conditions. All relevant properties, such as solubility, and stability, will be determined for each new crystal form that is discovered. Our intention is to patent only relevant crystal forms. Based on the properties, our scientific team will assess the individual properties of each new crystal form and select the forms for further characteristics indicating they are potentially equivalent or superior to the marketed drug. Of the three drugs we have worked on since the initiation of our pharmaceutical program, we have identified and filed patent applications for novel crystal forms in all three cases.

After selecting the most promising crystal form(s), we will work with contract research organizations to further establish the value of our invention. These activities may include formulation development, comparative biology models and limited human trials. Should we identify crystal forms with significantly improved properties, we may decide to perform a limited number of tests to research the pharmacokinetic performance of the novel crystal form. We believe that since our novel crystal forms are chemically identical to the marketed drugs, which already have proven safety and efficacy, we will benefit from the reduced risks and reduced timelines in comparison to the development of new drugs.

We believe that we can secure value-adding partnerships following the completion of comparative biology models and, for certain drugs, limited human studies demonstrating bioequivalence or superiority to the reference drug. In certain cases, we may decide to license the novel crystal form to the originator or to a generic company after patent filing without conducting further testing. This will largely depend upon the physico-chemical properties of the novel crystal forms and prioritization within our portfolio.

We estimate the total costs of our pharmaceutical development program to be € 10-15 million on the basis of the scope outlined above.

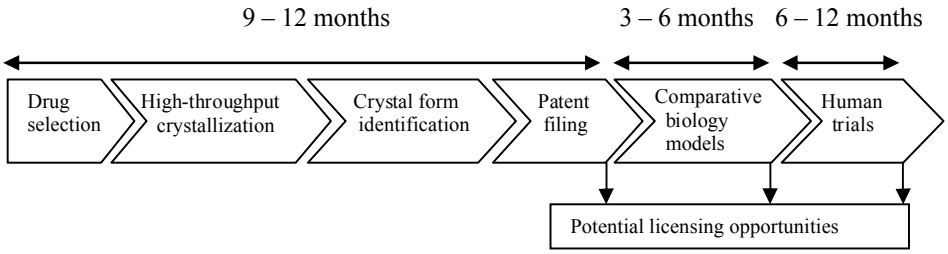
Partnering Strategy

By discovering novel crystal forms of the drug, we will develop intellectual property rights that we intend to license to pharmaceutical companies in order to expand the life cycle of their products or to allow them to develop a generic version. Based on our track record, we believe we can generate at least three commercially attractive opportunities in the coming years. Moreover, we expect at least one of this three novel crystal forms to have superior characteristics compared to the reference drug, which will give the opportunity to the licensee to market the novel form as a second generation drug.

For each novel crystal form, we will decide the best route to commercialization to partner with either the pharmaceutical originator or a (generic) pharmaceutical company in exchange for upfront and milestone payments and/or royalties on sales.

Milestones

The progress of our pharmaceutical program can be monitored via milestones and licensing deals as described above. A schematic overview is given below.



We expect to complete a comparative biology study of our first novel crystal form in the second half of 2007. We expect to announce our first licensing deal in 2008.

Our Services and Tools Business

Market Opportunity for High-Throughput R&D

We offer R&D services and tools to companies in the energy, chemicals and pharmaceutical industries. These industries represent attractive and growing markets, as companies continue to invest in the development of new products and processes. R&D expenditures in the energy and chemicals industries were estimated at US$208 billion in 2004, while companies intend to continue to raise their R&D spending without hiring of extra personnel.[26] R&D expenditures in the pharmaceutical industry exceeded US$50 billion in 2006[27], up from US$15 billion in 1996[28]. More specifically, the contract research market showed growth of 15% in 2006[29]. It is evident that the total R&D market is large and growing and the share of outsourced R&D is increasing. Based on our internal analyses, we believe that our targeted niche areas of outsourced catalysis and crystallization R&D are growing and currently represent a fraction of the total outsourced R&D market.

Due to intense competition in the energy, chemicals and pharmaceutical industries, the pressure to discover new and better products and processes and the need to improve R&D productivity are continually increasing. We have developed advanced high-throughput R&D technology to help our customers to accelerate and enhance the outcome of their R&D programs. We believe that the market for high-throughput services and tools will continue to expand due to the further adoption of high-throughput research in addition to the absolute growth in R&D expenditure in the energy, chemicals and pharmaceutical industries. As discussed during the Jacob Fleming Conference in May 2007[30], there is a trend that large corporations are increasingly adopting innovation models where they rely on the expertise and technology of third parties for their innovations, and are more open to collaborate with specialized research and technology providers such as ourselves. We anticipate that these “open innovation” models will positively affect our services and tools business.

Services and Tools for the Energy and Chemicals Industries

Energy and chemicals industries have an increased need for novel and improved catalytic solutions in their quest for new materials, optimized processes and feedstock diversification. There is an increased interest from the energy and chemicals industries to switch to natural gas or coal as feedstock for the production of fuels and chemicals. For the production of liquid fuels and chemicals, this is referred to as Gas-to-Liquids (GTL) processes and Coal-to-Liquids (CTL) processes, respectively. We are actively involved in catalysis research for a range of companies that operate or intend to commercialize GTL and CTL processes for the production of fuels and certain bulk chemicals. In addition, the increasingly stringent environmental laws in North America, Europe and Japan provide a large opportunity for our catalyst development services and tools, as energy and chemicals companies seek improved catalytic processes with reduced emissions and fewer side products.

Customers can access our proprietary technology for catalyst development through outsourcing research projects or by purchasing our tools consisting of hardware and operating software. Our business model for providing services is that our customers pay us for the design and execution of experiments, as well as for analyzing the data sets that we generate, after which the project is finalized by delivering a report that describes the experiments, their results and conclusions. In some of our projects, the customer will pay us milestone payments on top of the normal fees if we succeed in meeting or exceeding certain predefined technical targets, such as the yield of the reaction, or suppressing certain unwanted side products. Since we are working on very complex applications and chemistries, we usually work in very close collaboration with the R&D team of our customer. The intellectual property rights of the research project that relates to the product or process is typically owned by the customer, while we retain all the intellectual property rights on the improvement of our high-throughput technology, hardware and software.

Our services for the energy and chemicals industries are primarily focused on the development and optimization of the catalysts, processes and applications. We have established a strong track record in catalysis research by demonstrating our ability to screen and identify catalysts for challenging chemistries such as GTL (Fischer-Tropsch chemistry), selective oxidations and hydrogenations, as well as refinery applications such as hydrodesulphurization. Our leading position in high-throughput testing of heterogeneous catalysts relates to the versatility of our equipment and our ability to operate under industrial process conditions. We employ a range of catalyst preparation techniques that allows us to screen different catalytic compositions, but also various catalyst preparation methods, that often influence the catalyst performance. Our Nanoflow technology (see “Our Technologies” below) allows us to screen catalysts under high pressures and temperatures, and we are capable of screening trickle-phase applications, a combined gas and liquid flow over a catalyst bed. In many cases we have been able to identify novel catalysts that prove to be superior to the commercially applied catalysts. In addition, we are involved in formulation development for a range of energy and chemicals related applications, which we believe we can expand over the coming years.

Our tools for catalysis research include the Flowrence™, a parallel 16 fixed bed reactor system and the Block96™, a modular platform for screening 96 high-pressure batch reactions in parallel.

Flowrence™

The Flowrence™, which was developed from our existing Nanoflow technology and launched in 2006, is a fixed-bed reactor platform for both refinery and bulk chemical applications, which allows running 16 experiments in parallel under industrial conditions, at small scale. Many improvements, including proprietary pressure regulation, reactor design, automation and data storage have been implemented within the Flowrence™ reactor platform. These systems have proven their versatility and applicability in a wide variety of catalytic processes, such as hydrogenation, hydrodesulphurization, GTL, water-gas shift, hydrotreating, amongst others.

Block96™

The Block96™ is a parallel high-pressure batch reactor system for bench top catalysis research and process chemistry. The product has been in use internally by us for five years and has been tested for a broad range of chemistries including asymmetric hydrogenation, oxidation, hydro-formylation, carbonylation, olefin oligomerization and polymerization. The Block96™ allows customers to methodologically study the effect of key reaction variables such as temperature, pressure, solvent, and catalyst composition for batch reactions. The Block96™ platform can be deployed to efficiently execute up to 96 experiments in parallel. One of its principal advantages is that its small scale limits the required amount of expensive starting materials, which is of particular importance to fine chemical, agrochemical and pharmaceutical companies.

Services and Tools Offerings to the Pharmaceutical Industry

Pharmaceutical companies show a growing need for crystallization research in both early and late stage drug development. This is driven by the need of the originator to have a good understanding of the various crystal forms of drug candidates and their physico-chemical properties. An important factor is that in drug discovery it is often necessary to overcome aqueous solubility issues for drug candidates in order to assure proper drug absorption in the human body. Due to the increasing complexity of drug molecules, they tend to be less soluble, making sufficient bio-availability more challenging[31]. Furthermore, increased regulatory requirements and competitive pressure from generics has led to an increased need for crystallization research to support both regulatory requirements and an effective patent strategy.

We offer our expertise and know-how in the field of crystallization research as services to the pharmaceutical industry to identify crystal forms of small molecule drugs during all the different phases of drug development.

In the early phase of drug development, we assist pharmaceutical companies in the screening, evaluation and ranking of the crystal forms of drug candidates. We support our customers by the identification of crystal forms and the characterization of these forms to enable a considered decision on which form to take into clinical testing.

Once a drug candidate progresses into clinical studies, pharmaceutical companies undertake programs to gain a better understanding of the crystal forms of their drug entity. This is not only necessary to comply with strict drug licensing regulations, but it also helps to prevent switching between crystal forms during clinical trials should superior drug properties be discovered. This minimizes the need for bridging studies that are expensive and time-consuming. We continue to support our customers, when they get closer to the launch of their product and typically undertake a more extensive approach towards crystallization research to patent all relevant forms of their drug candidate. Alongside our service offerings, we provide a tool, the Crystal16™, to the pharmaceutical industry.

Crystal16™

The Crystal16™ is a crystallization system for solubility and crystallization research. The Crystal16™ performs 16 crystallization experiments in parallel on a 1-ml scale. This tool is an automated parallel crystallizer with 16 temperature controlled, magnetically stirred reactors and easy–to-use software. Main applications are solubility measurements, crystallization experiments and meta-stable-zone-width determinations. The Crystal16™ has a good fit with our polymorph screening, salt selection and crystallization services.

In 2006, we started, in collaboration with Pfizer, the development of additional software for automated meta-stable-zone-width determinations, called CrystalClear. We launched CrystalClear in May 2007 and plan to sell this software to all existing and future Crystal16™ customers.

Customer Base

We have successfully provided our services and tools to more than 70 companies worldwide, including the world's largest energy, chemicals and pharmaceutical companies. Of these customers, approximately 40% are US based, 40% are European with the remaining 20% being outside those two key markets. More than 35% of our customers are Fortune-500 companies. In 2006, our top ten customers accounted for approximately 65% of our revenues with over 60% of our customers having used our services previously.

Within the energy and chemicals industries, we have established strategic research collaborations with BP and Sasol and we collaborate closely with a range of blue-chip customers such as Royal Dutch Shell, Celanese, Mitsubishi Chemical and Petrobras.

Our pharmaceutical customer base comprises both large, multinational pharmaceutical companies, as well as small-to-medium sized enterprises, particularly biotechnology companies, that do not possess the required capabilities to rapidly advance their products and processes. Key accounts include Boehringer-Ingelheim, GlaxoSmithKline and Pfizer, a core customer since our inception.

Our Crystal16™ has been sold to more than 25 companies worldwide, including 8 of the 10 largest pharmaceutical companies, and 3 of the 5 largest biotechnology companies.

Our broad customer base and multi-year strategic collaborations with industry leaders not only underlines the intrinsic value of our high-throughput technologies, but also supports our potential to be successful with our development programs.

Our Technologies

We have developed and validated a proprietary, cutting edge technology for experimentation based on high-throughput technologies. The key principles of high-throughput experimentation are parallelization, automation and miniaturization. Our technology enables us to explore a vast number of experimental conditions and materials for a broad range of chemistries and industrial applications, thereby increasing the chance of successful innovation. Our technology has been designed for rapid chemical experiments in parallel on automated platforms followed by fast analysis and data processing to extract valuable conclusions rapidly from large data sets. We differentiate ourselves from other players in the high-throughput R&D industry by our rational approach towards R&D. Our rational approach is based on internally developed technology for experimental design to target the most relevant experimental conditions and data analysis to extract the valuable conclusions from the very large data sets generated by the high-throughput technology. We believe that by adoption of our unique rational approach we can accomplish a superior level of R&D productivity in terms of innovations. In addition, our proprietary hardware for catalysis research allows us to test new catalytic materials under industrial pressure and temperature ranges, mimicking industrial conditions and reducing scale-up effects.

Our technology for applications in the energy and chemicals industries includes:

- Automated, robotic catalyst preparation stations: these stations enable the synthesis of industrially relevant catalytic materials in a very efficient and time effective manner. These systems are equipped to prepare catalyst compositions that consist of different support materials and metals. Moreover, we are able to perform a range of catalyst preparation techniques such as hydrothermal synthesis, zeolites, calcination, shaping and ion exchange. This is relevant because not only the catalyst composition, but also the catalyst preparation technique has a strong influence on the catalyst's performance.
- Nanoflow, a parallel fixed bed reactor platform: this platform allows the catalysts generated in the catalyst preparation stations to be screened for catalytic performance under commercially relevant production modes including gas-, trickle- and full liquid-phase operations. Using 10 Nanoflow platforms, we operate over 600 miniaturized reactors to explore a wide range of industrially relevant catalytic reactions.

- Batch reactor platforms: our batch reactor platform enables catalyst and process screening. Via three distinct, proprietary parallel systems, our technology is ideally suited for studying catalyzed gas/liquid reactions in a controlled manner under a diverse range of reaction conditions and volumes.
- Analytics: automated gas and liquid chromatography stations enable us to measure the product streams of our reactor systems in a fast and efficient manner. These systems allow us to analyze the yield and selectivity for each reactor.
- Data management and modeling: we process the catalyst screening data that our platforms generate using advanced, proprietary software tools. We model the data to correlate catalyst performance, catalyst composition and preparation method. With the output, we can identify trends and enhance fundamental process understanding which allows us to improve the catalysts and processes.
- The high level of automation allows us to operate our high-throughput technology infrastructure for 24 hours per day, seven days per week.

Our technology for applications in the pharmaceutical industries includes:

- Rational experimental design: we employ a highly advanced software-based methodology to select the most interesting and diverse experimental combinations on the basis of drug structure and properties.
- High-throughput crystallization technology: a range of well-plate systems, milliliter scale experimentation, various crystallization techniques, automated solid and liquid dosing capability and automated temperature profiling to generate thousands of solid materials to be used for further analysis.
- Proprietary XRPD technology for identification of crystal forms: a patented, high-throughput version of the industry's "golden standard" in crystal form identification on miniscule amounts of drug material, 50 times faster than conventional XRPD technology. XRPD is often referred to as the finger printing technique for crystal forms.
- Extensive range of analytical capabilities for crystal form characterization: used for crystal form identification and to measure crystal form properties.
- Crystallics software: this software allows us to handle large amounts of data, perform data tracking and mining, perform semi-automated classification of crystal forms on basis of highly advanced algorithms, and generate electronic reports.

Our Collaborations and Material Agreements

In line with our biofuels program, we participate in the Dutch CATCHBIO consortium, consisting of

- Four leading energy and chemicals companies: Royal Dutch Shell, Sasol, Dow and DSM;
- Two leading catalyst-producing companies: Albemarle and Engelhard, now BASF;
- Small innovative enterprises: Avantium Technologies B.V., BIOeCON, Hybrid Catalysis and Vibspec; and
- Dutch universities and research institutes.

The CATCHBIO consortium is sponsored by the Smartmix initiative of the Ministry of Economic Affairs as part of the Innovation platform. The consortium intends to carry out a seven-year, €27 million research program in the area of catalyzed routes from biomass to energy, bulk and fine chemicals. This research program falls outside the field of furanics, which we cover in our biofuels development program. We participate in the energy and bulk chemical clusters of the consortium to expand our network with relevant industry players and academic groups in the biofuels area. We are the representative for the small innovative enterprises in the management team of CATCHBIO.

We signed a Master Agreement ("MA") with BP Amoco in the second half of 2005. The MA is intended to be a framework for a strategic relationship and collaboration between our contract partner and ourselves. Nevertheless, both parties have the right to terminate this MA in the event of a change in control, when such a change in control leads to the other party becoming and affiliate of a competitor of the terminating party. Importantly, this MA also contains an extensive exclusivity clause, whereby parties essentially represent and warrant to one another that – for a number of years after the date of signing – they are not committed to third parties in a way that would cause conflict with the terms of the MA, i.e. within catalysis and chemical research for the manufacture of terephthalic acid. In August 2007, we extended the MA with BP Amoco for a period of three years, including the above-mentioned change of control and exclusivity clauses.

In 2001, we concluded both a Cooperation Agreement ("CA") and a Services Agreement ("SA") with a European chemicals company. Both agreements relate to services to be provided by us regarding screening experiments of catalytic systems for the oxidation of a certain substance. Both agreements contain an exclusivity clause, whereby we undertake not to provide services pertaining to the oxidation of the substance that is subject of the CA and SA. This undertaking is in force during the term of the CA. The exclusivity clause of the SA extends to two years beyond its term in respect of side chain oxidation research (and also applies to some of our employees) or ten years beyond its term in respect of research into oxidation of the substance in question. Our contract partner may *inter alia* terminate the agreements in the event of any major or substantial changes in its business relating to the substance that is the subject of the SA.

Competition

We operate in highly competitive industries that are subject to rapid technological advancements. Many organizations, including energy, chemicals, pharmaceutical, service and tools companies, academic laboratories, research and governmental institutions are actively involved in similar activities. Many of these entities have substantially greater financial and other resources than we have.

Moreover, we compete with companies that are more experienced in catalyst development, crystallization research and commercialization of new materials. Additionally, some of these entities compete with us in developing or acquiring proprietary and complementary technologies in the field of catalyst and crystal form drug research and high-throughput experimentation. There is no assurance that competitors will not obtain patent protection or other intellectual property rights that would make it difficult or impossible for us to commercialize our offerings. We also face competition in the recruitment and retention of qualified scientists and management personnel.

Competition for our Development Programs

Biofuels Program

Companies and academic groups worldwide are making significant efforts to develop new technologies for the production of fuels and chemicals from biomass materials. In addition, there are significant initiatives outside biomass conversion that could compete with the technologies that we are developing. We are aware of a number of academic groups that are actively working on the development of technologies related to furanics produced out of biomass by using catalyzed processes, in particular (i) the group of James Dumesic from the University of Wisconsin (US), whose efforts are subsidized by the US Department of Energy and who focus on the conversion of fructose to FDCA, or 2,5-furandicarboxylic acid, a furanics molecule to be applied for the production of bio-based plastics, and (ii) the group of Dr. Haibo Zhao of Pacific Northwest National Laboratory (US), which focuses on the conversion of fructose and glucose to HMF. Other initiatives that could compete, directly or indirectly, with our inventions related to biofuels include:

- BTL, or Biomass-To-Liquids technology, which is the gasification of biomass to synthetic gas, followed by conversion into hydrocarbons by Fischer-Tropsch chemistry, which can be converted to fuels; and
- The development of biobutanol for fuel applications by a joint venture between DuPont (US) and BP (UK), and by METabolic EXplorer (France).

Pharmaceutical Program

The main competition arises from all major pharmaceutical and generic pharmaceutical companies, some of which are our customers. Our principal competitor in the development of novel crystal forms was TransForm Pharmaceuticals (US), which was acquired by Johnson & Johnson (US) in 2005. Since the acquisition, TransForm works exclusively on the Johnson & Johnson's product portfolio.

Services and Tools

Competition in the Energy and Chemicals Sector

We face competition for our high-throughput technology services from companies such as Symyx (US), hte (Germany) and Accelergy (China). Moreover, we compete with in-house R&D programs of energy and chemicals companies. Our tools business competes with specialized R&D tools providers such as Symyx, hte and Chemspeed (Switzerland).

Competition in the Pharmaceutical Sector

We face competition in the pharmaceutical sector from companies that provide similar services, such as SSCI (US), part of Aptuit (US), Solvias (Switzerland) and Pharmorphix (UK), part of Sigma Aldrich Fine Chemicals (US). Moreover, we compete with in-house R&D capabilities of pharmaceutical companies. In our tools business, we face competition from HEL (UK), Thermo Fischer Scientific (US) and Mettler Toledo (Switzerland).

Intellectual Property

We consider intellectual property vital for the successful performance of our business. It is within our intellectual property policy to continuously and actively analyze all research results to identify intellectual property and, where appropriate, seek intellectual property protection by filing patent applications. We also file trademark and domain name applications where relevant for business purposes.

Confidentiality

Where technology is to be discussed with (future) partners, clients or consultants, confidentiality agreements are put in place where necessary. When projects are executed for clients, an agreement regulating the rights to any intellectual property stemming from the project is entered into. Typically intellectual property related to equipment and (research) methods shall be our property, whereas intellectual property directed to results from our R&D services, such as products and processes, shall be the property of the client. As a consequence, several employees are listed as inventors on patent applications of clients.

All our employees are required to execute confidentiality and invention assignment agreements. Under Dutch law, employers in principle own the intellectual property rights of inventions made by their employees during the course of their employment. We also maintain a policy of staff training that ensures all of our staff are aware and sensitive to the key issues of intellectual property.

Patent Strategy

We have a very pro-active attitude towards the filing of patent applications and seek patent protection for all inventions that may lead to value creation for us, whether through in-house development, services or for out-licensing.

It is our preference to obtain full ownership to all relevant intellectual property rights rather than obtain technology through a license. In 2006, we acquired a patent family from the Max Planck Institute für Kohlenforschung. We also co-own some intellectual property such as the very first patent application that we made with the University of Leiden and two catalyst leads that we co-own with the University of Malaysia. For all co-owned and licensed intellectual property we assume the lead in maintaining the claims.

Despite our best efforts, it is possible that patent applications are not granted, or that the scope of protection allowed under any issued patent may not provide adequate protection for the technologies and products. It is also possible that any of the patents may be challenged and invalidated by third parties. Alternatively, competitors may find some means to circumvent patents held by us. It is important to note that we may not always be able to enforce our patents against infringers in any country or region important to our business.

Even though we believe that, and every reasonable effort has been made to ensure that, we are free to commercialize our technologies and products with respect to the major envisaged uses for them, there is a risk of inadvertent infringement of prior or future patents owned by others. In such event, we may need to acquire licenses for patents held by third parties to re-establish or maintain the desired freedom to operate, possibly on unfavorable terms.

Third Parties

We are aware of the existence of and the relevance of (potential) patent rights owned by third parties. It is our intention to respect any valid intellectual property rights of third parties.

We have a proactive attitude towards monitoring and evaluating any third party activities in our field. Any identified (potential) right is carefully evaluated for its relevance. Where it is deemed appropriate, we are prepared to undertake any necessary action to address the threat, including acquisition of intellectual property rights. We are assisted with this task where necessary by qualified experts in the field of intellectual property.

To secure freedom to operate for certain technologies in view of (potential) third party rights, we carefully study the potentially relevant patents or patent applications and, where necessary and possible, design improvements that are outside the scope of the third party patent. Such improvements are often themselves patented.

We are willing and prepared to defend our patent rights in any country through all possible channels, should the necessity arise. It is also our intention to undertake adequate action as soon it is discovered that any of our intellectual property rights may be violated.

At present, we have identified potential violation by certain third parties of a number of our patent rights and are preparing preliminary actions. One of the relevant patent rights is currently engaged in an opposition procedure before the European Patent Office (“EP”) and the outcome is awaited before we may take any further legal action based on the associated national rights (see also below under “Identification of Key Intellectual Property” and “Disputes related to Intellectual Property”).

Priority founding patent applications are filed with the EP, in the US (provisional application) and/or pursuant to the Patent Cooperation Treaty ("PCT"), depending on the case at hand. Generally, complete or near complete inventions are filed directly as a PCT application, whereas more conceptual innovations, that may need some additional experimentation are usually filed as a US provisional and/or EP priority founding application(s). Within one year, the priority year, the application is then completed and filed as a PCT application. During the PCT-phase, the application potentially covers about 130 countries for an additional period of 18 months. During the PCT-phase a preliminary opinion is obtained on the patentability from the relevant patent authority (EP, USPTO). The combination of a development phase of 30 months together with the preliminary opinion, allows for adequate review of the potential of the patent application. The decision in which countries to enter the national/regional phase after the PCT-phase is completed (about 30 months after the priory date) is made on a case-by-case basis, taking into account the patentability opinion, the market situation, location and activities of competitors, but in nearly all cases includes filings with the EP and in the US as a minimum.

Patent Portfolio

We currently hold a portfolio of 54 patent families comprising patents and patent appliations, spread across 27 different countries or regions (within the European Union, the US, Canada and Japan). We currently hold 33 national granted patents and 86 national and international patent applications. One European patent application opposition has been lodged which is still pending (see under "Disputes related to Intellectual Property").

Identification of Key Intellectual Property

The inventions for which we are actively pursuing intellectual property protection and that are considered of possible vital importance to us can be grouped as follows.

- Inventions related to flow technology, which include a method and an apparatus that allows performance of continuous and long term high-throughput experimentation with at least one liquid (trickle flow reactor) and a method and apparatus for regulating pressure in a multi-channel high-throughput reactor. Patent families that play a key role are WO02092219, WO02092220 and WO03095087, WO2006107187 and their family members. Patent applications for these families have been filed between 2001 and 2007 and, if and when granted, are expected to expire between 2021 and 2027.

- Inventions related to solid state technology, which include a method for the high-throughput detection of crystal forms and methods and various apparatus for the high-throughput determination of high resolution crystal structures. Patent families that play a key role are WO0206802, WO03060497, WO03031959 and their family members. European patent nr. EP1466166 is currently subject to an opposition by Symyx Technologies, Inc. Patent applications for these families have been filed between 2001 and 2006 and, if and when granted, are expected to expire between 2021 and 2026.

- Inventions related to biomass conversion for the synthesis of potential fuel additives and monomers from biomass based on heterogeneous catalysis. Patent applications have been filed in 2006 and are expected to expire in 2026. The international patent applications have been published as WO2007104514 and WO2007104515.

- Inventions related to pharmaceutically active crystal forms for the identification of crystal form variations of active pharmaceutical ingredients (polymorphs or co-crystals). Selected target compounds are typically marketed drugs which are still under patent protection. The intellectual property is intended for licensing to the originator to possibly strengthen the related intellectual property position of the drug or to a generic manufacturer to provide potential early market entry. Patent applications have been filed between 2006 and 2007 and, if and when granted, are expected to expire between 2026 and 2027. The patent applications have not yet been published.

Disputes related to Intellectual Property

We are currently engaged in a discussion with an oil, fuel and lubricants company regarding an alleged breach of confidentiality. We maintain that we have confidentially divulged certain know-how to this company about our rational research approach in the field of lubricant research. Said company has subsequently filed several patent applications on this particular topic using our confidential information. We have been in close contact with this company ever since the discovery of their filings. After several rounds of information and exchanges, parties are currently discussing the possibility of a settlement. Their patent applications are limited to the development of oil-additives, such as anti-oxidants, dispersant inhibitors, viscosity improvers, etc., and do not appear to form an obstacle for our current commercial catalysis services and tools activities and neither does it limit us in our biofuels development program.

We are in dispute with an analytical systems manufacturer with whom we had a development project in the field of X-ray systems. This confidential collaboration came to an end but since such time both we and the manufacturer have filed patent applications directed to the same or nearly identical subject matter. The patent of the manufacturer has been granted in the US and their application is pending in Europe, whereas our patent application is pending in the US. Our patent has been granted in Europe and is currently in opposition before the EP. The priority date of our applications precedes the priority date of the manufacturer. We are considering a set of coherent actions to be taken to address this situation in the relevant jurisdictions in due time.

We are party in an opposition before the European Patent Office against patent application EP1001846 made by Symyx in the field of flow technology. The patent was revoked in the first instance of the opposition procedure. Symyx is now in appeal against this decision. Our current technology is outside the scope of the patent concerned.

We do not anticipate any material adverse effects in the event our claims related to the patents which are subject to dispute prove to be unsuccessful.

Trademarks

We have registered or are in the process of registering trademarks on the logos of our technologies, Block96™ and Flowrence™, and on AVANTIUM, CRYSTAL16™, QCS96, CRYSTALLICS, FURANIX and ULTIMORPHIX. For a number of trademarks, the registration in certain countries in which we are active, is pending.

Employees

We employ 99 highly educated and highly skilled people of whom 33 (33%) have a PhD Degree, 17 (17%) have a MSc Degree and 23 (23%) have a BSc Degree. Our employees are based at our headquarters in Amsterdam, except for three of our employees who are based in the US. The scientific backgrounds of our employees are in the areas of, among others, catalysis, organic chemistry, crystallization and crystallography, analytical chemistry, polymerization chemistry, chemical engineering, statistics, computational chemistry, software development, pharmacology and process engineering. We have an international employee base, representing 15 different nationalities.

Facilities Overview

We operate from a state-of-the-art facility, comprising 2,600 m^2 of office and laboratory space, located in the Penta Trade Park, Zekeringstraat 29 in Amsterdam, the Netherlands.

Our facility includes:

- Laboratories for catalysis research, equipped with an array of automated catalyst preparation stations, a wide range of catalyst preparation techniques, high-throughput batch reactor platforms, and high-throughput fixed-bed reactor stations;
- Laboratories for crystallization research equipped with automated solid and liquid dosing robots, a range of high-throughput crystallization techniques (including well plate systems, temperature profiling units, evaporating stations, Crystal16™ parallel crystallizers), cytotoxic handling capability, and a powerful array of analytical techniques, including high-throughput X-ray powder diffractometers, a single crystal X-ray diffractometer, a Raman spectrometer, thermal analysis and microscopic imaging stations;
- Fully automated analytical laboratory with automated gas and liquid chromatography stations;
- Extensive gas supply infrastructure for nitrogen, carbon monoxide, hydrogen, synthetic air, argon and helium;
- Technology and tools development laboratories; and
- Two floors of modern offices and conference rooms.

We have renewed the lease agreement for the existing building, including the lease for the adjacent building, Zekeringstraat 31, for the period from 2007 to 2017 with the option to extend the lease period for another two terms of five years. We are in the process of refurbishing the adjacent building to accommodate our growth plans, and we will add 2,500 m^2 of office and laboratory space to our infrastructure. We have filed applications for the relevant permits for this expansion and plan to start using the expanded facility in the course of 2008.

Regulatory Environment

We intend to exploit the commercial value of several of our proprietary products and processes by entering into partnerships with leading companies for further development and commercialization. It is our strategy that such future partners will be responsible for the regulatory filings which are necessary to commercialize our products. The regulatory requirements are further described hereafter.

Our Biofuels Program

Before the launch of a new biofuel, a number of regulatory requirements have to be fulfilled by the commercial manufacturer. It is our strategy that our future partner will be fully responsible for these regulatory filings.

Under Dutch law our future partner will have to obtain several permits and/or dispensations in order to be able to produce biofuels. Besides a user permit and a building permit our future partner would have to apply for an Environmental Control Act permit and - for example - a permit under the Surface Water Contamination Act. Since October 1999, new (and substantially changed) installations must comply with the IPPC (Integrated Pollution Prevention and Control) Directive (96/61/EC). No later than October 2007, existing installations must comply with the IPPC ("IPPC Directive"). Based on the IPPC Directive, permits for industrial installations must ensure that those installations will take all appropriate preventive measures against pollution, in particular through application of the Best Available Techniques (BAT).

Article 16.2 of the IPPC Directive requires the European Commission to organize an exchange of information between Member States and the industries concerned on best available techniques, associated monitoring and any developments therein. The result of this information exchange is laid down in so-called BREFs (BAT Reference documents). For all industrial activities in Annex I of the IPPC Directive, a BREF has been or will be drafted, including for refineries. BREFs will be drafted for approximately 30 industrial branches. The IPPC Directive commits Member States (and therefore indirectly the competent authorities) to take the BREFs into account when stipulating the license conditions.

The IPPC Directive has been implemented in the Netherlands in the NeR, the Netherlands Emission Guidelines for Air. The NeR is a national guideline, aimed at harmonizing the environmental permits in the Netherlands with respect to abatement of emissions to the air. For this purpose the NeR provides emission standards that comply with the best available techniques. The system of the NeR has been derived from the German TA Luft. General concentration standards are given for each substance or class of substances. In most cases a threshold value is given above which implementation of measures should be considered. This threshold value is called the mass flow limit. The concentrations given in the NeR are upper limits for the concentration in the waste gas flow of a specific relevant source. Besides general concentration standards, the NeR contains special provisions for specific activities and branches of industry.

Please note that around 70 percent of the Dutch environmental legislation is based on European Regulations and Directives. In many cases the European legislation provides minimum requirements, allowing the Member States to adopt more stringent provisions. Therefore the environmental provisions may vary from country to country within the EU.

Our Pharmaceutical Program

Before the market launch of a novel drug form, a number of clearly formulated regulatory requirements have to be fulfilled by a pharmaceutical company. It is our strategy that our future partner will be responsible for the majority of these regulatory filings.

These regulatory filings are subject to extensive government oversight. Regulation by governmental authorities in the EU, the US and other jurisdictions is a significant factor in the development, manufacture and marketing of drugs and in ongoing research and development activities. All novel products require regulatory approval by governmental agencies prior to commercialization. In particular, pharmaceuticals are subject to rigorous pre-clinical and clinical tests and other pre-marketing approval requirements by the EMEA, the FDA and other regulatory authorities in the EU, the US and in other jurisdictions. Non-compliance with applicable regulatory requirements can result in administrative and judicial sanctions.

Our pharmaceutical program is aimed at identifying patentable crystal forms of marketed drugs with the objective to improve their properties and extend their product life cycle. In order to prove bioequivalence or suprabioequivalence, i.e. crystal forms with superior characteristics, of our selected novel forms to the reference drug, we will likely be able to limit and accelerate the clinical trial phases which are typically conducted prior to marketing approval.

Regulation and Approval in the EU and US

Bioequivalence and Suprabioequivalence

If the aim is to develop a generic drug that contains the same chemical compound as the existing marketed drug, but with a different crystal form, bioequivalence must be proven.

In the EU, the Note for Guidance on the investigation of bioavailability and bioequivalence of the Committee for Proprietary Medicinal Products ("CPMP"), a part of the EMEA, states that medical drugs are bioequivalent if they are pharmaceutically equivalent or pharmaceutical alternatives and if their bioavailabilities after administration in the same molar dose are similar to such degree that their effects, with respect to both efficacy and safety, will be essentially the same. Bioavailability means the rate and extent to which the active substance or active moiety is absorbed from a pharmaceutical form and becomes available at the site of action.

The current EU definition for essentially similar (bioequivalent) products is as follows:

"*A medicinal product is essentially similar to an original medicinal product where it satisfies the criteria of having the same qualitative and quantitative composition in terms of active substances, of having the same pharmaceutical form, and of being bioequivalent unless it is apparent in the light of scientific knowledge that it differs from the original product as regards safety and efficacy.*"

In the US, under the Federal Food, Drug and Cosmetic Act ("FDC&A"), the FDA considers a generic product bioequivalent to the brand-name product where the bioavailability of two products do not differ significantly when the two products are given in studies at the same dosage under similar conditions. The FDA may also consider one product bioequivalent to a second product with a different rate of absorption if the difference is noted in the labeling and does not affect the product's safety or effectiveness or is considered medically insignificant. If a drug is "bioequivalent" to an approved drug product, an applicant is entitled to participate in a shortened drug approval process.

If suprabioavailability is found, i.e. if the new product displays an extent of absorption significantly larger than the approved product, reformulation to a lower dosage strength should be considered. In this case, the pharmaceutical development should be reported and a final comparative bioavailability study of the reformulated new product with the old approved product should be submitted. In case reformulation is not carried out, the dosage recommendations for the suprabioavailable product will have to be supported by clinical studies. Such a pharmaceutical product should not be accepted as therapeutically equivalent to the existing reference product. If marketing authorization is obtained, the new product may be considered as a new medical drug. Clinical Trial and Marketing Approval.

Pursuant to the Clinical Trials Directive 2001/20/EC, a system for the approval of clinical trials in the EU has been implemented through national legislation of the EU member states. Under this system, approval must be obtained from the competent national authority of an EU member state in which the study is planned to be conducted. Furthermore, a clinical trial may only be started after a competent ethics committee has issued a favorable opinion on the clinical trial application which must be supported by an investigational medical drug dossier with supporting information prescribed by the Clinical Trials Directive and further detailed in applicable guidance documents. In the Netherlands, the Clinical Trial Directive has been implemented in the Medicines Act. The Medicines Act took effect on 1 July 2007.

In the US, the FDA requires an applicant to support its New Drug Application ("NDA") with various data, including results from clinical trials. Once the applicant submits an Investigational New Drug Application ("IND") and the FDA conducts a safety review of animal studies and concludes that a drug is safe and effective enough to warrant human trials, the drug enters the clinical trial stage. The results of these trials are submitted to the FDA as part of an NDA, as described in Section 505(b)(1) of the FDC&A.

Clinical trials typically are conducted in three sequential phases prior to approval, but the phases may overlap. These phases generally include the following:

Phase I. Phase I clinical trials involve the initial introduction of the drug into human subjects, frequently healthy volunteers. These studies are designed to determine the pharmacokinetic actions of the drug in humans, the adverse effects associated with increasing doses and, if possible, to gain early evidence of effectiveness. In Phase I, the drug is usually tested for safety, including adverse effects, dosage tolerance, absorption, distribution, metabolism, excretion and, if possible, pharmacodynamics.

Phase II. Phase II clinical trials usually involve studies in a limited patient population to (i) evaluate the efficacy of the drug for specific, targeted indications; (i) determine dosage tolerance and optimal dosage; and (iii) identify possible adverse effects and safety risks. Although there are no statutory or regulatory definitions for Phase IIa and Phase IIb, Phase IIa is commonly used to describe a Phase II clinical trial evaluating efficacy, adverse effects and safety risks; and Phase IIb is commonly used to describe a subsequent Phase II clinical trial that also evaluates dosage tolerance and optimal dosage.

Phase III. If a compound is found to be potentially effective and to have an acceptable safety profile in Phase II studies, the clinical trial program will be expanded to further demonstrate clinical efficacy, optimal dosage and safety within an expanded patient population at geographically dispersed clinical trial sites. Phase III studies usually include several hundred to several thousand patients.

Phase IV. Phase IV clinical trials are studies required of or agreed to by a sponsor that are conducted after the EMEA, the FDA or the relevant national agency has approved a drug for marketing. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of drugs approved under accelerated approval regulations. If the EMEA or national agency approves a drug while a company has ongoing clinical trials that were not necessary for approval, a company may be able to use the data from these clinical trials to meet all or part of any Phase IV clinical trial requirement. These clinical trials are often referred to as Phase III/IV post approval clinical trials. Failure to promptly conduct Phase IV clinical trials could result in withdrawal of approval for drugs approved under accelerated approval regulations.

Our future partner, the EMEA, the FDA or an independent review board may suspend clinical trials at any time on various grounds, including a finding that the patients or volunteers are being exposed to an unacceptable health risk.

Since we aim to find patentable crystal forms of marketed drugs under patent by improving the drug properties and extending the product life cycle, we will be able to accelerate some or all clinical trial phases. If the crystal form is bioequivalent to the reference drug, there is no need to prove its efficacy and safety in the process of obtaining marketing approval. In that case, clinical trials can be limited to a Phase I trial or bioequivalence study in humans, while reference is made to the marketed reference drug. If the crystal form is suprabioequivalent to the reference drug, all clinical trial phases may have to be followed before marketing approval may be granted.

In the EU acceleration of some or all clinical trial phases is possible, since Directive 2001/83/EC contains exemptions from the requirement that the applicant provides the results of its own pre-clinical and clinical research. There are three regulatory routes to seek an exemption from providing such results, namely (1) cross-referral to an innovator's results without consent of the innovator, (2) well established use according to published literature and (3) consent to refer to an existing dossier of research results filed by a previous applicant.

Similarly, there are also accelerated drug approval processes available in the US, namely (1) under Section 505(j) of the FDCA, an applicant may rely on an existing NDA to file an Abbreviated New Drug Application ("ANDA") for a generic drug product that is identical in drug substance, dosage form, strength, route of administration, labeling, quality, performance characteristics, and intended use, and that is bioequivalent to the NDA product; and (2) under Section 505(b)(2) of the FDC&A, an applicant may submit an application for products other than such identical products which relies on literature data and/or on the FDA's finding of safety and effectiveness for a previously approved drug product.

Depending on the costs of the clinical trials and the upward potential we may conduct Phase I and/or Phase II trials before granting a license to our future partner. These clinical trials will be outsourced to specialized third parties. These third parties are required to work in accordance with all relevant EU and/or US legislation and all relevant EMEA, FDA and/or ICH (International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use) guidelines. Our future partner will remain fully responsible for obtaining marketing approval.

Patents, Regulatory Data Protection and Marketing Exclusivity in the European Union and USA

In the EU, drug patents expire twenty years after filing. Drug manufacturers apply for a patent in the first stage of the development of a drug in order to protect their invention. If the period that elapses between the filing of an application for a patent for a new drug and authorization to place the drug on the market makes the period of effective protection under the patent insufficient to cover the investment made in respect of the research, the sponsor may apply for a Supplementary Protection Certificate ("SPC"). According to article 13 of Regulation (EEC) No 1768/92, an SPC takes effect at the end of the lawful term of the basic patent for a period equal to the period which elapsed between the date on which the application for a basic patent was lodged and the date of the first authorization to place the drug on the market in the EU, reduced by a period of five years. The maximum duration of an SPC is five years.

Without prejudice to the EU legislation on the protection of industrial and commercial property, all drugs which have received a marketing authorization receive a so-called "8+2+1 protection regime". This regime consists of a regulatory data protection period of eight years plus a concurrent marketing exclusivity of two years plus an additional marketing exclusivity of one further year if, during the first eight years of those ten years, the marketing approval holder obtains an approval for one or more new therapeutic indications which, during the scientific evaluation prior to their approval, are determined to bring a significant clinical benefit in comparison with existing therapies.

Therefore market authorization applications in respect of a generic drug can not be made before the expiry of the data protection period. Under the current rules, a third party may reference the pre-clinical and clinical data of the original sponsor beginning eight years after initial marketing approval, but can only market a generic version after ten (or eleven) years have lapsed. The effect is that the originator's results can be the subject of a cross-referral application after eight years, but any resulting authorization cannot be exploited for a further two years.

In the US, a patent expires twenty years from the filing date of the earliest application from which priority is claimed. A patent term may be adjusted where the Patent Office fails to take certain actions within specific time frames. Under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the "Waxman-Hatch Act," a patent term may be extended based on the amount of time consumed by the regulatory review period, i.e., the time spent in the clinical trial period and in FDA review. There are, however, certain limits: a patent term extension cannot exceed five years, and the remaining term of the restored patent following FDA approval of an application may not exceed fourteen years.

The Waxman-Hatch Act also provides, under certain circumstances, for a limited form of data exclusivity. In most cases, an ANDA may be filed as soon after the approval of the NDA as is practicable. Where, however, an active ingredient in an NDA has never been previously approved (a "New Chemical Entity" or "NCE") an ANDA or 505(b)(2) application may not be filed until five years after NDA approval, unless the application is accompanied by a Paragraph IV certification stating that certain patents are invalid or will not be infringed by the manufacture, use, or sale of the generic drug, in which case it may be submitted after four years. If patent litigation ensues as a result of the certification, the FDA may not approve the ANDA until seven and a half years after NDA approval (such additional time may be modified by the court in charge of such litigation). These dates are extended for six months if the FDA has granted "pediatric exclusivity" (see below).

Where an NDA does not contain an NCE, but where clinical trials have been conducted essential to the approval of the application, there is no data exclusivity, but there is marketing exclusivity: an ANDA may be filed as soon as practicable, but cannot be approved for three years after NDA approval. When a supplement to an NDA is approved, no ANDA can be approved for the change approved in the supplement for three years after approval of the supplement.

Where an NDA does not contain an NCE, an ANDA is filed with a paragraph IV certification, and litigation is timely brought, the ANDA may not be approved for thirty months, or such longer or shorter time than the court in charge of the litigation may order based on a failure to cooperate in expediting the litigation.

The Waxman-Hatch Act provides two additional marketing exclusivities: a six-month "pediatric" exclusivity to an entity that promotes clinical trials of a drug previously approved by the FDA when such drug is studied in a pediatric population; and a seven-year "orphan drug" exclusivity for drugs used to treat diseases or conditions that afflict a relatively small number of people in the US, or for which there is no reasonable expectation of the recovery of research and development costs. The FDA may not approve another drug during this seven-year period unless the approved entity cannot supply enough drug to meet the needs of persons with the disease or condition for which the drug was designated, the approved entity consents, or the new drug is shown to be "clinically superior" from the approved orphan drug. The Waxman-Hatch Act also provides a marketing exclusivity to the first ANDA application containing a Paragraph IV certification; the FDA will not approve a subsequently filed ANDA for the same product for 180 days.

10. MANAGEMENT AND EMPLOYEES

General

Set out below is a summary of relevant information concerning our Executive Board and Senior Management (together constituting our Management Team), Supervisory Board, Industrial Advisory Boards and other employees. In addition, we set out a brief summary of certain significant provisions of Dutch corporate law and our Articles of Association in respect of our Executive Board and Supervisory Board as they will read after the execution of the Deed of Amendment and Conversion. See Chapter 13 "Description of Share Capital and Corporate Governance – General".

The numbers of shares and other securities and exercise prices set forth in this Chapter are based on the assumption that the Capital Restructuring has been completed. See Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital – Authorized and Issued Share Capital".

Management Structure

We have a two-tier board structure, consisting of a Executive Board *(Raad van Bestuur*) and a Supervisory Board (*Raad van Commissarissen*).

Our Management Team, consisting of our Executive Board and Senior Management, is responsible for the day-to-day management of our operations. In addition, we have two Industrial Advisory Boards, the members of which have been appointed by our Supervisory Board. Their main task is to advise us on our development programs and to act as a sounding board for the Executive Board.

Management Team

Powers, Composition and Function of the Executive Board

Our Executive Board operates under the supervision of the Supervisory Board. The Executive Board is required to keep the Supervisory Board in a timely manner informed in order to allow the Supervisory Board to carry out its task, consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board for its approval, as more fully described below.

The Executive Board may perform all acts necessary or useful for achieving our corporate purpose, save for those acts that are prohibited by law and/or by our Articles of Association. The Executive Board as a whole is authorized to represent us, as are any two members of the Executive Board acting jointly.

Our Articles of Association provide that the number of members of the Executive Board will be determined by the Supervisory Board, and that the Executive Board will consist of one or more members. In the event that the Executive Board comprises two or more members, the Supervisory Board may attribute specific titles to individual members of the Executive Board, such as "Chief Executive Officer", "Chief Technology Officer", "Chief Financial Officer" and "Chief Operating Officer".

Members of the Executive Board are appointed by the General Meeting of Shareholders following a non-binding proposal of the Supervisory Board. The current members of the Executive Board have been appointed for an indefinite period of time. In view of the Dutch Corporate Governance Code (the "Code"), the Articles of Association provide (i) that new members of the Executive Board are appointed for a maximum term of four years, unless provided otherwise in the resolution to appoint such member and (ii) that a member of the Executive Board whose term of office expires, can be re-appointed immediately for a term of not more than four years at a time, unless provided otherwise in the resolution to re-appoint such member.

The General Meeting of Shareholders may suspend or dismiss members of the Executive Board at any time. The Supervisory Board may also suspend members of the Executive Board at any time. A suspension of a member of the Executive Board by the Supervisory Board may be discontinued at any time by the General Meeting of Shareholders.

Under the Dutch Civil Code, decisions of our Executive Board require approval by our General Meeting of Shareholders if and when these relate to an important change in the identity or character of our Company or of our undertaking. Such decisions include in any case:

- a transfer of our undertaking, or practically the entire undertaking, to a third party;
- the entry into or termination, by ourselves or one of our subsidiaries, of (i) a long-term cooperation with another legal person or partnership or (ii) a general or limited partnership as a general partner, in each case only to the extent such would be of far-reaching significance in respect of ourselves;
- the acquisition or divestment of an interest in the capital of another legal person or partnership as a participating holding (*deelneming*), within the meaning of the Dutch Civil Code, having a value of at least one-third of the aggregate amount of our assets according to our (consolidated) balance sheet and the explanatory notes thereto.

Under our Articles of Association, the following decisions of the Executive Board must be approved by the Supervisory Board:

- strategy issues, strategic long term policy plans and preconditions which are to be observed in respect of the strategy, for instance regarding the financial ratios;
- the operational and financial objectives of the Company;
- the sale or disposition by the Company of all, or an essential part of its assets;
- the issuance and acquisition of shares and of debentures chargeable against the Company or chargeable against a limited partnership (*commanditaire vennootschap*), or a general partnership (*vennootschap onder firma*) of which the Company is the fully liable partner;
- petition for quotation, or withdrawal of quotation from a price list of any stock exchange of the securities mentioned under the previous bullet;
- entering into or terminating long term co-operation by the Company or a dependent company with another legal entity, company, or with a limited partnership or general partnership of which the Company is the fully liable partner, if such co-operation or termination of co-operation is of major significance to the Company;
- participating by the Company or a dependent company in the capital of another company for at least one fourth of the Company's issued capital plus the reserves according to its balance sheet and explanatory notes, as well as the significant increase or decrease of such participation;
- investments requiring an amount equal to at least one fourth of the Company's issued capital plus reserves, according to its balance sheet and explanatory notes;
- filing a petition for bankruptcy (*faillissement*) or for suspension of payments (*surseance van betaling*);
- the termination of the employment of a considerable number of the Company's or a dependent company's employees simultaneously or within a short period of time;
- a significant change in the employment conditions of a substantial number of the Company's or a dependent company's employees; and
- a proposal to decrease the Company's issued capital.

Our Supervisory Board may determine that, contrary to the above, a resolution that would otherwise be subjected to its approval, shall not require its approval if the amount involved does not exceed a value fixed by the Supervisory Board and notified to the Executive Board in writing. The Supervisory Board shall be entitled to require further resolutions of the Executive Board in addition to those listed above to be subject to its approval. Such further resolutions shall be clearly specified and notified to the Executive Board in writing. The absence of approval of the Supervisory Board shall not affect the authority of the Executive Board or its members to represent the Company.

Furthermore, the Executive Board shall at least once a year inform the Supervisory Board in writing of the key elements of our strategic policy, our general and financial risks and our management and control system.

Members of the Management Team

Our Management Team is currently composed of the following members:

Name	Age	Current Position	Term	With Avantium Since
Tom van Aken	37	Chief Executive Officer	Indefinite	2002[1]
Frank Roerink	38	Chief Financial Officer	Indefinite	2007[2]
Gert-Jan Gruter	44	Chief Technology Officer	Indefinite	2000[3]
Guus Scheefhals	47	Chief Business Officer	Indefinite	2003[4]
Nelleke van der Puil	39	Vice President Operations	Indefinite	2000[5]

[1] Mr. Van Aken became a member of our Executive Board as per February 17, 2006.

[2] Mr. Roerink became a member of our Executive Board as per May 11, 2007.

[3] Mr. Gruter became a member of our Management Team as per January 1, 2004.

[4] Mr. Scheefhals became a member of our Management Team as per December 1, 2005.

[5] Mrs. Van der Puil became a member of our Management Team as per December 1, 2005.

The business address of the members of the Management Team is Zekeringstraat 29, 1014 BV the Netherlands.

Tom van Aken - Chief Executive Officer

Mr. Van Aken was appointed as our Chief Executive Officer as of November 17, 2005, which was formally endorsed on February 17, 2006 by our general meeting of shareholders. He holds a Master's Degree in Chemistry from the Utrecht University. Mr. Van Aken was director of New Business Development for DSM Biologics and Senior Account Manager for DSM Fine Chemicals, both in New Jersey, US, from 1999 to 2002. In 2002, he joined Avantium Technologies B.V. as vice-president of Business Development Life Sciences. In March 2004, he became vice-president of Global Marketing & Sales for Avantium Technologies B.V.

Frank Roerink - Chief Financial Officer

Mr. Roerink was appointed as our Chief Financial Officer on February 1, 2007, which was formally endorsed on May 11, 2007 by our general meeting of shareholders. He holds a Master's Degree in Econometrics from the University of Amsterdam. Mr. Roerink worked as finance director of the Savory-Beverages Brand Growth Team for Unilever Bestfoods North America from 2000 to 2003. After that he worked as director of International Funding (2003-2004) and director of Mergers & Acquisitions (2005-2007) for Unilever N.V.

Gert-Jan Gruter - Chief Technology Officer

Mr. Gruter joined us during our inception as Technology Manager Chemicals. On January 1, 2004, he joined our Management Team as Chief Technology Officer. He completed his PhD in Organo-Metallic Chemistry and Catalysis at the VU University Amsterdam. He was responsible for catalyst research at DSM (1994-2000), where he chaired DSM's corporate high-throughput technology activities. He was also professor for Polymer Catalysis at Eindhoven University of Technology from 1999 to 2006. Currently, he is member of the scientific/industrial boards of the Dutch Institute for Catalysis Research (NIOK), the

Association of the Industrial Advisory Board of NIOK (VIRAN), the high-throughput cluster of the Dutch Polymer Institute (DPI) and the bulk chemicals cluster of CatchBIO. Mr. Gruter is named as (co-)inventor of more than 45 patents.

Guus Scheefhals - Chief Business Officer

Mr. Scheefhals became our Chief Business Officer on December 1, 2005. He holds a Master's Degree in Pharmacy from the Utrecht University. Prior to joining us in 2003, he has gained vast experience in the pharmaceutical industry in several commercial positions. He was business development manager at DSM Biologics from September 1999 to 2003. Before that, he worked at the Division Pharmaceutical & Industrial R&D of Analytico (formerly the Bergschot Centrum voor Onderzoek) and the Product Partnering Division of Fresenius (formerly the Nederlands Produktielaboratorium voor Bloedtransfusie-apparatuur en Infusievloeistoffen).

Nelleke van der Puil - Vice President Operations

Mrs. Van der Puil became our Vice President Operations on December 1, 2005. She holds a PhD Degree in Chemical Engineering from the Delft University of Technology. She gained experience in catalyst development at the Technology Development Center, ABB Lummus Global. She joined us in 2000 as a project leader. In 2003, she became director of the Chemicals Business Unit. Mrs. Van der Puil is the author and named as (co-)inventor of circa 30 scientific publications and patents.

Supervisory Board

Powers, Composition and Function

The Supervisory Board is responsible for supervising the management conducted by the Executive Board and our course of affairs and the business connected with it. The Supervisory Board shall assist the Executive Board by giving advice. In performing its duties, the Supervisory Board is required to act in the interests of our Company and its associated business as a whole. The members of the Supervisory Board are not, however, authorized to represent us in dealings with third parties.

Our Articles of Association provide that members of the Supervisory Board are appointed by the General Meeting of Shareholders following a proposal of the Supervisory Board. The number of Supervisory Board members is determined by the Supervisory Board itself.

The current members of the Supervisory Board have been appointed for the term set out in the table below. In view of the Code, the Articles of Association provide that members of our Supervisory Board will serve for a maximum of four years, unless provided otherwise in the resolution to appoint the Supervisory Board member concerned, and may only be reappointed twice. The General Meeting of Shareholders appoints a chairman and the Supervisory Board appoints a deputy chairman from amongst its members.

Under our Articles of Association, the General Meeting of Shareholders may suspend or dismiss Supervisory Board members at any time. The Articles of Association provide that the General Meeting of Shareholders may determine that the Supervisory Board members shall resign periodically in accordance with a rotation plan to be adopted by the Supervisory Board.

Under the Articles of Association, the Supervisory Board can only adopt resolutions by an absolute majority of the total number of votes to be cast if the majority of the Supervisory Board members then in office are present or represented. The Supervisory Board may also adopt resolutions in writing or otherwise, in lieu of conducting an actual meeting, provided that any such resolutions are submitted to all members of the Supervisory Board in office at such time and provided further that no such member of the Supervisory Board objects to adopting resolutions without conducting a meeting. Each member of the Supervisory Board shall be entitled to one vote.

Members of the Supervisory Board

The Supervisory Board is currently composed of the following members:

Name	Age	Position	Board Member Since	Term Expires[1]
Ian Kent	63	Chairman	May 1, 2006	Indefinite
Catrina Holme[2]	37	Member	December 17, 2003	Indefinite
James Gale[3]	57	Member	December 17, 2003	Indefinite
Philip Smith[4]	58	Member	December 17, 2003	Indefinite
Harrold van Barlingen[5]	42	Member	July 26, 2005	Indefinite
Thomas Casdagli[6]	31	Member	June 23, 2006	Indefinite
Emmo Meijer[7]	*56*	*Future member*	-	*4 years*
Mark Dekker[8]	*57*	*Future member*	-	*4 years*

1 After the Offering, the Supervisory Board shall adopt a rotation plan in accordance with the Articles of Association.

2 Mrs. Holme is not independent within the meaning of the Code and related to DFJ Esprit Capital, one of our Major Shareholders. She will resign as a member of the Supervisory Board as per completion of the Offering.

3 Mr. Gale is not independent within the meaning of the Code and related to Signet Healthcare Partners, one of our Major Shareholders. He will resign as a member of the Supervisory Board as per completion of the Offering.

4 Mr. Smith is not independent within the meaning of the Code and related to S.R. One, one of our Major Shareholders.

5 Mr. van Barlingen is not independent within the meaning of the Code and related to AlpInvest, one of our Major Shareholders.

6 Mr. Casdagli is not independent within the meaning of the Code and related to MVM, one of our Major Shareholders. He will resign as a member of the Supervisory Board as per completion of the Offering.

7 *Mr. Meijer will join our Supervisory Board as per completion of the Offering.*

8 *Mr. Dekker will join our Supervisory Board as per completion of the Offering.*

The business address of all members of our Supervisory Board is Zekeringstraat 29, 1014 BV Amsterdam, the Netherlands.

Ian Kent - Chairman

Mr. Kent became chairman of our Supervisory Board as per May 1, 2006. He also serves as non-executive chairman of Intercytex Ltd. (as of 2001), chairman of Argenta Discovery Ltd. (as of 2002) and chairman of Piramed Ltd. (as of 2004). Mr. Kent studied Agriculture and Business Studies at Strathclyde University. Over the past decade Mr. Kent has acted as a non-executive director and chairman of a number of private and quoted technology companies including Ardana plc (2000-2007), Innovata plc (2005-2007), LGC Group Holdings plc (2001-2007), Vernalis plc (2001-2004), Biofocus plc (1998-2004), and Napo Pharmaceuticals Inc. (2006-2007). He has also held a number of public sector appointments including chairman of the UK Intervention Board (1998-2001) and director and governor of the Roslin Institute (1997-2004). Previously, he was Group Technical Director of Dalgety plc. (1992-1998).

Catrina Holme – Member – Resigning upon Completion of the Offering

Mrs. Holme became a member of our Supervisory Board as per December 17, 2003. She was nominated by DFJ Esprit Capital, one of our Major Shareholders. She studied jurisprudence at St Edmund Hall, Oxford University and received an Honours degree in 1992. Currently, she serves as board director of Intense Ltd. (as of 2003), Powerlase Ltd. (as of 2004), Environment IQ Holdings Ltd. (as of 2006), NetEconomy Luxembourg S.à r.l. (as of 2005) and NetEconomy Luxembourg Newco S.à r.l. (as of 2007). From 2005 to March 2006, Mrs. Holme served as supervisory board director for NetEconomy Group B.V. Between 2001 and 2006, she was director of Cazenove Private Equity, the previous manager of DFJ Esprit Capital 1 Funds. Since 2006, she is a partner of DFJ Esprit Capital Partners, the current manager of these Funds.

James Gale – Member – Resigning upon Completion of the Offering

Mr. Gale became a member of our Supervisory Board as per December 17, 2003. He was nominated by Signet Healthcare Partners, one of our Major Shareholders. Mr. Gale holds a BA in History from the University of Arizona, and an MBA in Business Administration from the University of Chicago. Currently, he is on the board of directors of Alpex Pharma S.A. (chairman as of 2004), Spepharm Holdings B.V. (as of 2006), Indevus Pharmaceutics Inc. (as of 2007), Cydex Inc. (as of 2004) and Cedarburg Pharmaceuticals (as of 2004), and director of Direvo Biotech AG (as of 2007). Since 1998, he is partner of Signet Healthcare Partners, a life sciences private equity fund affiliated with Signet Healthcare Partners.

Philip Smith - Member

Mr. Smith became a member of our Supervisory Board as per December 17, 2003. He was nominated by S.R. One, one of our Major Shareholders. He is also chairman of our Industrial Advisory Board of our pharmaceutical program. Mr. Smith holds a BA in Chemistry from the University of Maine and an MS and PhD in Medicinal Chemistry/Pharmacology from the Northeastern University of Boston. He gained vast experience in the pharmaceutical industry, working for SmithKline Beecham (now GlaxoSmithKline) for 17 years, where he was group director of Drug Delivery Systems for the last two years (until 2002). Mr. Smith has published more than 100 scientific articles. Currently, he is on the board of directors of Redpoint Bio Co. (as of 2003), Onyvax Ltd. (as of 2003), CyDex Inc. (as of 2004), OctoPlus N.V. (as of 2004), and Trinity Biosystems Inc. (as of 2006). Since 2002, he is a general partner of S.R. One.

Harrold van Barlingen - Member

Mr. Van Barlingen became a member of our Supervisory Board as per July 26, 2005. He was nominated by AlpInvest, one of our Major Shareholders. He holds a Master's Degree in Medical Biology and a PhD in Medicine, both from the Utrecht University. From 1991 to 1992 he was a visiting scientist at the University of Chicago. He is the author of a wide variety of peer-reviewed scientific and pharmaco-economic papers. Currently, he is managing director of Thuja Capital B.V., and he holds board memberships with BioXell SpA (as of 2004), Curacyte AG (as of 2002), DrugAbuse Sciences SAS (as of 2005), and Galapagos N.V. (as of 2005). Mr. Van Barlingen headed the Life Sciences department of AlpInvest Partners N.V. (2001-2005) and was board observer of Omrix Pharmaceuticals Inc. (2003-2006).

Thomas Casdagli – Member – Resigning upon Completion of the Offering

Mr. Casdagli became a member of our Supervisory Board as per June 23, 2006. He was nominated by MVM, one of our Major Shareholders. He holds a Master's Degree in Molecular and Cellular Biochemistry from the University of Oxford and is a qualified chartered accountant in the UK. He was previously an employee of MVM (2002-2005) and PricewaterhouseCoopers (1998-2002). Currently, Mr. Casdagli serves as a partner of MVM, is a board observer of Healthcare Brands International Limited (as of 2006) and a board observer of Alertis Medical A/S (as of 2007) and board member of Hepartes Therapeutics Limited (as of 2007).

Emmo Meijer – Member as of Completion of the Offering

Mr. Meijer will become a member of our Supervisory Board as per completion of the Offering. He holds a Master's Degree in Chemistry and a PhD in Biochemistry from the VU University Amsterdam. Mr. Meijer gained a vast experience in the chemicals industry, working for DSM for nearly three decades in positions of increasing responsibility, finally becoming DSM's first chief technology officer in 2001. In 2005, he joined Unilever as senior vice-president responsible for Global Foods R&D. Mr. Meijer is a board member of various Dutch and European organizations in the field of chemistry and biotechnology. Currently, he is chairperson of the Netherlands Academy for Technology and Innovation. He is also Chairman of the supervisory board of Mucovax Holding B.V. Mr. Meijer is an honorary member of the Royal Dutch Chemical Society.

Mark Dekker – Member as of Completion of the Offering

Mr. Dekker will become a member of our Supervisory Board as per completion of the Offering. He holds a Master's Degree in Economics from the University of Tilburg. He has gained experience in the field of finance starting as a controller for first VMF Stork N.V. (1976-1984) and later Holland Chemical International (1985-1990). In 1990, he joined BT (now Corporate Express) were he held positions of increasing responsibility, holding the position of chief financial officer of Gelderse Papier Groep N.V. from 1996 to 1998. Since 1999 Mr. Dekker is chief financial officer of Delft Instruments Holding B.V. (formerly Delft Instruments N.V.). He is also member of the supervisory board of Eltink Holding B.V.

Supervisory Board Committees

Our Supervisory Board has appointed from among its members an Audit Committee and a Remuneration and Nominating Committee.

The Audit Committee consists of Mr. Gale as chairman and Mr. Casdagli and Mrs. Holme as members. Upon completion of the Offering Mr. Dekker and Mr. Van Barlingen will join the Audit Committee as chairman and member, respectively, whilst Messrs. Gale and Casdagli and Mrs. Holme will step down. At that time it is decided who will join this Committee as third member. The Audit Committee makes commendations to the Supervisory Board regarding audit, financial and related issues. The supervision of the Audit Committee includes, but is not limited to, the following activities of the Executive Board:

- the operation of our internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the operation of codes of conduct;
- the provision of our financial information (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the annual accounts, forecasts, work of internal and external auditors, et cetera);
- our compliance with recommendations and observations of internal and external auditors;
- the role and functioning of our internal audit department;
- our policy on tax planning;
- our relations with the external auditor, including in particular such auditor's independence, remuneration and any non-audit services;
- our financing; and
- application of information and communication technology.

Furthermore, the Audit Committee shall act as the principal contact for the external auditor if it discovers irregularities in the contents of the financial reports and meet with the external auditor as often as it considers necessary, but at least once a year, without members of our Executive Board being present.

Chairman of the Remuneration and Nominating Committee is Mr. Kent, with the other members being Mr. Van Barlingen and Mr. Gale. Mr. Gale will step down from this Committee upon completion of the Offering. At that time it is decided who will replace Mr. Gale in this Committee. The Remuneration and Nominating Committee makes recommendations to the Supervisory Board on salaries and incentive compensation for our employees, including the Executive Board, as well as on remuneration of the individual members of the Executive Board and the Supervisory Board. The tasks of the Remuneration and Nominating Committee include, but are not limited to:

- drawing up selection criteria and appointment procedures for members of our Executive Board and our Supervisory Board;
- periodically assessing the size and composition of our Executive Board and our Supervisory Board, and making a proposal for a composition profile of the Supervisory Board;
- periodically assessing the functioning of individual members of our Executive Board and our Supervisory Board, and reporting on this to the Supervisory Board;
- making proposals for appointments and reappointments; and
- supervising the policy of our Executive Board on the selection criteria and appointment procedures for our Senior Management.

Industrial Advisory Boards

We have two separate Industrial Advisory Boards, one for our biofuels development program and one for our pharmaceutical development program. For a description of these programs, see Chapter 9 "Business – Our Development Programs". Members of our Industrial Advisory Boards meet periodically with our Management Team and our development teams. Our Industrial Advisory Boards have no formal powers under the Articles of Association or Dutch law.

The main tasks of our Industrial Advisory Boards are to advise us on our development strategy, provide us with scientific support, assist us in the drug selection for our pharmaceutical program, advise us on commercialization, partnering and licensing strategies and expand our network for accessing technologies and experts.

We have entered into consultancy agreements with the members of our Industrial Advisory Boards and pay them for services rendered.

Biofuels Program

The Industrial Advisory Board for our biofuels development program is currently composed of the following members:

Frits Dautzenberg - Chairman

Mr. Dautzenberg is an expert in applied catalysis and process development. He teaches Conceptual Process Design at the Eindhoven University of Technology. He started his career with Royal Dutch Shell at their R&D labs in Amsterdam. Subsequently, he worked at Royal Dutch Shell's refinery operations in France and Royal Dutch Shell's tar sand operations in Canada. Later, he became vice president of engineering at Catalytica Inc., a company involved in developing catalyst technologies for the production of clean energy. Furthermore, he was vice president technology development and licensing at ABB Lummus Global. Currently, he works for Serenix Corporation, a catalyst and process technology consulting company that he founded. Mr. Dautzenberg has published a large number of scientific articles and is named as inventor of approximately 20 patents.

Leo Manzer - Member

Dr. Manzer, has vast experience in catalysis research. He worked 32 years for DuPont, where he formed and directed the Corporate Catalysis Center. Dr. Manzer has received numerous prizes including the American Chemical Society "Heroes of Chemistry Award" in 1997. He also participated in the 2002 Presidential National Medal of Technology Award to DuPont, where he was one of three scientists recognized for the development of CFC alternatives. Currently, he is president of his own company Catalytic Insights. He is the inventor of over 110 patents and has published over 95 scientific articles.

John Geus - Member

Mr. Geus is a world-known expert in the area of heterogeneous catalysis. He graduated cum laude in Chemistry from the Delft University of Technology. He worked 12 years for DSM, where he was involved in catalysis research at the corporate research center in the Netherlands. In 1971, he became professor at the Utrecht University for Inorganic Chemistry and Heterogeneous Catalysis. He received the Dow Chemical Energy Prize in 1991. In 1995 he accepted his honorary degree at Delft University of Technology. As an emeritus, Mr. Geus acts as a consultant to leading chemicals and oil companies in Europe and is an expert in electron microscopy for catalysis research. Mr. Geus is the author of more than 200 scientific articles and is named as inventor of 61 patents.

Claude Moreau - Member

Mr. Moreau is an expert in the field of homogeneous, enzymatic and heterogeneous catalysis and organic synthesis in the area of carbohydrate chemistry. He holds a PhD in Chemistry from the University of Montpellier. He has worked for many years on the conversion of biomass feeds to chemical products, in collaboration with other research groups, chemical and sugar companies. Currently, he works as director of research for the Centre National de la Recherche Scientific (CNRS). In 1997, he received the Prix Innovation Scientifique Les Millésimés Europol'Agro. Mr. Moreau is the author of more than 120 scientific articles and is named as inventor of more than 10 patents.

Chris John - Member

Dr. John is an expert in catalyst and process development for energy and chemical applications. He joined us in 2005 as principal scientist. Dr. John completed his PhD in Physical Chemistry at the University of Bristol and subsequently was appointed as a Lecturer in Physical Chemistry at Edinburgh University. He joined Royal Dutch Shell Research in 1978 and worked for a period of 26 years in various disciplines at Royal Dutch Shell initially as a scientist and subsequently as department manager, mainly in the area of catalysis research, process development and biotechnology development. He contributed to Royal Dutch Shell's efforts in high-throughput R&D for catalyst development, which lead to our formation in the year 2000. Dr. John is expected to retire on April 30, 2008, after which he will continue to be an independent member of our Industrial Advisory Board. Dr. John is author of more than 20 scientific articles and is named as inventor on more than five patents.

Ed de Jong - Member

On October 1, 2007, Mr. De Jong joined us as director of our biofuels development program. Mr. De Jong holds a Master's Degree and PhD in Lignocellulose Degradation from the Agricultural University Wageningen. He has vast experience in many aspects of biomass research, including chemical pre-treatment of lignocellulose, and chemical and enzymatic conversions of cellulose, hemicellulose and lignin. He worked for more than 10 years for the Agrotechnology & Food Sciences Group (AFSG) as head of the Department of Fibre and Paper Technology, Business Unit Biobased Products. Mr. De Jong is task leader of International Energy Agency Bio-energy Task 42 regarding Biorefineries and the co-production of fuels, chemicals, power and materials from biomass. He has been involved in the setting up of large public-private research projects including B-Basic, CatchBio and the Carbohydrate Competence Centre. He is co-leading the joint initiative Bio2Value with the Energy Centre Netherlands. Mr. De Jong is president of the International Lignin Institute and is the author of more than 50 scientific articles.

Pharmaceutical Program

The Industrial Advisory Board for our pharmaceutical development program is currently composed of the following members:

Philip Smith - Chairman

Mr. Smith is also a member of our Supervisory Board. For a short biography see above under "Supervisory Board - Members of the Supervisory Board".

Chris Lipinski - Member

Mr. Lipinski is an expert in the area drug development and pharmaceutics. He is the inventor of the Rule of Five, a well known method to determine whether a drug candidate has attractive properties to act as an orally active drug, which is used by pharmaceutical scientists around the world. He holds a PhD in physico-organic chemistry from the University of California, Berkeley, US. He was Senior Research Fellow at Pfizer's Global R&D center in Groton, US and has worked at Pfizer in drug discovery, medicinal chemistry, computational chemistry and exploratory medicinal sciences for a period of 32 years. He is recipient of several scientific awards, including an honorary law degree from the University of Dundee, the SBS Achievement Award for Innovation in High-Throughput Screening, and the Division of Medicinal Chemistry Award of the American Chemical Society Division of Medicinal Chemistry. He is the author of 210 scientific publications and is named as inventor of 17 patents.

Brian Morgan - Member

Dr. Morgan is a licensing and business development expert in the pharmaceutical industry. He holds a PhD in Biochemistry from the University of Liverpool. He worked for Beecham and SmithKline Beecham, now GlaxoSmithKline, for nearly 30 years, where he was head of preclinical research from 1982 to 1989 and then, until 1997, vice president Scientific Licensing Worldwide Business Development. Formerly, he was a member of the supervisory boards of Avidis., Beecham Industry, and non-executive director of Oratol., Phairson Medical, D-Pharm. and KS Biomedix. He was also member of the research advisory group of the Diabetes & Metabolic Group of the University of Buckingham and member of the scientific advisory boards of Provalis and Sosei. Currently, he is non-executive director of Scottish Biomedical, 4SC, Protaffin and principal of Morgan Consulting.

John Staniforth - Member

Dr. Staniforth is an expert in the area of drug delivery and formulation development. He is an Honorary professor of the University of Bath, England. He is also non-executive director for Penwest Pharmaceuticals., scientific advisor for Vectura and chief scientific officer for Pharmakodex (a spin out of Vectura and Unilever). Dr. Staniforth has vast experience in pharmaceutical technology and has received numerous awards, including the Churchill Fellowship and most recently, the AstraZeneca Award for Industrial Achievement. He is the author of over 100 scientific publications and is named as inventor or co-inventor of several drug delivery technologies including technologies that have been commercialized.

Ronald van der Geest - Member

Mr. Van der Geest has vast experience in clinical pharmacokinetics and the development of novel drugs, predominantly for HIV. He holds a PhD in Pharmacokinetics from the University of Leiden, the Netherlands. He was global project leader for Tibotec from 2000 to 2004, where he was responsible for Tibotec's HIV protease inhibitor development program. In 2004, Mr. Van der Geest became senior drug development consultant and director clinical pharmacokinetics for Kinesis, where he is now chief operational officer. In addition, he is general manager and co-founder of InPEC, a clinical contract research organization. Mr. Van der Geest is author of 20 scientific articles.

Patrick Camilleri - Member

Mr. Camilleri has vast experience in drug research, in particular the determination of physico-chemical properties of drug molecules. He holds a PhD in Physical Chemistry from the University of Wales. He started his industrial career at Royal Dutch Shell in 1979 where he headed the physical-organic chemistry research group for almost 10 years, before moving to SmithKline Beecham, where he was director of analytical sciences and director bioanalytical and toxicoproteomics. In 2003 he started his own consultancy firm, Biochemical Solutions. In recognition of his scientific achievements, he was awarded the Analytical Chemistry Gold Medal by the Royal Society of Chemistry. Mr. Camilleri is the author of 195 scientific publications and is named as inventor of 14 patents.

Marcel Hoffmann - Member

Mr. Hoffman is director of our pharmaceutical development program. He holds a PhD in Biochemistry and Molecular Biology from the VU University Amsterdam. In 2001, he joined Galapagos as senior scientist, group leader for their drug discovery programs and head of pharmacology. He joined us in 2006 in his current position. Mr. Hoffman is the author of 14 scientific publications and is named as inventor of four patents.

Remuneration Policy

According to our Articles of Association, our General Meeting of Shareholders adopts the remuneration policy in respect of the remuneration of our Executive Board. Our Supervisory Board establishes the remuneration of the individual members of our Executive Board, taking into account the policy adopted by our General Meeting of Shareholders, provided that arrangements in the form of (depositary receipts for) shares or rights to subscribe for (depositary receipts for) shares are subject to the approval of our General Meeting of Shareholders. Such a proposal must include the number of (depositary receipts for) shares or rights to subscribe for (depositary receipts for) shares that may be granted to the members of the Executive Board and which criteria apply to a grant or amendment.

On September 13, 2007, our General Meeting of Shareholders adopted the remuneration policy for the members of our Executive Board. The objective of our remuneration policy is to attract, motivate and retain qualified members with industry-branch experience for our Executive Board. The salary structure for the Executive Board is aimed at an optimum balance between our long-term objectives and short-term results. The remuneration of the members of our Executive Board comprises the following components: a base salary, a variable pay and an option plan. The variable pay component shall not exceed 50% of the fixed gross annual salary applicable for the year for which the variable component is being set and is linked to Company related targets (turnover growth, cash generation and progression of our development programs) and specific personal targets. The option plan is further discussed below. Our Supervisory Board will examine each year whether the remuneration for our Executive Board is still in line with market practice.

Management Team

The total remuneration we paid to or for the benefit of members of our Management Team in 2006 amounted to approximately €1.0 million. The following table denotes the breakdown in the remuneration in 2006 of the members of the Management Team:

€ in thousands

Name	Base Salary	Bonus	Share-based Payments	Pension Contributions	Medical and other Benefits	Total Remuneration
Tom van Aken	€175	€63	€1	€7	-	€246
Former CFO	€129	-	-	€6	€190	€325
Senior Management	€368	€94	€1	€22	-	€485
Total	€672	€157	€2	€35	€190	€1,056

Supervisory Board

The remuneration of the members of the Supervisory Board is determined by the General Meeting of Shareholders. The aggregate remuneration of the Supervisory Board was €40,000 in 2006, €35,000 in 2005 and €35,000 in 2004.

None of the members of the Supervisory Board owns (depositary receipts for) shares or options to acquire (depositary receipts for) shares in us, save for Mr. Kent, who holds depositary receipts for shares (see below).

Avantium Option Plan

In 2006, our Supervisory Board adopted an option plan for the granting of options to our employees and members of our Executive Board (the "Avantium Option Plan"). On July 6, 2007, the General Meeting of Shareholders resolved to extend the option pool with 7.5% of our outstanding share capital following the Offering, for a period of five years following the date of the Offering, in addition to the options which have been granted prior to the Offering. The options entitle holders thereof to acquire depositary receipts for shares in the Company. The shares are held by Stichting Administratiekantoor Avantium (the "Foundation"). The depositary receipts issued by the Foundation shall not be issued with the Company's co-operation and thus the depositary receipt holders do not have voting rights or other rights conferred by law to holders of depositary receipts of shares issued with the co-operation of a company.

Under the Avantium Option Plan, our Supervisory Board and our Executive Board have the authority to decide on an annual basis and in accordance with consistent policy regarding frequency, timing and terms and conditions, to grant options to the members of our Executive Board and to our employees, respectively. Subject to applicable insider trading rules, the options can be exercised at any time from the date of grant during the exercise period upon payment of the exercise price, unless our Supervisory Board or our Executive Board who granted the options decides otherwise. The exercise period is five years from the date of grant. Options that are not exercised during the exercise period will lapse. The exercise price is equal to the fair market value at the date of grant. The depositary receipts acquired upon exercise of options granted under the Avantium Option Plan are blocked (i.e. may not be transferred, sold, assigned, charged, pledged or encumbered during a period of three years) as follows: 33% of the depositary receipts will be unblocked following the first anniversary of the date of grant of the relevant options, an additional 33% of the depositary receipts will be unblocked following the second anniversary of the date of grant of the relevant options and the remaining 34% of the depositary receipts will be unblocked following the third anniversary of the date of grant of the relevant options. Our Supervisory Board may determine different vesting periods at the time of granting of the options.

Options will lapse with immediate effect if the option holder ceases to be an employee or member of our Executive Board for any reason other than his death, unless our Supervisory Board or our Executive Board who granted the options decides otherwise. Furthermore, the Foundation may exercise an option to repurchase depositary receipts issued to such option holder in case of termination of its employment agreement or its resignation from our Executive Board and certain other events relating to the option holder at the price originally paid by the option holder or fair market value depending on the event pursuant to which the repurchase takes place.

The table below shows the number of options and exercise prices of the options granted under the Avantium Option Plan, assuming the Capital Restructuring has been completed.

Name	Currently Outstanding Options	Options Granted in 2007	Options Granted in 2006	End of Exercise Period of 2007 Options	End of Exercise Period of 2006 Options	Average Exercise Price of All Outstanding Options
Tom van Aken	50,575	-	100,575	-	10/19/2011	€3.04
Frank Roerink	22,296	56,421	-	05/11/2012	-	€3.04

Senior Management	57,785	842	129,312	05/11/2012	10/19/2011	€3.04
Other employees and officers	28,641	22,424	43,104	05/11/2012	10/19/2011	€3.04
Total.....	**159,297**	**79,687**	**272,991**			**€3.04**

We shall grant 75,000 options to the members of our Executive Board, the chairman of our Supervisory Board and our employees who participate in the Avantium Option Plan at completion of the Offering as follows:

Name	Options Granted at Completion of the Offering
Tom van Aken	21,388
Frank Roerink	11,998
Ian Kent	6,111
Senior Management	27,678
Other employees	7,825
Total.....	**75,000**

The exercise price of these options will be equal to the Final Offer Price. The exercise period of these options is five years from the date of completion of the Offering. These options are part of the option pool as described in the first paragraph under "Avantium Option Plan".

Upon completion of the Offering, 234,297 options are outstanding to acquire a total of 234,297 depositary receipts for shares, which would, if exercised, represent approximately 3.9% of our total issued share capital immediately after the Offering, based on gross proceeds of €30 million from the Offering and a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, assuming no exercise of the Over-Allotment Option. Based on a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, the difference between the exercise price of the options granted under the Avantium Option Plan as shown in the table above and the Final Offer Price is €9.24, which would be equal to a discount of 65% to the Final Offer Price.

Depositary Receipts

Several option holders have exercised part of their options in the period from March 2007 to July 2007 and acquired in total 773,518 depositary receipts (equal to 193,381 depositary receipts assuming the Capital Restructuring has been completed). The table below shows the number of depositary receipts in relation to the exercise of options.

Name	Number of Depositary Receipts/ Exercised Options	Date(s) of Exercise	Exercise Price
Tom van Aken	50,000	03/27/07	€3.04
Frank Roerink	34,125	03/28/07	€3.04
		05/25/07	
Ian Kent	28,736	03/23/07	€3.04
Senior Management	72,369	02/22/07	€3.04
		03/26/07	
Other employees	8,151	03/29/07	€3.04
		07/27/07	
		07/30/07	
Total.....	**193,381**		€3.04

Other Information

Except for Mrs. Holme, who is a board member of Environment IQ Holdings Ltd., whose trading subsidiary, Environment IQ Limited, is in creditors voluntary liquidation, Mr. Smith, who was a board member of Descartes Therapeutics, which entered into liquidation in 2004, and Mr. Kent, who was chairman and a non-executive director of Rodaris Pharmaceuticals Limited which was put into voluntary liquidation in 2003, in relation to each of the members of the Executive Board, Supervisory Board and Senior Management, and after having made reasonable enquiries with these individuals, we are not aware of (i) any convictions in relation to fraudulent offences in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or senior management positions in the last five years, or (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Administrative, Management and Supervisory Bodies Conflicts of Interest

Other than the fact that five members of our Supervisory Board who have been appointed upon nomination by certain of our Major Shareholders are not independent within the meaning of the Code as described in Chapter 13 "Description of Share Capital and Corporate Governance – Code" and that the chairman of our Supervisory Board holds depositary receipts for shares in our capital (as disclosed above under "Remuneration Policy – Depositary Receipts"), and except as disclosed in Chapter 12 "Related Party Transactions", we are not aware of any potential conflict of interest between the private interests or other duties of the members of our Executive Board, Supervisory Board or Senior Management and their duties and responsibilities to us.

No family ties exist among the members of our Executive Board, Supervisory Board and Senior Management.

Employment and Severance Agreements

We have employment agreements with the members of the Executive Board and each member of Senior Management. All these employment agreements have an indefinite term and can be terminated by observing a notice period ranging from one to four months, subject to and in accordance with general limitations of Dutch law on termination of employment.

Save for the employment agreement with Mr. Roerink, which provides for a financial compensation if his employment agreement is terminated in 2007 or 2008 ranging from twelve times his gross monthly salary to one time his gross monthly salary (save in case of termination for cause, illness, disability or voluntary leave), none of the aforementioned employment agreements provides for severance payments in the event of termination.

The agreements with the members of our Executive Board and Senior Management provide for confidentiality before and after termination thereof. All the aforementioned employment agreements contain a non-competition clause during a period of six months (save for the employment agreement of Mr. Roerink which provides for a period of 12 months) and a non-solicitation clause during a period of 12 months after the termination of employment.

Director's and Officer's Insurance and Indemnity

Under Dutch law, members of Executive Board and the Supervisory Board may be liable to us for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to us and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Executive Board, the Supervisory Board, the Senior Management and certain other officers of the Company are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers.

The insurance policy is governed by Dutch law and covers up to €2,500,000 per claim with a maximum of €2,500,000 per annum. Under this policy, the members of our Executive Board and Supervisory Board are insured against any claim made against any one of them for any wrongful act in their respective capacities. The insurance policy has global coverage with certain limitations to claims made with respect to wrongful acts in, or under the laws of the US.

Furthermore, we provide indemnification for members of our Executive Board and Supervisory Board against substantiated costs made within the bounds of reasonableness with respect to conducting a defense (including lawyers fees), at law and otherwise, against third party claims for reimbursement of damages, or payment of fines, (judicially imposed) penalty payments and the like and financial consequences of court rulings and resolutions of governmental authorities and amounts due relating to settlements that have been approved by our Supervisory Board, and actually and in reasonableness have been paid by such member to third parties, due to an act or failing to act in the performance of his duties as member of the Executive Board or Supervisory Board or any other function he performs at our request, save where such act or the failing to act could be characterized as seriously culpable, or to the extent the loss of capital is covered by an insurance.

Pension Plan

Avantium Technologies applies as of April 1, 2000 a collective pension scheme for nearly all its employees. This pension scheme is insured with Nationale Nederlanden for a defined period which will end on April 1, 2010, and will be continued for a period of 10 years unless terminated with a notice period of six months.

The pension scheme applied is defined contribution based. The contribution increases depending on the age of the employee, such in accordance with the defined contribution tables set by the Dutch Tax Authorities. All employees participate in this collective pension scheme except for seven employees, who waived their right to participate. No individual or additional pension commitments have been made.

Employees

As of June 30, 2007, we had 94 full time equivalents (FTEs).

At the end of 2004, 2005 and 2006, we had 52, 57 and 79 employees (FTEs), respectively.

Works Council

As required by Dutch law, we have established a works council. Works councils in the Netherlands have the authority to advise on certain company decisions proposed by the General Meeting of Shareholders of the Executive Board, including but not limited to a change of control. Employers are also required to submit certain statutory defined matters that are viewed as ‘social policy’ (affecting employment terms and conditions) to the works council for prior approval. Our works council has given positive advice on our proposed listing of our shares on Euronext Amsterdam.

11. MAJOR SHAREHOLDERS

Holdings Prior to and After the Offering

The following table presents information about the ownership of our shares as of the date of this Prospectus for each existing shareholder we know to beneficially own 5% or more of our shares and the aggregate number and percentage of shares owned by others, assuming that the Capital Restructuring has been completed (see Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital – Authorized and Issued Share Capital").

We issued Warrants to our Major Shareholders and five other shareholders which will automatically convert into shares upon completion of the Offering. The number of shares which will be issued to these shareholders upon conversion of the Warrants is dependent on the Final Offer Price. See Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital – Warrants".

In the table below we assume that the Final Offer Price will be at the mid-point of the Offer Price Range.

	Shares owned prior to completion of the Offering				**Shares owned immediately after the Offering**[1]			
Shareholder	**Before conversion of the Warrants**		**After conversion**[2] **of the Warrants**		**Without exercise of the Over-Allotment Option**		**With full exercise of the Over-Allotment Option**	
	Total	**%**	**Total**	**%**	**Total**	**%**	**Total**	**%**
DFJ Esprit Capital[3]	672,071	24.6%	1,023,222	26.4%	1.023,222	17.1%	1.023,222	16.3%
Signet Healthcare Partners[4]	379,541	13.9%	511,880	13.2%	511,880	8.6%	511,880	8.1%
AlpInvest[5]	344,194	12.6%	446,611	11.5%	446,611	7.5%	446,611	7.1%
MVM[6]	319,638	11.7%	485,396	12.5%	485,396	8.1%	485,396	7.7%
S.R. One[7]	281,296	10.3%	384,542	9.9%	384,542	6.4%	384,542	6.1%
EDB Ventures[8]	238,611	8.7%	425,533	11.0%	425,533	7.1%	425,533	6.8%
Eastman Chemical[9]	181,885	6.6%	235,313	6.1%	235,313	3.9%	235,313	3.7%
Stichting Administratiekantoor Avantium[10]	193,381	7.1%	193,381	5.0%	193,381	3.2%	193,381	3.1%
Others[11]	125,874	4.6%	168,116	4.3%	168,116	2.8%	168,116	2.7%
Free Float Shares					2,105,260	35.2%	2,421,050	38.5%
Totals	2,736,491	100%	3,873,995	100%	5,979,256	100%	6,295,045	100%

1 Assuming we raise €30 million in the Offering and a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, and excluding any Shares acquired by shareholders pursuant to the Offering.

2 At a Final Offer Price of €12.50, the total number of shares is 4,033,232. At a Final Offer Price of €16.00 the total number of shares is 3,749,589.

3 Esprit Capital (GP) Limited as general partner of Esprit Capital 1 Fund No. 1 LLP (previously named: Cazenove New Europe Access Fund No. 1, L.P.) and Esprit Capital 1 Fund No. 2 LLP (previously named: Cazenove New Europe Access Fund No. 2, L.P.) is the legal owner of the shares and is one of our Major Shareholders.

[4] Signet Healthcare Partners (formerly Sanders Morris Harris or SMM Corporate Management, L.L.C.) as general partner of Corporate Opportunities Fund (Institutional), L.P. and Corporate Opportunities Fund, L.P. is the legal owner of the shares and is one of our Major Shareholders.

[5] AP Private Equity Investments I B.V., which is managed by AlpInvest Partners N.V., is the legal owner of the shares and is one of our Major Shareholders. AP Private Equity Investments I B.V. has agreed to lend shares to the Underwriter in connection with the Over-Allotment Option for no consideration.

[6] MVM Life Science Partners LLP as the fund manager of UK Medical Ventures Fund No. 1, L.P., MVM International Life Sciences No. 1, L.P. is the legal owner of the shares held by these funds and is one of our Major Shareholders. The shares held by a number of employees of MVM are being managed by MVM Executive.

[7] S.R. One Limited is the legal owner of the shares and is one of our Major Shareholders.

[8] EDB Ventures Pte Ltd. is the legal owner of the shares and is one of our Major Shareholders.

[9] Eastman Chemical Company Investments, Inc. is the legal owner of the shares and is one of our Major Shareholders.

[10] Stichting Administratiekantoor Avantium issued depositary receipts in exchange for the shares held by it to the members of our Management Team and several others pursuant to the Avantium Option Plan (see Chapter 10 "Management and Employees – Remuneration Policy – Depositary Receipts").

[11] Pfizer International Holdings Limited, who is one of our strategic shareholders, holds an option to acquire 43,104 new shares. This option will lapse on June 30, 2008.

The actual number and percentage of the shares owned by each Major Shareholder prior to completion of the Offering and immediately thereafter will be included in a pricing statement which will be deposited with the AFM (see Chapter 16 "The Offering – Pricing Statement").

Except as disclosed above, we are not aware of any person who, as of the date of this Prospectus, directly or indirectly, has a beneficial interest in 5% or more of our shares. Our Major Shareholders have the same voting rights as other holders of the shares.

We, the members of our Management Team and our Supervisory Board and our employees currently holding (options for) depositary receipts for shares as well as our Major Shareholders and certain other minor shareholders have each agreed with the Underwriter that, for a period of 365 days after the Settlement Date, they will not, except for any shares acquired in the Offering (but including the shares acquired pursuant to the conversion of the Warrants) or thereafter and certain other limited exceptions, offer, pledge, issue, sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our shares or depositary receipts for shares or any securities convertible into or exchangeable or exercisable for our shares or depositary receipts for shares, or enter into certain derivative transactions, without the prior written consent of the Underwriter (see Chapter 17 "Plan of Distribution – Lock-up Arrangements").

12. RELATED PARTY TRANSACTIONS

Except as disclosed in Chapter 10 "Management and Employees" and below, the members of our Management Team, our Supervisory Board and the Major Shareholders have had no interest in any transactions to which we were a party since January 1, 2004 or which were entered into by us prior thereto and under which we or the other parties still have ongoing obligations.

Major Shareholders

Since our last private equity financing round in 2003, DFJ Esprit Capital (formerly Cazenove Private Equity) is our largest shareholder and is currently holding 24.6% of the voting rights over us. No other shareholder has more than 20% of the voting rights over us. In this last round of €5.0 million, besides DFJ Esprit Capital, the following shareholders acquired class D preference shares: Signet Healthcare Partners, MVM, S.R. One, Eastman Chemical and AlpInvest. All of these shareholders have nominated one member of our Supervisory Board, save for Eastman Chemical which has the right to nominate an observer. The nominated Supervisory Board members of Signet Healthcare Partners and AlpInvest participate in our Remuneration and Nominating Committee and the nominated Supervisory Board members of DFJ Esprit Capital, Signet Healthcare Partners and MVM participate in our Audit Committee (see Chapter 10 "Management and Employees – Supervisory Board Committees"). The chairman of the Supervisory Board, Mr. Kent, is also a member of the Remuneration and Nominating Committee.

Based on the foregoing, we consider our Major Shareholders (save for EDB Ventures which does not have nominating rights) as related parties to the Company. We did not enter into transactions with these companies in the years as of 2004.

The abovementioned nominating rights will terminate following completion of the Offering. Three of the nominated Supervisory Board members will resign and be replaced by two independent members (see Chapter 10 "Management and Employees – Supervisory Board – Members of the Supervisory Board").

Key Management

Note 27 to our consolidated financial statements included in Chapter 23 gives an overview of the remuneration, including share based payments, paid by us to key management, which comprises the members of our Executive Board, our Supervisory Board and Senior Management, in the years 2004, 2005 and 2006. See also Chapter 10 "Management and Employees – Remuneration Policy".

13. DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

General

Our business was commenced by a company incorporated under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), by a deed executed on January 28, 2000 under the legal name Avantium B.V., which name was changed into Avantium International B.V., by a deed executed on February 24, 2000. This company, which at that time was our 100% subsidiary, was merged into us by means of a statutory merger (*juridische fusie*), effective as of September 20, 2007, pursuant to which we acquired all its assets and liabilities and this subsidiary ceased to exist.

We were incorporated under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), by a deed executed on July 14, 2000, under the legal name International Software Group (Europe) B.V. By a deed executed on December 17, 2003, our legal name was subsequently changed into Avantium Holding B.V. Upon our conversion in a public company with limited liability (*naamloze vennootschap*) pursuant to the Deed of Amendment and Conversion, our legal name will be Avantium Holding N.V. We also use Avantium as our commercial name.

We are registered with the Trade Register of the Chamber of Commerce for Amsterdam, the Netherlands under number 34138918. Our corporate seat is in Amsterdam, the Netherlands and our office address is Zekeringstraat 29, 1014 BV Amsterdam, the Netherlands. We can be contacted by telephone on + 31 (0)20 586 80 80, by fax on +31 (0)20 586 80 85 or through our website, which is www.avantium.com. The contents of our website are expressly not incorporated by reference into this Prospectus.

Our articles of association were last amended by a deed, executed on December 17, 2003. The certificate of no objection of the Ministry of Justice for that amendment was granted on November 27, 2003, under number BV 11225890. We shall further amend our articles of association and convert our company into a public company with limited liability (*naamloze vennootschap*) immediately prior to the Listing Date, by the execution of the Deed of Amendment and Conversion.

When we refer to our Articles of Association in this Prospectus, we refer to our articles of association, as they will read after the execution of the Deed of Amendment and Conversion.

On June 21, 2007 and October 17, 2007, our Executive Board issued notices calling Extraordinary General Meetings of Shareholders, which were held on July 6, 2007 and on November 1, 2007. The purpose of these Extraordinary General Meetings of Shareholders was, amongst others, to consider and resolve in favor of an amendment to our articles of association and our conversion into a public company with limited liability, subject to completion of the Offering. The deed of amendment and conversion (the "Deed of Amendment and Conversion") was made available to our shareholders prior to the date of such Extraordinary General Meetings of Shareholders and remains available for inspection by interested parties at our offices in Amsterdam up to and including the Settlement Date. The main objects of the Deed of Amendment and Conversion are (i) our conversion into a public company with limited liability, (ii) the restructuring of our share capital, by the abolition of our classes of non-ordinary shares and any rights related thereto, creation of a new class of preference shares, the redenomination of our ordinary shares and reverse share split, (iii) the introduction of the right of our Supervisory Board to (a) approve an issuance of shares or the granting of rights to subscribe for shares (including the designation of the authority to do so) and the limitation or exclusion of pre-emptive rights in relation to such issuance (including the right to designate the authority to do so), (b) approve an acquisition or disposal of our own shares, (c) approve a reduction of issued share capital, (d) propose candidates for Executive Board vacancies, (e) approve certain Executive Board resolutions and (f) propose candidates for Supervisory Board vacancies, among other rights, and (iv) updating our articles of association as a result of changes in the Dutch Civil Code and to comply with the Code.

Set out below is a summary of certain relevant information concerning our share capital, certain significant provisions of Dutch corporate law and a brief summary of certain provisions of our Articles of Association.

This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association, together with relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such.

Corporate Objects

Pursuant to Article 3 of our Articles of Association, our corporate objects are:

- to incorporate, to participate in any way whatsoever in, to manage and to supervise businesses and companies, in particular, but not limited to those involved in the development, improvement, manufacturing and trading of high speed experimentation technologies for application in new product and process development in the pharmaceutical, petrochemical and fine chemical, bio technology and polymers industries and other selected areas of industrial applications;

- to develop and trade in patents, trade marks, licenses, know-how and other intellectual property rights;

- to render advice and services to businesses and companies with which we form a group and to third parties;

- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness, as well as to enter into agreements in connection with the aforementioned activities;

- to grant guarantees, to bind ourselves and to pledge our assets for obligations of businesses and companies with which we form a group and on behalf of third parties;

- to acquire, dispose of, manage and exploit registered property and items of property in general; and

- to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

Share Capital

Authorized and Issued Share Capital

On July 6, 2007, the General Meeting of Shareholders resolved to convert the various classes of outstanding non-ordinary shares into ordinary shares as per that date and to grant Warrants to the holders of these shares, which convert into ordinary shares upon completion of the Offering.

At the date of this Prospectus, our authorized capital amounts to €0.5 million and is divided into 5.0 million ordinary shares, 8.5 million class B shares, 9.5 million class C shares, 4.0 million class C preference shares and 23.0 million class D preference shares, each with a nominal value of €0.01. Following the execution of the Deed of Amendment and Conversion, our authorized share capital will amount to €2.0 million divided into 8.3 million ordinary shares and 4.2 million preference shares, each with a nominal value of €0.16. The separate classes B, C and D shares mentioned in our current articles of association will be abolished upon execution of the Deed of Amendment and Conversion. Consequently, we will have two classes of shares, ordinary shares and a new class of preference shares. When we refer to our shares in this Chapter, we refer to our ordinary shares and our preference shares.

Furthermore, the execution of the Deed of Amendment and Conversion will result in a reverse split of each four outstanding shares into one share, an increase of each fractional share resulting from this reverse share split into a full share and an increase of the nominal value of our issued shares resulting from the reverse share split from €0.04 to €0.16 each, which shall be charged against our share premium reserve.

The following table sets forth information about our issued share capital, options and Warrants as of the date of this Prospectus, after the reverse share split, after conversion of the Warrants and following completion of the Offering.

	As of the date of this Prospectus	After reverse share split at 4:1	After conversion of the Warrants	Following completion of the Offering[1]
Shares[2]	10,945,932	2,736,491	3,873,995	5,979,256
Options[3]	809,585	202,401	202,401	277,401
Warrants[4]	4,550,016	1,137,504	-	-
Total	16,305,533	4,076,396	4,076,396	6,256,657

1 Based on an issue of 2,105,260 ordinary shares, assuming we raise €30 million in the Offering and a Final Offer Price of €14.25, at the mid-point of the Offer Price Range.

2 Including 193,381 ordinary shares (equal to 773,518 shares as of the date of this Prospectus) held by the Foundation for which 193,381 depositary receipts have been issued (equal to 773,518 depositary receipts as of the date of this Prospectus) (see Chapter 10 "Management and Employees – Remuneration Policy – Depositary Receipts").

3 Comprising 159,297 options (equal to 637,171 options as of the date of this Prospectus) outstanding under the Avantium Option Plan, 43,104 options granted to Pfizer (equal to 172,414 options as of the date of this Prospectus) and 75,000 options to be granted under the Avantium Option Plan at completion of the Offering (see Chapter 10 "Management and Employees – Remuneration Policy – Avantium Option Plan" and Chapter 11 "Major Shareholders", note 11 under the table).

4 Based on a Final Offer Price of €14.25, at the mid-point of the Offer Price Range.

Currently, we do not hold any of our shares. All shares that are outstanding as of the date of this Prospectus are fully paid up.

Immediately following completion of the Offering, assuming we raise €30 million in the Offering and a Final Offer Price of €14.25, at the mid-point of the Offer Price Range, and no exercise of the Over-Allotment Option, we expect to have 5,979,256 ordinary shares issued and outstanding. The percentage of immediate dilution resulting from the Offering is 54.3% and amounts to €30 million.

Warrants

In the Extraordinary General Meeting of Shareholders, held on July 6, 2007, our shareholders resolved to convert, as per that same date, all outstanding non-ordinary shares of various classes and bearing various separate mainly financial rights into the same number of ordinary shares. Pursuant to our current articles of association and a shareholders agreement entered into on December 17, 2003 among our shareholders, us and Avantium International B.V., prior to such conversion, each class of these non-ordinary shares furthermore entitled its holders to additional ordinary shares the number of which is dependent on the Final Offer Price and the pre-IPO valuation. The General Meeting of Shareholders resolved that the entitlements in connection with the Offering are valued as follows:

- holders of class B shares: €1.7 million;

- holders of class C shares and class C preference shares: €2.6 million;
- holders of class C preference shares: €6.25 million in case of a pre-IPO valuation of less than €60 million; and
- holders of class D preference shares: €5.6 million.

As the number of additional shares to be issued to these shareholders can only be established immediately prior to the Offering and each holder of converted non-ordinary shares was granted a Warrant constituting a right to acquire, for no consideration, such number of additional ordinary shares as such shareholder will be entitled to receive, as indicated in the foregoing paragraph. The Warrants will automatically convert into the applicable number of ordinary shares upon completion of the Offering. See also Chapter 11 "Major Shareholders". The shareholders agreement will be terminated as per and subject to completion of the Offering.

Options

At the date of this Prospectus, 637,171 options are outstanding under the Avantium Option Plan, which entitle the holders to acquire depositary receipts for ordinary shares. As a result of the Capital Restructuring, this number of outstanding options will convert into 159,297 outstanding options. The ordinary shares will be issued to the Foundation. The Offering does not constitute or trigger a termination of, or automatic right to exercise, any option. We have furthermore not entered into any agreements with the holders of the options to that effect. The options shall therefore remain in existence and in full force and effect after the Offering. At completion of the Offering, we shall grant an additional 75,000 options under the Avantium Option Plan. The option pool shall be extended with 7.5% of our outstanding share capital following the Offering, and shall include the aforementioned 75,000 options. See also Chapter 10 "Management and Employees – Remuneration Policy – Avantium Option Plan".

Depositary Receipts

Out of the 10,945,932 currently issued ordinary shares, 773,518 are held by the Foundation. As a result of the Capital Restructuring, this number of currently issued ordinary shares will convert into 2,736,491 ordinary shares, of which 193,381 will be held by the Foundation. For the ordinary shares held by the Foundation, it has issued depositary receipts to certain of our employees and others. See also Chapter 10 "Management and Employees – Remuneration Policy – Depositary Receipts".

Issue of Shares and Rights to Subscribe for Shares

Our Articles of Association delegate the authority to issue shares or grant rights to subscribe for shares, to our Executive Board for a fixed period of three years from the date of completion of the Offering and up to a maximum of 25% of the outstanding share capital upon completion of the Offering which may be issued in each consecutive period of 12 months in this three year period. The resolution by our Executive Board to issue shares, or grant rights to subscribe for shares, is subject to the approval of our Supervisory Board. Such authority may be extended, either by an amendment to the Articles of Association, or by a resolution of the General Meeting of Shareholders, for a subsequent period of up to five years in each case. A subsequent delegation pursuant to a resolution of the General Meeting of Shareholders shall require the approval of the Supervisory Board.

If our prevailing articles of association designate the Executive Board as the competent body to issue shares, or grant rights to subscribe for shares, this designation may be revoked by an amendment of our prevailing articles of association. If the Executive Board is designated by the General Meeting of Shareholders, this designation cannot be revoked, unless determined otherwise at the time of designation.

Following termination of the Executive Board's authority to issue shares or grant rights to subscribe for shares, the General Meeting of Shareholders shall be authorized to do so, unless it has delegated this authority to another corporate body.

No resolution of the General Meeting of Shareholders or the Executive Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

Pre-emptive Rights

Dutch law and our Articles of Association give shareholders pre-emptive rights to subscribe on a pro rata basis for any issue of new shares or upon a grant of rights to subscribe for shares. Such pre-emptive rights do not apply, however, in respect of (i) ordinary shares issued for a non-cash contribution, (ii) ordinary shares issued to our employees, (iii) ordinary shares issued to persons exercising a previously granted right to subscribe for shares and (iv) preference shares.

Our Articles of Association delegate the authority to limit or exclude pre-emptive rights in relation to an issue of shares to our Executive Board for a fixed period of three years from the date of completion of the Offering and up to a maximum of 25% of the outstanding share capital upon completion of the Offering which may be issued in each consecutive period of 12 months within this three year period. The resolution of the Executive Board to limit or exclude pre-emptive rights is subject to the approval of our Supervisory Board.

If our prevailing articles of association designate the Executive Board as the competent body to limit or exclude pre-emptive rights, this designation may be revoked by an amendment of our prevailing articles of association upon a resolution of the General Meeting of Shareholders. If the Executive Board is designated by the General Meeting of Shareholders, this designation can only be revoked by a resolution of the General Meeting of Shareholders if so determined at the time of designation.

Acquisition of Shares in Our Capital

We may acquire our own fully paid shares at any time for no consideration (*om niet*). Furthermore, subject to certain provisions of Dutch law and our Articles of Association, we may acquire fully paid shares in our own capital if (i) our shareholders' equity less the payment required to make the acquisition, does not fall below the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by our Articles of Association (such excess, the "Distributable Equity") and (ii) we and our subsidiaries would thereafter not hold shares or hold a pledge over our shares with an aggregate nominal value exceeding 10% of our issued share capital.

Other than those shares acquired for no consideration, shares may only be acquired subject to a resolution of the Executive Board, which is approved by the Supervisory Board, and authorized by the General Meeting of Shareholders. Such authorization from the General Meeting of Shareholders for the acquisition of our shares shall specify the number of shares that may be acquired, the manner in which these shares may be acquired and the price range within which shares may be acquired. Such authorization may be valid for no more than 18 months.

The General Meeting of Shareholders has authorized the Executive Board to acquire a maximum of 10% of our issued ordinary shares for a period of 18 months from the date of completion of the Offering at either (i) a maximum purchase price of 110% of the weighted average closing price of our ordinary shares in the last five trading days or (ii) the nominal value of the shares.

No authorization from the General Meeting of Shareholders is required for the acquisition of fully paid shares for the purpose of transferring these shares to employees under a scheme applicable to such employees. Any shares we hold in our own capital may not be voted or counted for voting quorum purposes.

Reduction of Share Capital

Under our Articles of Association and subject to Dutch law, upon a proposal of the Executive Board, subject to the approval of the Supervisory Board, the General Meeting of Shareholders may resolve to reduce our issued and outstanding share capital by canceling our shares, or by amending our Articles of Association to reduce the nominal value of our shares.

Dividends and Other Distributions

We may only make distributions to our shareholders in so far as our shareholders' equity exceeds the Distributable Equity.

We may only make distributions to our shareholders in so far as our shareholders' equity exceeds the Distributable Equity. Under our Articles of Association, a dividend shall first, if possible, be paid on the preference shares out of the profits (the positive balance of the profit and loss accounts) made in the most recently elapsed financial year. The dividend payable on the preference shares shall, if possible, be equal to the average twelve-month EURIBOR (Euro Interbank Offered Rate), weighted for the number of days to which the distribution pertains, increased by 1%, calculated over the paid up part of the nominal value of those shares. The dividend on the preference shares shall, if the respective shares have been issued in the course of the financial year, be calculated pro rata, to the payment of the year they have been outstanding.

If twelve-month EURIBOR shall no longer be published at any time, the dividend payable on the preference shares shall be equal to the mathematical average of the average effective return on the five Dutch government bonds with the longest maturity, as drawn up by the Central Bureau of Statistics and published in the Daily Official List, over the 20 trading days preceding the issue, increased by a surcharge to be determined by the Executive Board, subject to the approval of the Supervisory Board, such surcharge to be between 0.25% and 1%, calculated over the paid up part of the nominal value of those shares.

The resolution to issue the preference shares may specify that if the profits of any financial year do not permit a distribution of dividends on the preference shares, the deficit shall be distributed from our Distributable Equity and, if this is also insufficient, from the profits of any subsequent years (i.e. cumulative preference shares).

After distribution of dividends on the preference shares (including any outstanding distribution on cumulative preference shares), the Executive Board may, subject to the approval of the Supervisory Board, determine which part of the profits shall be reserved. The part of the profit remaining after reservation shall put at the disposal of the General Meeting of Shareholders.

Under our Articles of Association, we may only make a distribution of dividends to our shareholders after adoption of our annual accounts demonstrating that such distribution is legally permitted. With the approval of the Supervisory Board, with due observance of applicable law, the Executive Board may declare an interim dividend on the ordinary shares.

The General Meeting of Shareholders may, at the proposal of the Executive Board, which proposal is subject to approval by the Supervisory Board, resolve that a distribution of dividends on the shares shall not be paid in whole or in part in cash, but in shares.

Each of our shares entitles its holder to equal ranking rights to dividends and other distributions.

Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable, will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

Preference Shares and Stichting Continuïteit Avantium

We intend to incorporate Stichting Continuïteit Avantium (the "Preference Foundation"). The purpose of the Preference Foundation will be to safeguard our interests and those of our enterprise and to protect, insofar as possible, our continuity, our independence and our corporate identity. The board of the Preference Foundation will consist of two board members A and one board member B. We are seeking to find suitable candidates to accept a position of board member. As soon as practically possible after we have found those candidates, we will incorporate the Preference Foundation. Once the Preference Foundation is incorporated, the board members A will be appointed by the board of the Preference Foundation, whilst the board member B will be appointed by the Supervisory Board upon proposal of the Executive Board. All board members will be independent within the meaning of Appendix X of the Euronext Rule Book, Book II.

Our preference shares will be an instrument of protection against hostile takeovers. In line with guidance from the Code, we believe that the issuance of preference shares may help us to determine our position in relation to a bidder and its plans, and to seek alternatives. The issue of preference shares is intended to be temporary. Unless the preference shares have been issued by a vote of the General Meeting of Shareholders, our Articles of Association require that a General Meeting of Shareholders be held no later than six months after the issue of preference shares to consider their redemption or cancellation. If the General Meeting of Shareholders does not resolve to redeem or cancel the preference shares, another General Meeting of Shareholders will be held within six months. Until the preference shares have been redeemed or cancelled, a General Meeting of Shareholders to consider a redemption or cancellation of the preference shares will be held within six months of the previous meeting. The Preference Foundation will follow the majority vote during these meetings, save that it may vote to redeem or cancel the preference shares if the General Meeting of Shareholders would not adopt such resolution.

Under the terms of an agreement which we will enter into with the Preference Foundation, we will grant the Preference Foundation a call option (the "Call Option") entitling it to acquire from us preference shares up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares) at the time the Preference Foundation exercises the Call Option. Under the terms of another agreement to be entered into by the Preference Foundation and us, the Preference Foundation will grant us a put option (the "Put Option") entitling us to issue preference shares to the Preference Foundation up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares) at the time we exercise the Put Option. The Call Option as well as the Put Option can be exercised in one or more tranches.

No resolution of the General Meeting of Shareholders or the Executive Board is required for an issue of preference shares pursuant to the exercise of the Call Option or the Put Option. However, an issue of preference shares pursuant to a resolution of a corporate body other than the General Meeting of Shareholders, through which an amount of preference shares shall be issued that exceeds 50% of the outstanding amount of ordinary shares, is only permitted with prior approval of the General Meeting of Shareholders given for that specific instance. In the event of an issue of preference shares pursuant to a resolution of a corporate body other than the General Meeting of Shareholders, through which an amount of preference shares shall be issued that does not exceed 50% of the outstanding amount of ordinary shares, a General Meeting of Shareholders shall be convened and held within four weeks after the issue, at which meeting the reasons for the issue shall be explained.

Upon the issue of preference shares to the Preference Foundation, the Preference Foundation must pay at least 25% of the nominal value of the preference shares. The Preference Foundation will enter into a credit facility agreement with a bank in order to finance such payment.

A transfer of preference shares (save for a transfer of preference shares to us) requires the prior approval of the Executive Board.

General Meetings of Shareholders and Voting Rights

The annual General Meeting of Shareholders shall be held within six months after the end of each financial year. Our financial year is equal to a calendar year.

An Extraordinary General Meeting of Shareholders may be convened, whenever our interests so require, by the Executive Board or the Supervisory Board. Shareholders representing alone or in aggregate at least one-tenth of our issued and outstanding share capital may, pursuant to the Dutch Civil Code and our Articles of Association, request that a General Meeting of Shareholders be convened. If such General Meeting of Shareholders has not been called within 14 days or is not held within one month following such request, the shareholders requesting such General Meeting of Shareholders are authorized to call such General Meeting of Shareholders themselves.

The notice convening any General Meeting of Shareholders shall be sent no later than the 15th day prior to the meeting and shall include an agenda stating the items to be dealt with. With due observance of the Dutch Civil Code, holders of shares (including holders of the rights conferred by law upon holders of depositary receipts issued with a company's cooperation for shares in its capital) who, alone or in aggregate, own shares representing at least 1% of our issued and outstanding capital or shares representing a value of at least €50 million according to the Daily Official List may submit proposals for the agenda. Provided we receive such proposals no later than the 60th day before the date of the General Meeting of Shareholders and provided that no important interest (*zwaarwichtig belang*) we have dictates otherwise, we will have the proposals included in the notice for the General Meeting of Shareholders or, if necessary, in a supplemental notice.

All notices of General Meetings of Shareholders, all announcements concerning dividend and other distributions, and all other announcements to holders of shares (including holders of rights conferred by law upon holders of depositary receipts issued with a company's cooperation for shares in its capital), shall be effected by means of a publication in a national newspaper distributed daily in the Netherlands, in the Daily Official List and on our website.

The Executive Board shall be authorized to determine a record date to establish which shareholders are entitled to attend and vote in the General Meeting of Shareholders. Such record date may not be set for a date prior to the thirtieth day before that of the meeting.

Each of our preference and ordinary shares is entitled to one vote. Shareholders may vote by proxy. The voting rights attached to any of our shares held by us are suspended as long as they are held in treasury.

The Executive Board may determine that those entitled to attend, address and/or vote in a General Meeting of Shareholders, may do so by means of electronic communication, provided that such means of communication complies with certain requirements imposed by the Dutch Civil Code. The Executive Board may subject the use of the electronic communication and the manner in which the requirements should be satisfied to conditions, which shall be stated in the notice of the General Meeting of Shareholders. The Executive Board may determine in such convocation that any vote cast prior to the meeting by means of electronic communication, shall be deemed to be a vote cast in the meeting. Such a vote may not be cast prior to the ultimate allowed record date. A holder of shares who has cast his vote prior to the meeting by means of electronic communication, remains entitled to, whether or not represented by a holder of a written proxy, participate in the General Meeting of Shareholders and to address such meeting. Once cast, an electronically cast vote cannot be revoked.

Decisions of the General Meeting of Shareholders are taken by an absolute majority of votes cast, except where Dutch law provides for a qualified majority.

Amendment of Our Articles of Association and Change of Our Corporate Form

The General Meeting of Shareholders may resolve to amend our Articles of Association, subject to a proposal by the Executive Board, which requires the approval of the Supervisory Board.

The General Meeting of Shareholders may furthermore resolve to change our corporate form. A change of our corporate form shall require a resolution to amend our Articles of Association, subject to a proposal by the Executive Board, which requires the approval of the Supervisory Board.

Statutory Merger and Statutory Demerger

The General Meeting of Shareholders may resolve that we enter into a statutory merger or demerger (which term includes both a split-up and a spin-off), subject to a proposal by the Executive Board, which requires the approval of the Supervisory Board. In the event we are the acquiring company, the Executive Board may resolve to enter into a statutory merger or demerger, unless one or more shareholders representing at least 5% of our issued share capital request the Executive Board within one month of the announcement of the merger or demerger, to convene a General Meeting of Shareholders in order to resolve on the merger or demerger.

Dissolution and Liquidation

We may only be dissolved by a resolution of the General Meeting of Shareholders, subject to a proposal by the Executive Board, which requires the approval of the Supervisory Board.

In the event of a dissolution, our business will be liquidated in accordance with Dutch law and our Articles of Association, and the members of the Executive Board will (unless otherwise determined by the General Meeting of Shareholders) become liquidators, acting under supervision of the Supervisory Board. During liquidation, the provisions of our Articles of Association will remain in force to the extent possible.

The balance remaining after settlement of debts shall firstly be distributed to the holders of preference shares up to the amount of the outstanding dividends payable on the preference shares. Thereafter, an amount equal to the nominal paid-up amount of the preference shares shall be paid on each preference share. Any balance remaining after such payments shall be transferred to the holders of ordinary shares, in proportion to the aggregate nominal amount of their ordinary shares.

Dutch Corporate Governance Code

On December 9, 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Code. The Code contains 21 principles and 113 best practice provisions for boards of management, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if they do not apply, to explain the reasons why. The Code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Code.

We acknowledge the importance of good corporate governance. The Executive Board and Supervisory Board have reviewed the Code, generally agree with its basic provisions, and have taken and will take any further steps they consider appropriate to implement the Code.

We support the Code and will apply with the relevant best practice provisions of the Code, subject to the exceptions set out below.

Non-Compliance with the Dutch Corporate Governance Code

II.1.1 A management board member is appointed for a maximum period of four years. A member may be reappointed for a term not more than four years at a time.

The current members of the Executive Board have been appointed for an unlimited period and we do not consider it appropriate to renegotiate the existing agreements, in so far as this would be possible given the mandatory provisions of Dutch labor law. Any future appointments of members of the Executive Board will be in compliance with this provision.

II.2.1 Options to acquire shares are a conditional remuneration component, and become unconditional only when the management board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date.

The currently outstanding options have been granted unconditionally. We shall not amend these existing agreements. Considering that we are still in a relatively early stage of our development programs and setting credible predetermined performance criteria at a term of at least three years is not practical at this stage, we shall not fully apply this provision.

II.2.6 The supervisory board shall draw up regulations concerning ownership of and transactions in securities by management board members, other than securities issued by their 'own' company. The regulations shall be posted on the website. A management board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Netherlands listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A management board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

We believe that the restrictions under Netherlands securities law are sufficient to govern the ownership of and transactions in securities by members of the Executive Board. Implementing additional restrictions would potentially harm our ability to attract and ensure the continued services of the members of the Executive Board and we therefore believe that applying this best practice provision is not in our best interest.

III.2.1 The supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2.

Our Supervisory Board consists of six members, of which five were appointed by our General Meeting of Shareholders upon nomination by certain of our Major Shareholders, pursuant to the shareholders agreement entered into on December 17, 2003 among our shareholders, us and Avantium International B.V. (which agreement will be terminated upon completion of the Offering). These individuals are not independent within the meaning of the Dutch Corporate Governance Code. Three of these individuals, being Mrs. Holme, Mr. Gale and Mr. Casdagli, will resign as member of our Supervisory Board as per completion of the Offering. In the six-month period following completion of the Offering, Mrs. Holme will be invited as an observer to meetings of our Supervisory Board, held during this period. If an important interest of the Company dictates so, our Supervisory Board may decide not to invite Mrs. Holme for a specific meeting. We do not intend to terminate the respective appointments of the other two individuals who are not independent within the meaning of the Dutch Corporate Governance Code as we believe they are currently the best qualified persons available to us.

In addition, Mr. Meijer and Mr. Dekker will be appointed as member of our Supervisory Board as per completion of the Offering. See Chapter 10 "Management and Employees – Supervisory Board – Members of the Supervisory Board". We believe these individuals are independent within the meaning of the Dutch Corporate Governance Code.

We are seeking to find two additional suitable candidates to accept a position as Supervisory Board member. In this search, we are striving to find candidates who are independent within the meaning of the Dutch Corporate Governance Code.

Our Supervisory Board shall draw up a rotation plan for its members and will strive for further independency, among others by replacement of the two remaining members appointed at the nomination of Major Shareholders. In drawing up and effecting the rotation plan, the Supervisory Board will take into account its size, our nature, its activities and the desired expertise of its members.

III.4.3 The supervisory board shall be assisted by the company secretary. The company secretary shall see to it that correct procedures are followed and that the supervisory board acts in accordance with its statutory obligations and its obligations under the articles of association. He shall assist the chairman of the supervisory board in the actual organization of the affairs of the supervisory board (information, agenda, evaluation, training program, etc.). The company secretary shall, either on the recommendation of the supervisory board or otherwise, be appointed and dismissed by the management board, after the approval of the supervisory board has been obtained.

Given our size, attracting a company secretary, would create an extensive financial burden. Our Supervisory Board will be assisted by a secretary, however such person shall not be appointed as company secretary. If in time it appears that this assistance does not suffice, we shall determine the exact profile of the company secretary and shall seek a suitable candidate. Currently, however, we believe that applying this best practice provision is not in our best interest.

III.7.1 A supervisory board member shall not be granted any shares and/or rights to shares by way of remuneration.

We have made commitments towards the chairman of our Supervisory Board, which include the granting of options. We believe that this is international common practice and may in future be further required to commit ourselves to grant options to attract and ensure the continued services of the best qualified persons for our Supervisory Board. We therefore believe that applying this best practice provision is not in our best interest.

III.7.3 The supervisory board shall adopt a set of regulations containing rules governing ownership of and transactions in securities by supervisory board members, other than securities issued by their 'own' company. The regulations shall be posted on the website. A supervisory board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Netherlands listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A supervisory board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

We believe that the restrictions under Netherlands securities law are sufficient to govern the ownership of and transactions in securities by Supervisory Board members. Implementing additional restrictions would potentially harm our ability to attract and ensure the continued services of Supervisory Board members and we therefore believe that applying this best practice provision is not in our best interest.

IV.3.1 Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of web casting or telephone lines. After the meetings, the presentations shall be posted on the company's website.

Considering our size, it would create an excessive burden to provide facilities which enable shareholders to follow in real time the meetings and presentations referred to in the best practice provision. We will, however, ensure that presentations are posted on our website immediately after the meetings in question.

V.3.1 The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognizance of the findings of the internal auditor.

We feel that our financial reporting will be sufficiently monitored by our audit committee and will initially not appoint an internal auditor.

Disclosure of Information

As a Dutch company listed on Euronext Amsterdam, we will be required to make our annual accounts (including the annual report) and our semi-annual report available to the public within five months and four months, respectively, of the end of the period to which the information relates. We will be required to publish our annual accounts within four months after the end of each financial year and our half-yearly figures within two months after the end of the first six months of each financial year following the implementation of EU Directive 2004/109/EC. In addition, the Company will also become obliged to publish interim management statements following the implementation of the Directive.

We must also make public certain inside information by means of a press release. Pursuant to the Financial Supervision Act, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not been made public and publication of which could significantly affect the trading price of the securities. The Financial Supervision Act contains specific rules intended to prevent insider trading. Pursuant to these rules, we have adopted a code of conduct in respect of the reporting and regulation of transactions in our securities.

Obligations of Shareholders to Make a Public Offer

The European Directive on Takeover Bids (2004/25/EC) is implemented in Dutch legislation in June 2007 in the Act on Takeover Bids (*Wet openbaar overnamebod*). This Act entered into force on October 28, 2007. Pursuant to this Act, a shareholder who has acquired 30% of our shares or of our voting rights has the obligation to launch a public offer for all shares and depositary receipts issued for shares. The legislation also applies to shareholders acting in concert.

Squeeze Out Procedures

Pursuant to section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of our issued capital may institute proceedings against our other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber of the Amsterdam Court of Appeal *(Ondernemingskamer van het Gerechtshof te Amsterdam,* the "Enterprise Chamber") and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon advice of one or three experts. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he shall also publish the same in a newspaper with a national circulation.

With the implementation of the Takeover Directive into the Act on Takeover Bids, the rules for squeeze out procedures have been supplemented. This legislation explicitly confirms that the offeror under a public offer is also entitled to start a squeeze out procedure, within three months after the public offer, if following the public offer he contributes at least 95% of the class of shares and represents at least 95% of the total voting rights attached to these shares. A mandatory offer price is in principal deemed to be a reasonable price, which has to be accepted by minority shareholders. In the event of a voluntary public offer, the

offered price is considered reasonable as long as 90% of the shares have been acquired. Should the offeror's offer of a squeeze out not be forthcoming, then the minority shareholders that have not previously tendered their shares are also entitled to the right of a squeeze out, if the offeror has acquired at least 95% of the class of shares and at least 95% of the voting rights attached thereto. With regard to price, the same procedure as for squeeze out proceedings applies.

Notification of Holdings of Voting Rights and Capital Interest

Pursuant to the Financial Supervision Act, certain notification requirements apply to us as well as to holders of our shares. The notification requirements are summarized below.

Pursuant to the Financial Supervision Act, each person whose holding of voting rights and/or capital interest, directly or indirectly, at the time of admission of our shares to listing on Euronext Amsterdam, amounts to 5% or more must notify the AFM without delay by means of a standard form or through the automated notification system of the AFM. Once our shares are admitted to the listing, any person who, directly or indirectly, acquires or disposes of an interest in our share capital or voting rights must without delay give written notice to the AFM, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

We are required to notify the AFM of any changes in our share capital and voting rights. More specifically, we are required to notify the AFM without delay of any changes in our share capital if our share capital has changed by 1% or more compared to the previous disclosure in respect of our share capital. We are also required to notify the AFM without delay of any changes in the voting rights, insofar as it has not already been notified at the same time as a related change in our share capital. Changes in our share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register. If, as a result of such change, a person's direct or indirect interest in our share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in our share capital and/or voting rights in the public register.

In addition, annually within four weeks after the end of the calendar year, every holder of 5% or more of our shares or voting rights whose interest has changed in the period after his most recent notification to the AFM, which change relates to the composition of the notification as a result of certain acts (e.g., the exchange of shares (an actual interest) for depositary receipts for shares (which is a potential interest) or the exercise of a right to acquire shares (pursuant to which the potential interest becomes an actual interest)) must notify the AFM of such changes.

A person is deemed to hold the interest in our share capital or voting rights that is held by its subsidiaries as defined in the Financial Supervision Act. The subsidiary does not have a duty to notify the AFM because the interest is attributed to the (ultimate) parent, which as a result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as a parent for the purposes of the Financial Supervision Act. A person who has a 5% or larger interest in our share capital or voting rights and who ceases to be a subsidiary for purposes of the Financial Supervision Act must without delay notify the AFM. As of that moment, all notification obligations under the Financial Supervision Act will become applicable to the former subsidiary.

For the purpose of calculating the percentage of capital interest or voting rights, amongst others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), and (iii) shares or depositary receipts for shares or voting rights which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible

bonds). As a consequence, the notification should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A holder of a pledge or right of usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the Financial Supervision Act, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

The Financial Supervision Act contains detailed rules that set out how its requirements apply to certain categories of holders, including but not limited to (managers of) investment funds, investment managers, custodians, market makers, clearing and settlement institutions, brokers and credit institutions.

Pursuant to the Financial Supervision Act, members of our Executive Board and Supervisory Board must without delay give written notice to the AFM of all shares and voting rights held in our share capital at the time of admission of our shares to listing on Euronext Amsterdam. Once our shares are admitted to the listing, they must also notify the AFM of their interest in our share capital and voting rights within two weeks of their appointment as a member of our Executive Board or our Supervisory Board. Any subsequent change of their interest in our share capital and voting rights must be notified to the AFM without delay.

The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

Market Abuse Regime

The rules on preventing market abuse set out in the Financial Supervision Act are applicable to us, the members of our Executive Board and Supervisory Board, other insiders and persons performing or conducting transactions in our securities. Certain important market abuse rules set out in the Financial Supervision Act that are relevant for investors are described hereunder.

We are required to make inside information public once we have made a request for admission of our shares to trading on Euronext Amsterdam. Inside information is information that is specific and pertains directly or indirectly to us or our shares or the trading thereof: (a) which information has not been made public and (b) where disclosure of such information could have a significant effect on the price of our shares or derivatives of our shares. We must also provide the AFM with this inside information at the time of publication. Furthermore, we must without delay publish the inside information on our website and keep it available on our website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands or a non-EU member state by conducting or effecting a transaction in our shares. In addition, it is prohibited for any person to pass on inside information to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

Once we have made a request for admission of our shares to trading on Euronext Amsterdam, our insiders within the meaning of the Financial Supervision Act are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in our shares or in securities the value of which is at least in part determined by the value of our shares. Insiders within the meaning of the Financial Supervision Act in this respect are: (i) members of our Executive Board and our Supervisory Board, (ii) other persons who have a managerial position and in that capacity are authorized to make decisions which have consequences for our future development and business prospects and who, on a regular basis, can have access to inside information relating, directly or indirectly, to us, and (iii) certain

persons closely associated with the persons mentioned under (i) and (ii) designated by the Dutch Market Abuse Decree (*Besluit marktmisbruik Wft*).

This notification must be made no later than the fifth business day after the transaction date on a standard form drawn up by the AFM. This notification obligation does not apply to transactions based on a discretionary management agreement as described in section 8 of the Dutch Market Abuse Decree. Under certain circumstances, the notification may be delayed until the date on which the value of the transactions amounts to €5,000 or more in the calendar year in question.

If a member of our Executive Board or Supervisory Board has notified a transaction to the AFM under the Financial Supervision Act as described above under "Notification of Holdings of Voting Rights and Capital Interest", such notification is sufficient for purposes of the Financial Supervision Act as described in this paragraph.

We have adopted a code of conduct in respect of the holding of and carrying out of transactions in our shares by the members of our Executive Board and Supervisory Board and our employees. Further, we have drawn up a list of those persons working for the Company who could have access to inside information on a regular or incidental basis and we have informed the persons concerned of the rules on insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

14. FINANCIAL MARKET INFORMATION

Euronext Amsterdam

Prior to the Offering, there has been no public market for our shares. We will apply for the admission of our shares to listing and trading on Euronext Amsterdam. Upon listing and trading of our shares on Euronext Amsterdam, we will be subject to Dutch securities regulations and supervision by the relevant Netherlands authorities.

Market Regulation

The AFM is the market regulator in the Netherlands and supervises market conduct of the parties active on the securities markets. The AFM has supervisory powers with respect to the application of takeover regulations and compliance with financial reporting requirements. It also supervises financial intermediaries and investment advisers. Since the implementation of the Prospectus Directive on July 1, 2005, the AFM is furthermore the competent authority for approving all prospectuses published for admission of securities to trading on Euronext Amsterdam, except for prospectuses approved in other European Economic Area states that are used in the Netherlands in accordance with applicable passporting rules. Due to the implementation of the Market Abuse Directive and related Commission Directives on October 1, 2005, the AFM has taken over from Euronext Amsterdam its supervisory powers with respect to publication of inside information by listed companies. The surveillance unit of Euronext Amsterdam continues to monitor and supervise all trading operations.

15. DUTCH TAXATION

This is a general summary and the tax consequences as described here may not apply to a holder of Shares. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Shares in his particular circumstances.

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposition of Shares. It does not consider every aspect of taxation that may be relevant to a particular holder of Shares under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. This summary also assumes that we are organized, and that our business will be conducted, in the manner outlined in this Prospectus. A change to such organizational structure or to the manner in which we conduct our business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands on the date of this Prospectus. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

Taxes on Income and Capital Gains

Resident Holders of Shares

General

The summary set out in this section "Taxes on Income and Capital Gains - Resident Holders of Shares" only applies to a holder of Shares who is a "Dutch Individual" or a "Dutch Corporate Entity".

For the purposes of this section you are a "Dutch Individual" if you satisfy the following tests:

a. you are an individual;
b. you are resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes, or you have elected to be treated as a resident of the Netherlands for Dutch income tax purposes;
c. your Shares and any benefits derived or deemed to be derived therefrom have no connection with your past, present or future employment, if any; and
d. your Shares do not form part of a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in us within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Generally, if a person holds an interest in us, such interest forms part of a substantial interest, or a deemed substantial interest, in us if any one or more of the following circumstances is present:

1. Such person alone or, if he is an individual, together with his partner (*partner*, as defined in Article 1.2 of the Dutch Income Tax Act 2001), if any, owns, directly or indirectly, a number of shares in us representing five per cent. or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of our shares), or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of our shares), or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of our annual profit or to five per cent. or more of our liquidation proceeds.
2. Such person's shares, profit participating certificates or rights to acquire shares or profit participating certificates in us have been acquired by him or are deemed to have been acquired by him under a non-recognition provision.

3. Such person's partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner has a substantial interest (as described under 1. and 2. above) in us.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and his entitlement to benefits is considered a share or profit participating certificate, as the case may be.

If you are an individual and a holder of Shares and if you satisfy test b., but do not satisfy test c. and/or test d., your Dutch income tax position is not discussed in this Prospectus. If you are an individual and a holder of Shares who does not satisfy test b., please refer to the section "Taxes on Income and Capital Gains – Non-Resident Holders of Shares."

For the purposes of this section you are a "Dutch Corporate Entity" if you satisfy the following tests:

i. you are a corporate entity (*lichaam*), including an association that is taxable as a corporate entity, that is subject to Dutch corporation tax in respect of benefits derived from its Shares;
ii. you are resident, or deemed to be resident, in the Netherlands for Dutch corporation tax purposes;
iii. you are not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax; and
iv. you are not an investment institution (*beleggingsinstelling*) as defined in article 28 of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

If you are not an individual and a holder of Shares and if you do not satisfy any one or more of these tests, with the exception of test ii., your Dutch corporation tax position is not discussed in this Prospectus. If you are not an individual and a holder of Shares that does not satisfy test ii., please refer to the section "Taxes on Income and Capital Gains – Non-Resident Holders of Shares."

Dutch Individuals Deriving Profits or Deemed to be Deriving Profits from an Enterprise

If you are a Dutch Individual and if you derive or are deemed to derive any benefits from Shares, including any capital gain realized on the disposal thereof, that are attributable to an enterprise from which you derive profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, such benefits are generally subject to Dutch income tax at progressive rates.

Dutch Individuals Deriving Benefits from Miscellaneous Activities

If you are a Dutch Individual and if you derive or are deemed to derive any benefits from Shares, including any gain realized on the disposal thereof, that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*), such benefits are generally subject to Dutch income tax at progressive rates.

If you are a Dutch Individual you may, inter alia, derive benefits from Shares that are taxable as benefits from miscellaneous activities if your investment activities go beyond the activities of an active portfolio investor, for instance in the case of the use of insider knowledge (*voorkennis*) or comparable forms of special knowledge.

Other Dutch Individuals

If you are a Dutch Individual and your situation has not been discussed before in this section "Taxes on Income and Capital Gains – Resident Holders of Shares", benefits from your Shares are taxed as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is deemed to be four per cent. per annum of the average of your "yield basis" (*rendementsgrondslag*) at the beginning and at the end of the year, insofar as that average exceeds the "exempt net asset amount" (*heffingvrij vermogen*). The benefit is taxed at the rate of thirty per cent. The value of your Shares forms part of your yield basis. Actual

benefits derived from your Shares, including any gain realized on the disposal thereof, are not as such subject to Dutch income tax.

Dutch Corporate Entities

If you are a Dutch Corporate Entity, any benefits derived or deemed to be derived by you from Shares, including any gain realized on the disposal thereof, are generally subject to Dutch corporation tax, except to the extent that the benefits are exempt under the participation exemption as laid down in the Dutch Corporation Tax Act 1969.

Non-Resident Holders of Shares

The summary set out in this section "Taxes on Income and Capital Gains – Non-Resident Holders of Shares" only applies to a holder of Shares who is a Non-resident holder of Shares.

For the purposes of this section, you are a "Non-resident holder of Shares" if you satisfy the following tests:

a. you are neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and, if you are an individual, you have not elected to be treated as a resident of the Netherlands for Dutch income tax purposes;
b. your Shares and any benefits derived or deemed to be derived therefrom have no connection with your past, present or future employment or membership of a management board (*bestuurder*) or a supervisory board (*commissaris*);
c. your Shares do not form part of a substantial interest or a deemed substantial interest in us within the meaning of Chapter 4 of the Dutch Income Tax Act 2001, unless such interest forms part of the assets of an enterprise;
d. if you are not an individual, no part of the benefits derived from your Shares is exempt from Dutch corporation tax under the participation exemption as laid down in the Dutch Corporation Tax Act 1969; and
e. you are not an entity that is resident in a Member State of the European Union and that is not subject to a tax on profits levied there.

See the section "Taxes on Income and Capital Gains – Resident Holders of Shares" for a description of the circumstances under which Shares form part of a substantial interest or a deemed substantial interest in us.

If you are a holder of Shares and you satisfy test a., but do not satisfy any one or more of tests b., c., d and e., your Dutch income tax position or corporation tax position, as the case may be, is not discussed in this Prospectus.

If you are a Non-resident holder of Shares you will not be subject to any Dutch taxes on income or capital gains (other than the dividend withholding tax described below) in respect of any benefits derived or deemed to be derived by you from Shares, including any capital gain realized on the disposal thereof, except if

1. (i) you derive profits from an enterprise, as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, if you are an individual, or other than as a holder of securities, if you are not an individual and (ii) such enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands and (iii) your Shares are attributable to such enterprise; or
2. you are an individual and you derive benefits from Shares that are taxable as benefits from miscellaneous activities in the Netherlands.

See the section "Taxes on Income and Capital Gains – Resident Holders of Shares" for a description of the circumstances under which the benefits derived from Shares may be taxable as benefits from

miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

Dividend Withholding Tax

General

We are generally required to withhold Dutch dividend withholding tax at a rate of fifteen per cent. from dividends distributed by us.

The concept "dividends distributed by us" as used in this section "Dutch Taxation" includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by us to a holder of Shares or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) the general meeting of our shareholders has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to our articles of association.

Dutch Individuals and Dutch Corporate Entities

A Dutch Individual (other than an individual who is not resident or deemed to be resident in the Netherlands, but who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes) or a Dutch Corporate Entity generally can credit Dutch dividend withholding tax against his Dutch income tax or its Dutch corporation tax liability, as the case may be, and generally is entitled to a refund in the form of a negative assessment of Dutch income tax or Dutch corporation tax, as the case may be, insofar as such dividend withholding tax, together with any other creditable domestic and/or foreign taxes, exceeds his aggregate Dutch income tax or its aggregate Dutch corporation tax liability, as the case may be, provided that, in the case of a Dutch Corporate Entity, (i) the dividends distributed by us in respect of which such dividend withholding tax is withheld are included in its taxable profits and (ii) it has timely and duly filed a corporation tax return. In the case of a Dutch Corporate Entity for which dividends distributed by us are not included in its taxable profits, the dividend withholding tax withheld thereon is refunded upon a timely and duly filed request.

Pursuant to domestic rules to avoid dividend stripping, Dutch dividend withholding tax will only be creditable by or refundable to the beneficial owner (*uiteindelijk gerechtigde*) of dividends distributed by us. A holder of Shares who receives proceeds therefrom shall *not* be recognized as the beneficial owner of such proceeds if, in connection with the receipt of the proceeds, it has given a consideration, in the framework of a composite transaction including, without limitation, the mere acquisition of one or more dividend coupons or the creation of short-term rights of enjoyment of shares (*kortlopende genotsrechten op aandelen*), whereas it may be presumed that (i) such proceeds in whole or in part, directly or indirectly, inure to a person who would not have been entitled to an exemption from, reduction or refund of, or credit for, dividend withholding tax, or who would have been entitled to a smaller reduction or refund of, or credit for, dividend withholding tax than the actual recipient of the proceeds; and (ii) such person acquires or retains, directly or indirectly, an interest in Shares or similar instruments, comparable to its interest in Shares prior to the time the composite transaction was first initiated.

An individual who is not resident or deemed to be resident in the Netherlands, but who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes, may be eligible for relief from

Dutch dividend withholding tax on the same conditions as an individual who is a Non-resident holder of Shares, as discussed below.

See the section “Dividend Withholding Tax – General” for a description of the concept “dividends distributed by us.”

See the section "Taxes on Income and Capital Gains – Resident Holders of Shares" for a description of the terms Dutch Individual and Dutch Corporate Entity.

Non-Resident Holders of Shares

If a Non-resident holder of Shares is resident in the Netherlands Antilles or Aruba or in a country that has concluded a double taxation treaty with the Netherlands, such holder may be eligible for a full or partial relief from the dividend withholding tax, provided such relief is timely and duly claimed. Pursuant to domestic rules to avoid dividend stripping, dividend withholding tax relief will only be available to the beneficial owner of dividends distributed by us. The Dutch tax authorities have taken the position that this beneficial-ownership test can also be applied to deny relief from dividend withholding tax under double tax treaties and the Tax Arrangement for the Kingdom (*Belastingregeling voor het Koninkrijk*).

In addition, a Non-resident holder of Shares that is not an individual and that is resident in a Member State of the European Union is entitled to an exemption from dividend withholding tax, provided that the following tests are satisfied:

1. it takes one of the legal forms listed in the Annex to the EU Parent Subsidiary Directive (Directive 90/435/EEC, as amended), or a legal form designated by ministerial decree;
2. any one or more of the following threshold conditions are satisfied:
    a. at the time the dividend is distributed by us, it holds shares representing at least five per cent. of our nominal paid up capital;
    b. it has held shares representing at least five per cent. of our nominal paid up capital for a continuous period of more than one year at any time during the four years preceding the time the dividend is distributed by us, provided that such period ended after December 31, 2006;
    c. it is connected with us within the meaning of article 10a, paragraph 4, of the Dutch Corporation Tax Act; or
    d. an entity connected with it within the meaning of article 10a, paragraph 4, of the Dutch Corporation Tax Act holds at the time the dividend is distributed by us, shares representing at least five per cent. of our nominal paid up capital;
3. it is subject to the tax levied in its country of residence as meant in article 2, paragraph 1, letter c, of the EU Parent Subsidiary Directive (Directive 90/435/EEC, as amended) without the possibility of an option or of being exempt; and
4. it is not considered to be resident outside the Member States of the European Union under the terms of a double taxation treaty concluded with a third State.

The exemption from dividend withholding tax is not available if pursuant to a provision for the prevention of fraud or abuse included in a double taxation treaty between the Netherlands and the country of residence of the Non-resident holder of Shares, such holder would not be entitled to the reduction of tax on dividends provided for by such treaty. Furthermore, the exemption from dividend withholding tax will only be available to the beneficial owner of dividends distributed by us. If a Non-resident holder of Shares is resident in a Member State of the European Union with which the Netherlands has concluded a double taxation treaty that provides for a reduction of tax on dividends based on the ownership of the number of voting rights, the test under 2.a. above is also satisfied if such holder owns five per cent. of the voting rights in us.

See the section "Dividend Withholding Tax – Dutch Individuals and Dutch Corporate Entities" for a description of the term beneficial owner.

See the section “Dividend Withholding Tax – General” for a description of the concept “dividends distributed by us.”

See the section "Taxes on Income and Capital Gains – Non-Resident Holders of Shares" for a description of the term Non-resident holder of Shares.

Gift and Inheritance Taxes

If you acquire Shares as a gift (in form or in substance) or if you acquire or are deemed to acquire Shares on the death of an individual, you will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- the donor is, or the deceased was, resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax (as the case may be);
- the Shares are or were attributable to an enterprise or part of an enterprise that the donor or deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or
- the donor made a gift of Shares, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

Other Taxes and Duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands by the holder of Shares in respect of or in connection with the subscription, issue, placement, allotment, delivery of Shares, the delivery and/or enforcement by way of legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Shares or the performance by us of our obligations thereunder, or in respect of or in connection with the transfer of Shares.

16. THE OFFERING

Introduction

The Offering consists of an offering between €20 million and €30 million in Offer Shares. We will apply for the admission of our shares (including the Offer Shares and the shares to be issued pursuant to the conversion of the Warrants) to listing and trading on Euronext Amsterdam under the symbol "A". We expect that trading in our shares on Euronext Amsterdam will commence on or about November 16, 2007 (the "Listing Date") on an "as-if-and-when-issued" basis, and that delivery will take place on or about November 21, 2007 (the "Settlement Date").

The Offering consists of a public offering in the Netherlands (including to institutional investors) and a private placement to institutional investors in various other jurisdictions. The Offering will be made outside the United States in reliance on Regulation S.

We have granted the Underwriter an option, exercisable within 30 calendar days after the Listing Date, and pursuant to which it may require us to issue Additional Shares at the Final Offer Price for an amount up to 15% of the amount of the Offering to cover over-allotments made in connection with the Offering and short positions arising from stabilization transactions. For more information on the Over-Allotment Option, see Chapter 17 "Plan of Distribution – Over-Allotment Option".

Timetable

The timetable below lists certain expected timing of certain key events for the Offering.

Event	Time and Date
Beginning of Subscription Period	November 5, 2007
End of Subscription Period	November 15, 2007 17:30h (Amsterdam time)
Pricing of the Offer Shares	November 15, 2007
Allotment of the Offer Shares	November 16, 2007 (T)
Listing Date	November 16, 2007 (T)
Settlement Date	November 21, 2007 (T+3)

The timetable for the Offering is subject to acceleration or extension.

Final Offer Price and Amount of the Offering

Prior to the Offering there has been no public market for any of our shares. An Offer Price Range of €12.50 to €16.00 has been set in consultation between us and the Underwriter. The Offer Price Range reflects a non-fully diluted valuation of our Company prior to the Offering, but after conversion of the Warrants, between €50.4 million and €60.0 million. The Final Offer Price and the actual number of the Offer Shares will be determined by the Underwriter and us jointly on the basis of a book-building process after termination of the Subscription Period. The actual number of Offer Shares will depend on the Final Offer Price and the amount we raise in the Offering. In addition to prevailing market conditions and a

qualitative and quantitative assessment of demand for the Offer Shares, the factors to be considered in the determination of the Final Offer Price and the amount of the Offering will include:

- the history of, and prospects for, our Company and the industries in which we operate and compete;
- our past and present financial condition and result of operations;
- an assessment of our management, our past and present operations and the prospects for, and timing of, our future revenues;
- the present state of our development;
- assessment of the prospects for future revenues;
- general economic and market conditions, including those in debt and equity markets; and
- any other factors deemed appropriate.

We reserve the right to change, prior to the end of the Subscription Period, the Offer Price Range and/or the maximum amount of the Offering (see below under "Subscription").

Pricing Statement

The Final Offer Price, the actual number of Offer Shares and the actual amount of the Offering will be announced in a press release, an advertisement in the Daily Official List, and in at least one national newspaper distributed daily in the Netherlands, and details thereof will be set out in a pricing statement which will be deposited with the AFM on or about November 16, 2007.

Subscription

Subscriptions can be submitted at the branches of the Underwriter, as described in more detail below, at no cost to the investor. Investors wishing to subscribe through intermediaries other than the Underwriter should request details of the costs which these intermediaries may charge and which they will have to pay themselves.

Subscription Period

The Subscription Period for prospective investors is expected to begin on November 5, 2007 and end on November 15, 2007 at 17:30h Amsterdam time, subject to acceleration or extension of the timetable for the Offering. The Subscription Period will be for a minimum of six business days. If, prior to the end of the Subscription Period, a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus arises or is noted, which is capable of affecting the assessment of our shares, including the Offer Shares, a supplement to the Prospectus will be published and investors who have already agreed to purchase Offer Shares may withdraw their subscriptions within two business days following the publication of such supplement. Except for the foregoing, investors may not withdraw their subscriptions.

Although there are no restrictions that would prevent prospective investors from making multiple subscriptions, the Underwriter, in consultation with us, retains full discretion in allocation of the Offer Shares, see below under "Allotment".

Acceleration or Extension

Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed termination of the accelerated Subscription Period. Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Subscription Period, provided that such extension will be for a minimum of one full business day. The Subscription Period will be for a minimum of six business days.

Dutch Retail Investors

Dutch retail investors can only subscribe on a *bestens* basis. Such basis obligates Dutch retail investors to purchase and pay for the Offer Shares indicated in their share application, to the extent allocated to them, at the Final Offer Price, even if the Final Offer Price is above the upper end of the original Offer Price Range. Dutch retail investors can submit their subscriptions to Fortis Bank (Nederland) N.V. through their own admitted institution, bank or broker.

Institutional Investors

Institutional investors must indicate in their orders the number of Offer Shares they commit to subscribe for, and the price (within the Offer Price Range) at which they are making such orders. Institutional investors can submit their subscriptions to the Underwriter.

Change of the Offer Price Range or Amount of the Offering

We reserve the right to change the Offer Price Range or the maximum amount of the Offering prior to the end of the Subscription Period. Any such change on the last day of the Subscription Period will result in the Subscription Period in the Netherlands being extended by at least two business days. Any change in the Offer Price Range or any increase in the maximum amount of the Offering will be announced in a press release, in the Daily Official List and in at least one national newspaper distributed daily in the Netherlands, together with any related revision of the expected dates of pricing, allocation and completion.

Over-Subscription

In the event the Offering is over-subscribed, investors may receive a smaller number of Offer Shares than they applied to subscribe for. The Underwriter, in consultation with us, may at its own discretion and without stating the grounds reject any subscriptions wholly or partly.

Allotment

The allotment of the Offer Shares is expected to take place before the commencement of trading on Euronext Amsterdam on the Listing Date, subject to acceleration or extension of the Subscription Period for the Offering. There will be a preferential allotment to our employees. Employees who subscribe for Offer Shares will receive the number of Offer Shares subscribed for, with an aggregate maximum number of two percent of the Offer Shares. Other investors may receive a smaller number of Offer Shares than applied to subscribe for, or none at all. In the event that the Offering is oversubscribed, preferential treatment may be given to Dutch retail investors who subscribe for Offer Shares before 17.30h (Amsterdam time) on November 9, 2007. Preferential treatment may furthermore be given to orders submitted by investors at the branches of the Underwriter rather than through other financial intermediaries. The Underwriter, in consultation with us, may allocate the Shares at its own discretion.

We expect to announce the Final Offer Price and the actual number of Offer Shares allocated to investors under the Offering on or about November 16, 2007. Concurrently with such announcement, we will publish a pricing statement which will state the Final Offer Price and the actual number of Offer Shares to be issued by us (see above under “Pricing Statement”).

Investors will be informed, directly or indirectly, by the financial institutions with whom they have placed their order, of the number of Shares allotted to them shortly after the Shares are allotted.

Global Coordinator, Bookrunner and Underwriter

Fortis is acting as Sole Global Coordinator, Bookrunner and Underwriter in connection with the Offering.

Listing Agent and Paying Agent

Fortis Bank (Nederland) N.V. is acting as Listing Agent and Paying Agent with respect to the listing and trading of our shares on Euronext Amsterdam. The address of the Listing and Paying Agent is:

Fortis Bank (Nederland) N.V.
Rokin 55
1012 KK Amsterdam
the Netherlands

Payment, Delivery, Clearing and Settlement

Payment for the Offer Shares, and payment for any Additional Shares subject to the Over-Allotment Option provided this option has been exercised prior to the Settlement Date, will take place on the Settlement Date.

The shares will be ordinary shares in registered form which are entered into the collection deposit (*verzameldepot*) and/or giro deposit (*girodepot*) on the basis of the Securities Giro Act (*Wet Giraal Effectenverkeer*). Application has been made for the shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland.

Subject to acceleration or extension of the Subscription Period, delivery of the Offer Shares (and delivery of any Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date) is expected to take place on or about the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

There are certain restrictions on the transfer of our shares, as detailed in Chapter 18 “Selling Restrictions” and Chapter 19 “Transfer Restrictions”.

Ranking of Dividends

Should the Executive Board propose in the future to grant a dividend, subject to approval of the Supervisory Board, the rights of holders of our shares will rank *pari passu* with each other. See Chapter 5 “Dividend Policy”.

Listing and Trading of Shares

We will apply for admission of our shares to listing and trading on Euronext Amsterdam under the symbol “A”. Our listing on Euronext Amsterdam enables us to enhance our profile to strengthen our market position towards customers, partners and employees. In addition, our listing will enable us to advance our development programs, to continue to expand our services and tools business and continue to invest in our advanced high-throughput R&D technology. Finally, our listing will facilitate the financing of potential transactions if and when attractive opportunities present themselves.

We expect that listing and trading of our shares on Euronext Amsterdam will commence on or about the Listing Date on an “as-if-and-when-issued” basis. Completion of the Offering and delivery of the Offer

Shares and delivery of any Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date, is expected to take place on or about the third business day following the Listing Date.

Investors who wish to enter into transactions in our shares prior to the Settlement Date, whether such transactions are effected on Euronext Amsterdam or otherwise, should be aware that completion of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (see Chapter 17 "Plan of Distribution – Termination of the Underwriting Agreement") are not satisfied or waived or occur on or prior to such date. Such conditions include the receipt of officers' certificates, comfort letters and legal opinions and such events include the suspension of trading on Euronext Amsterdam or a material adverse change in our financial condition or business affairs or in the financial markets. If the Offering is withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and all transactions in our shares on Euronext Amsterdam will be cancelled. All dealings in our shares on Euronext Amsterdam prior to settlement and delivery are at the sole risk of the parties concerned.

Euronext does not accept any responsibility or liability for any loss or damage incurred by any person as a result of a withdrawal of the Offering or (the related) annulment of any transaction on Euronext Amsterdam. The Underwriter and the Company do not accept such responsibility or liability either.

Clearing System

The address of Euroclear Nederland is:

Euroclear Nederland
Postbus 19163, 1000 GD Amsterdam
Damrak 70, 1012 LM Amsterdam
the Netherlands

Trading Information

Our shares will be traded on Euronext Amsterdam under the following codes and symbol:

- ISIN Code: NL0000853182
- Common Code: 032525440
- Euronext Amsterdam Security Code: 85318
- Euronext Trading Symbol: "A"

17. PLAN OF DISTRIBUTION

Underwriting Agreement

The Offer consists of a public offering in the Netherlands (including to certain retail and institutional investors) and an offering to certain institutional investors outside the Netherlands, in reliance upon Regulation S.

We and the Underwriter are expected to enter into an underwriting agreement (the "Underwriting Agreement") with respect to the Offer Shares being offered, on or around the Pricing Date. Subject to certain conditions set forth in the Underwriting Agreement, the Underwriter is expected to agree to procure subscribers and, failing which, subscribe for and purchase from us, the actual number of Offer Shares being offered in the Offering as will be set out in the pricing statement which will be deposited with the AFM on or about November 16, 2007.

Over-Allotment Option

We have granted the Underwriter the Over-Allotment Option, which is exercisable within 30 calendar days after the Listing Date, and pursuant to which the Underwriter may require us to issue Additional Shares at the Final Offer Price for an amount up to 15% of the actual amount of the Offering. The Underwriter may exercise the Over-Allotment Option on one or more occasions at its discretion to cover over-allotments made in connection with the Offering and short positions arising from stabilization transactions. If the Underwriter exercises this option, it will be obligated, subject to certain conditions contained in the Underwriting Agreement, to purchase the Additional Shares, and we will be obligated to issue the Additional Shares to the Underwriter. Under applicable law, any short position resulting from over-allotments not covered by the Over-Allotment Option may not exceed 5% of the original offer size.

Fees and Commissions

The Underwriting Agreement provides that we shall pay to the Underwriter combined selling, underwriting and management commissions of 5% of the gross proceeds of the Offering and from the sale of Additional Shares pursuant to the Over-Allotment Option. In addition to the combined selling, underwriting and management commissions, we may pay to the Underwriter, at our sole discretion, an incentive fee of up to 2% of the gross proceeds of the Offering and from the sale of Additional Shares pursuant to the Over-Allotment Option, in such proportion as we shall determine, and which is determinable by us within 30 days following the Listing Date. In addition, the Underwriting Agreement provides that we shall reimburse the Underwriter in respect of certain costs and expenses. We estimate that the total expenses of the Offering, excluding fees and commissions, payable by us will be approximately €1.0 million.

Representations and Warranties and Indemnities

In the Underwriting Agreement we make certain representations and warranties. In addition we will indemnify the Underwriter against certain liabilities in connection with the Offering, including liabilities under applicable securities laws. The Underwriting Agreement will provide that the obligations of the Underwriter are subject to certain conditions precedent, including the absence of a material adverse change in our financial condition or business affairs.

Termination of the Underwriting Agreement

The Underwriting Agreement provides that, upon the occurrence of certain events, such as the suspension of trading on Euronext Amsterdam or a material adverse change in our financial condition or business affairs or in the financial markets and on certain other conditions, the Underwriting Agreement may be terminated, provided that the Underwriter has the right to waive the satisfaction of any such

conditions or part thereof. In the event of termination of the Underwriting Agreement prior to the Settlement Date, the Offering will be withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and Euronext Amsterdam may cancel transactions that have occurred. All dealings in the Offer Shares, and in the Additional Shares which may be part of the Over-Allotment Option if this has been exercised prior to the Settlement Date, prior to settlement and delivery are at the sole risk of the parties concerned.

Lock-Up Arrangements

We, the members of our Management Team and our Supervisory Board and our employees currently holding (options for) depositary receipts for shares as well as our Major Shareholders and certain other minor shareholders have each agreed with the Underwriter that, for a period of 365 days after the Settlement Date, they will not, except for any shares acquired in the Offering (but including the shares acquired pursuant to the conversion of the Warrants) or thereafter, offer, pledge, issue, sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our shares or depositary receipts for shares or any securities convertible into or exchangeable or exercisable for our shares or depositary receipts for shares, or enter into certain derivative transactions, without the prior written consent of the Underwriter. Exceptions from this prohibition apply *inter alia* to the granting and exercise of options in accordance with our option plan, the issuance of shares pursuant to the exercise of the other currently outstanding options and the granting of the Call Option and issuance of shares to the Preference Foundation pursuant to the exercise of the Call Option or Put Option.

Stabilization

In connection with the Offering the Underwriter, acting as stabilization agent, or any of its agents, may, to the extent permitted by applicable law, at its discretion, engage in transactions that stabilize, support, maintain or otherwise affect the price of our shares for a period of 30 calendar days beginning on the Listing Date. Specifically the stabilization agent or its agents may, for a limited period, over-allot in connection with the Offering or effect transactions with a view to supporting the market price of our shares at a level higher than that which might otherwise prevail in the open market. However, there is no obligation on the stabilization agent or its agents to do this, and there can be no assurance that any such activities will be undertaken. To the extent permitted by applicable law, such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise. Such stabilizing, if commenced, may be discontinued at any time or end after a limited period. Except as required by law or regulation, none of the stabilization agent or any of its agents intends to disclose the extent of any stabilization and/or over-allotment transaction in connection with the Offering.

Other Relationships

In the ordinary course of its businesses, the Underwriter, directly or through its affiliates, may have engaged, and in the future may engage, in commercial banking, investment banking, private banking, advisory and/or consulting services with us and our affiliates for which they have been or will be paid customary fees. In addition, the Underwriter may have held and in the future may hold our securities for investment purposes in the ordinary course of its respective businesses.

The Underwriter may in the future from time to time provide investment banking services to us for which it may in the future receive, fees and commissions and may come to have interests that may not be aligned or could potentially conflict with your and our interests.

In connection with the Offering, the Underwriter, and any of its relevant affiliates acting as an investor for its own account, may take up Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities or related investments and may offer or sell such securities or other related investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Shares being offered or placed should be read as including any offering or placement of securities to the Underwriter, and any of its relevant affiliates acting in such capacity. The Underwriter does not intend to

disclose any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Underwriter has indicated that it does not accept responsibility to any potential investor for providing protections or for rendering advice in relation to the Offering, the contents of this Prospectus or any transaction or arrangement or other matter referred to in this Prospectus.

No Public Offering outside the Netherlands

No action has been or will be taken in any jurisdiction other than the Netherlands that would permit a public offering of the Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Shares in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Purchasers of the Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Final Offer Price.

18. SELLING RESTRICTIONS

The offering of Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional advisers as to whether the investor requires any governmental or other consents or needs to observe any other formalities to enable the investor to purchase the Shares.

Neither we nor the Underwriter are taking any action to permit a public offering of the Shares in any jurisdiction outside the Netherlands. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for information purposes only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus, such investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Shares being offered in the Offering, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus or any other offering materials or advertisements the investor should not distribute or send the same, to any person, in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) such investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described herein, investors (including, without limitation, any investor's nominees and trustees) wishing to subscribe for the Shares being offered in the Offering, must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section is intended as a general guideline only. Investors that are in any doubt as to whether they are eligible to subscribe for the Shares being offered in the Offering, should consult their professional adviser without delay.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "Relevant Implementation Date") no Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that with effect from and including the Relevant Implementation Date, offers of Shares may be made to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43.0 million; and (iii) an annual turnover of more than €50.0 million as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Underwriter; or

- in any other circumstances that do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made under the Offering will, unless under bullet point three above, be deemed to have represented, acknowledged and agreed that it is a "qualified investor", within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purpose of the expression an "offer of any Shares to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering of any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriter has been obtained to each such proposed Offering or resale. We, the Underwriter and its affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriter of such fact in writing may, with the consent of the Underwriter, be permitted to subscribe for or purchase Shares in the Offering.

Switzerland

The Offer Shares may not be publicly offered or sold in or from Switzerland. This Prospectus does not constitute an offering or a prospectus within the meaning of Article 652a or 1156 of the Swiss Code of Obligations (Schweizerisches Obligationenrecht) or Art. 32 et seq. of the Listing Rules of the SWX Swiss Exchange. Neither the Prospectus nor the Offer Shares have been or will be approved by any Swiss regulatory authority and investors do not benefit from the specific investor protection exercised by the Swiss Federal Banking Commission for certain investment products.

United Kingdom

This Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended,) in connection with the issue or sale of any Shares may otherwise lawfully be communicated or caused to be communicated (for the purpose of this paragraph, all such persons together "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

United States

The Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state or other political subdivision of the United States, nor is the Company under any obligation to do so. The Company has not offered, sold or delivered and will not offer, sell or deliver directly or indirectly any Shares in the United States or to or for the account or benefit of any US Person. The offer and sale of Shares is being made only outside the United States in accordance with Regulation S.

This Prospectus and any related offering materials are being distributed on a confidential basis only to persons outside the United States and do not constitute an offer to any US Person to subscribe for or purchase any of the Shares. Distribution of this information to any person other than such non- US Persons or those persons, if any, retained to advise such non-US Persons with respect thereto is unauthorized, and disclosure of any such information without the prior written consent of the Company is prohibited.

Each purchaser of the Shares will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. The purchaser is not, and the Shares will not be held for the benefit of, a US Person.

2. The purchaser understands that:

    a. the shares are being offered only outside the United States to non-US Persons in reliance on Regulation S in a transaction not involving any public offering within the United States within the meaning of the US Securities Act;

    b. the Shares have not been and will not be registered under the US Securities Act; and

    c. the Company has not been, and will not be, registered as an investment company under the US Investment Company Act of 1940, as amended.

3. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Shares of the foregoing restrictions.

The Shares issued pursuant to the Prospectus will be “restricted securities” under the United States securities laws. Accordingly, such Shares will be subject to the transfer restrictions as set out in Chapter 19 “Transfer Restrictions”.

New Hampshire

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

19. TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sales, resales, pledge or other transfer of the Shares.

The Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons, except to persons in offshore transactions in reliance on Regulation S.

Each purchaser of the Shares will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. The purchaser is not a US Person and is purchasing the Shares in an offshore transaction pursuant to Regulation S.

2. The purchaser understands that the Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the US Securities Act, that the Shares have not been and will not be registered under the US Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Shares, such shares may be offered, resold, pledged or otherwise transferred only (i) outside the United States in a transaction complying with the provisions of Regulation S or (ii) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Shares from it of the resale restrictions referred to in (A) above.

20. GENERAL INFORMATION

Available Information

Annually, within five months of the end of our fiscal year, unless the General Meeting of Shareholders has extended this period (which it may do for up to a maximum of six months due to special circumstances), the Executive Board is required to prepare annual accounts, accompanied by an annual report and an accountants' certificate. The annual accounts must be signed by all members of the Executive Board and the Supervisory Board. The annual accounts, annual report and accountant's certificate can be inspected by our shareholders without charge at our head office in Amsterdam during regular business hours from the day of notice convening the Annual General Meeting of Shareholders. The annual accounts and annual report will also be available from our website: www.avantium.com.

Copies of our consolidated annual accounts for the years ended December 31, 2004, 2005 and 2006, prepared in accordance with IFRS and our consolidated annual accounts for the years ended December 31, 2004, 2005 and 2006, prepared in accordance with Dutch accounting principles, our deed of incorporation and our Articles of Association may be obtained free of charge by sending a request in writing to us at our business address: Zekeringstraat 29, 1014 BV Amsterdam, the Netherlands.

The Prospectus will be available to investors at no cost upon simple request to Fortis, Rokin 55, 1012 KK Amsterdam, the Netherlands, at prospectus@nl.fortis.com or telephone number +31 (0)20-527 24 67. Alternatively, the Prospectus is also available for Dutch residents, for information purposes only, through our website at www.avantium.com and through the Euronext website at www.euronext.com.

Corporate Resolutions

Prior to the Settlement Date, the Executive Board, with the approval of the Supervisory Board, will resolve to issue such number of Shares to the extent necessary for this Offering and will resolve to exclude the related pre-emptive rights of the existing holders of shares in the Company (see Chapter 13 "Description of Share Capital and Corporate Governance" – "Share Capital – Issue of Shares and Rights to Subscribe for Shares").

Organizational Structure

We are a holding company of a number of directly held operating companies. Our subsidiaries are:

Name	Percentage	Jurisdiction
Avantium Technologies B.V.	100%	the Netherlands
Furanix Technologies B.V.	100%	the Netherlands
Ultimorphix Technologies B.V.	100%	the Netherlands
Crystallics International B.V.	100%	the Netherlands
Avantium Technologies Inc.	100%	the United States
Crystallics B.V.	100%	the Netherlands

Our subsidiaries Avantium Technologies UK Ltd and Avantium Technologies US Inc have been liquidated in 2007 as part of the corporate restructuring (see also Chapter 9 "Business – History").

Advisors

Loyens & Loeff N.V. acts as our Dutch counsel in connection with the Offering and this Prospectus. The Underwriter is being represented by Houthoff Buruma N.V. with respect to matters of Dutch law.

Independent Auditors

Our consolidated financial statements as of and for each of the financial years in the three-year period ended December 31, 2004, 2005 and 2006, appearing in this Prospectus have been audited by PricewaterhouseCoopers Accountants N.V., independent auditors, as stated in their report thereon appearing elsewhere herein, of which the responsible partner is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Registeraccountants*).

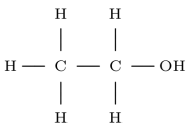
Legal Proceedings

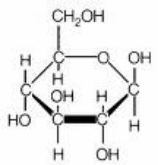
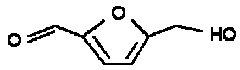
Save as disclosed in Chapter 9 "Business – Intellectual Property", there are no governmental, legal or arbitration proceedings, including any such proceedings pending or threatened of which we are aware, during a period covering at least the past 12 months which may have, or have had in the recent past significant effects on our financial position or profitability.

Material Contracts

Save for the agreements referred to in Chapter 9 "Business – Our Collaborations and Material Agreements" and save as disclosed in Chapter 8 "Operating and Financial Review – Contractual Obligations", we have not entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus which are material, or at any other time and containing provisions under which we have an obligation or entitlement that is material as of the date of this Prospectus. See Chapter 13 "Description of Share Capital and Corporate Governance – Share Capital – Warrants".

21. GLOSSARY OF SELECTED TERMS

Biodiesel	Biomass derived diesel; a biofuel that is made out of vegetable oils.
Bio-ethanol	Biomass derived ethanol; a biofuel that is made by a fermentation process on basis of sugar. The molecular structure of bio-ethanol is as follows: 
Biofuel	Transportation fuel derived from biomass. 1st generation biofuels refer to bio-ethanol and biodiesel, which are on the fuel market today. 2nd generation biofuels refer to cellulose derived bio-ethanol (cellulosic ethanol); this fuel is expected to replace 1st generation bio-ethanol, dependent on technological breakthroughs to convert cellulose to sugars.
Block96™	A research tool that we sell to chemicals and pharmaceutical companies for catalysis research. It is a parallel high-pressure batch reactor system for bench top catalysis research and process chemistry.
Catalysis	The acceleration of a chemical reaction by means of a chemical substance, called a catalyst, which is itself not consumed by the overall reaction.
Catalysis research	Research to discover, develop, and optimize catalysts for a specific chemical reaction. Catalysis research is conducted by us by screening various metals, support materials, preparation methods, and process conditions (such as pressure and temperature) to determine their effect on the chemical reaction.
Catalyst	A chemical substance that accelerates a chemical reaction, but that is not consumed by the overall reaction.
Cellulose	Polymer consisting of a chain of sugar molecules (polysaccharide). Cellulose forms a large part of the biomass, as significant parts of plants and wood consist of cellulose. Cellulose can be broken down by an enzymatic process to sugars. The use of cellulose for the production of biofuels or bio-based chemicals would therefore not conflict with the food supply chain. Major R&D efforts worldwide are focused to an economical process to convert cellulose to sugars.
Crystal form	Crystal forms are defined as solid forms of a chemical compound. This refers to the way molecules are packed within the solid material in a regular ordered, repeated pattern. Drug molecules often exist in different crystalline solid forms, referred to as crystal forms. These crystal forms can exhibit different physico-chemical properties, and thereby impact the bio-availability of the drug. With crystal forms we mean solid forms that can be: (i) polymorphs, these are distinct crystal forms of a chemical substance with the same chemical structure, (ii) salt forms, crystal forms consisting of an ion-bound combination of a drug molecule and a counter-ion (such as hydrochloric acid), and (iii) co-crystals, crystal forms consisting of a hydrogen-bound combination of a drug molecule and a different molecule, and (iv) amorphous solid dispersions, which are non-crystalline forms of a drug embedded in a polymer structure. The crystal form does not impact the ability of a drug to effectively interact with a particular target (for example receptors or enzymes) because this happens in solution; this is dependent on the chemical structure of the

	drug.
Crystal16™	A research tool that we sell to pharmaceutical companies for solubility and crystallization research.
Crystallization	The process of the formation of (solid) crystals from a solution. Many factors can impact the crystallization process (and thus which crystal forms are formed) including solvent, concentration, time and temperature.
CTL	Coal-to-liquids. The process to convert coal into liquid fuels. In order to convert coal into liquid hydrocarbons, coal is converted into synthetic gas (a mixture of carbon monoxide and hydrogen) by a coal gasification process. Subsequently the synthetic gas is converted by the Fischer-Tropsch process to diesel type of liquid fuels.
FDCA	The chemical product 2.5-furan dicarboxylic acid, a sugar based monomer, part of the furanics family, that can be used to produce polyesters.
Furanics	Furanics are chemical products that can be produced from sugars. We focus our biofuels program on the development of furanics, predominantly on ether and ester derivatives of a molecule called HMF. Our furanics can be applied as a biofuel and as bio-based chemicals. We are developing a chemical, catalyzed production process to produce our furanics on basis of sugars, such as glucose.
Fischer-Tropsch	A catalyzed chemical process to convert gas to liquid fuels. The principal purpose of this process is to produce a synthetic petroleum substitute, typically from coal or natural gas, for use as synthetic fuel.
Flowrence™	A research tool that we sell to energy and chemicals companies for catalysis research. It is a fixed-bed reactor platform for catalysis research with its main applications in refinery and bulk chemical production.
Glucose	A type of sugar, also referred to as carbohydrate or monosaccharide. Glucose can be produced out of sugar cane, sugar beets, corn or wheat, but also by the break-down of cellulose. The molecular structure of glucose is as follows: 
GTL	Gas-to-Liquids: this refers to the process to convert natural gas (or other gaseous hydrocarbons) to liquid fuels.
HMF	The molecular structure of HMF (hydroxymethylfurfural) is as follows: 
Nanoflow	Parallel catalyst testing platform. We inherited the basis of the Nanoflow technology from Royal Dutch Shell at the inception of our company. We subsequently advanced the technology and developed many proprietary features to enable the testing of heterogeneous catalysts under industrial conditions. Our Nanoflow technology is a key element in for our catalyst development capability.
PET	Polyethylene terephthalate, a widely used polyester. PET is applied for the production of plastic bottles for beverages, liquid containers and synthetic fibers.

PTA	The chemical product purified terephthalic acid. PTA is a monomer produced on basis of oil and is currently used for the production of PET. We are pursuing the development of FDCA as an alternative, bio-based monomer for the production of polyesters.
Physico-chemical properties	Refers to the properties of crystal forms of drug molecules, such as solubility, dissolution rate and stability. These properties are important because they affect the bio-availability of the drug, and thereby are an important factor in determining if the drug is sufficiently dissolved in the human body to become an effective therapy.
Small molecule drugs	Chemically synthesized drugs (in contrast to drugs such as proteins and antibodies that are produced in a biological way from bacteria or cell cultures).
XRPD (X-ray powder defraction)	An analytical method that is applied to identify crystal forms of drug molecules. XRPD is the pharmaceutical industry's "golden standard" in crystal form identification and is often referred to as the finger printing technique for crystal forms, as each crystal form has its own unique X-ray powder pattern.

22. SOURCES

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12. Chemical & Engineering News - Vol. 85, Nr. 26, page 20
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23. INDEX TO FINANCIAL STATEMENTS

Avantium Holding B.V.

IFRS Consolidated Financial Statements

December 31, 2006
December 31, 2005
December 31, 2004

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Consolidated Financial Statements 2006, 2005, 2004

Consolidated balance sheet

		(In Euro x 1,000)		
		At 31 December		
	Note	**2006**	**2005**	**2004**
ASSETS				
Non current assets				
Intangible assets	6	765	246	295
Property, plant and equipment	7	2,758	3,409	5,967
		3,523	3,655	6,262
Current assets				
Inventories	8	41	-	-
Trade receivables	9	2,200	2,132	2,356
Social security and other taxes	9	273	-	-
Other receivables	9	644	303	230
Cash and cash equivalents	10	4,655	3,409	2,382
		7,813	5,844	4,968
Total assets		**11,336**	**9,499**	**11,230**
EQUITY				
Share capital	11	0	0	0
Other reserves	11	(4)	(34)	-
Retained earnings	11	(9,103)	(9,425)	(7,625)
		(9,107)	**(9,459)**	**(7,625)**
LIABILITIES				
Non-current liabilities				
Finance lease liabilities	13	202	-	-
Provisions	14	183	200	191
		385	200	191
Current liabilities				
Provisions	14	117	189	309
Trade payables	15	2,023	742	1,067
Liability to non-ordinary shareholders	12	16,510	16,210	15,910
Finance lease liabilities	13	133	77	84
Social security and other taxes	15	-	189	183
Other current liabilities	15	1,275	1,351	1,111
		20,058	18,758	18,664
Total liabilities		**20,443**	**18,958**	**18,855**
Total equity and liabilities		**11,336**	**9,499**	**11,230**

The notes on pages F-7 to F-41 are an integral part of these consolidated financial statements.

Consolidated income statement

	Note	(In Euro x 1,000) Year ending 31 December 2006	2005	2004
Revenues	16	13,477	9,514	6,673
Cost of sales	17	6,038	4,902	3,945
Gross profit		**7,439**	**4,612**	**2,728**
Selling and marketing costs	17	2,676	1,968	1,879
Research and development costs	17	1,993	2,020	4,262
General and administrative costs	17	2,146	2,152	2,297
Total operating costs		**6,815**	**6,140**	**8,438**
Operating result		**624**	**(1,528)**	**(5,710)**
Interest income	19	68	45	5
Interest costs	19	(370)	(317)	(334)
Financial income/(expense), net		(302)	(272)	(329)
Result before corporate income taxes		**322**	**(1,800)**	**(6,039)**
Corporate income taxes	20	-	-	-
Result for the year		**322**	**(1,800)**	**(6,039)**
Attributable to:				
Equity holders of the Company	11	322	(1,800)	(6,039)
Earnings per share for result attributable to the equity holders of the Company during the year	21		*(In Euro)*	
- basic		0.03	(0.18)	(0.60)
- diluted		0.03	(0.18)	(0.60)

The notes on pages F-7 to F-41 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(In Euro x 1,000)

	Note	Share capital	Share premium reserve	Other reserves	Retained earnings	Total equity
Balance at January 1, 2004	11	**0**	**-**	**-**	**(1,586)**	**(1,586)**
Result for the year		**-**			(6,039)	(6,039)
Balance at December 31, 2004	11	**0**	**-**	**-**	**(7,625)**	**(7,625)**
Balance at January 1, 2005	11	**0**	**-**	**-**	**(7,625)**	**(7,625)**
Result for the year		**-**	**-**		(1,800)	(1,800)
Currency translation differences		**-**	**-**	(34)		(34)
Total recognized income and (expense)		**-**	**-**	**(34)**	**-**	**(34)**
Balance at December 31, 2005	11	**0**	**-**	**(34)**	**(9,425)**	**(9,459)**
Balance at January 1, 2006	11	**0**	**-**	**(34)**	**(9,425)**	**(9,459)**
Result for the year		**-**	**-**		322	322
Currency translation differences		**-**	**-**	28		28
Total recognized income and (expense)		**0**	**-**	**(6)**	**(9,103)**	**(9,109)**
Employee share option plan						
- value of employee services				2		2
Balance at December 31, 2006	11	**0**	**-**	**(4)**	**(9,103)**	**(9,107)**

The notes on pages F-7 to F-41 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(In Euro x 1,000)

	Note	Year ending 31 December 2006	2005	2004
Cash flow from operating activities				
Result before corporate income tax		322	(1,800)	(6,039)
Adjustments for:				
- Depreciation and amortization	6, 7	1,863	2,873	3,998
- Impairment of (in)tangible assets		169	460	-
- Share based payment expenses		2	-	-
- Provisions (current and non-current)		(62)	(111)	(318)
- Changes in working capital		556	64	(264)
- Financial interest income/ (expense)	19	302	272	329
Cash generated from operations		3,152	1,758	(2,294)
Interest received / (paid)		6	(5)	(26)
Net cash generated from operating activities		3,158	1,753	(2,320)
Cash flows from investing activities				
Purchases of property, plant and equipment	23	(645)	(434)	(303)
Proceeds from sale of property, plant and equipment	7	20	-	-
Purchases of intangible assets	6	(694)	(231)	(41)
Net cash used in investing activities		(1,319)	(665)	(344)
Cash flow from financing activities				
Repayment of finance lease liabilities		(593)	(61)	(57)
Net cash used in financing activities		(593)	(61)	(57)
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts		**1,246**	**1,027**	**(2,721)**
Cash, cash equivalents and bank overdrafts in the beginning of the year		3,409	2,382	5,103
Cash, cash equivalents at the end of the year		**4,655**	**3,409**	**2,382**

The notes on pages F-7 to F-41 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements 2006, 2005, 2004

1. General information

Avantium Holding B.V. ("Avantium" or "the Company") is a company incorporated in accordance with Dutch law under the name of International Software Group Europe B.V. on July 14, 2000 and is seated in Amsterdam. On November 26, 2003, this Company was acquired by several shareholders of Avantium International B.V. The Company amended its Articles of Association and on the same day changed its name to Avantium Holding B.V. On December 17, 2003 Avantium Holding B.V. acquired 92.2% of the shares in Avantium International B.V. with shares in the Company as payment. The remaining 7.8% of the shares are held by Stichting Stock options Avantium.

The principal business activities of Avantium Holding B.V. and its subsidiaries (together "the Group") consist of employing high-speed experimentation technologies for the development of new products, materials and production processes for the chemicals and pharmaceutical industries. These industries are served by sale of goods and sale of services as further outlined in Note 5 on Segment information.

These IFRS financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

These IFRS financial statements are not the statutory financials of the Company for 2006. The Company has filed financial statements under Dutch GAAP for the year ended December 31, 2006 with the chamber of commerce.

These IFRS consolidated financial statements have been approved for issue by both the Supervisory Board and the Executive Board on November 1, 2007.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group has adopted International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the EU ("EU-IFRS"), as its primary accounting basis for the consolidated financial statements as from December 31, 2006 (see Note 29 for the impact of adopting IFRS). For the Group, there are no differences between EU-IFRS and IFRS. The Group's transition date to IFRS is January 1, 2004. The Group prepared its opening balance sheet on the basis of IFRS at that date.

The consolidated financial statements have been prepared under the historical cost convention. Furthermore, the consolidated financial statements are presented in euros and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The new accounting pronouncements under IFRS that are effective after December 31, 2006 are amendments to IAS 1, IFRS 7, IFRIC 7, IFRIC 8, IFRIC 9, IFRIC 10, IFRIC 11 and IFRIC 12. The new accounting pronouncements which could potentially affect the Group's future results, financial position and cash flows under IFRS are described below:

- In August 2005, the International Accounting Standards Board ("IASB") published IFRS 7 'Financial Instruments: disclosures'. IFRS 7 supersedes IAS 30 and the disclosure requirements of IAS 32. The objective of IFRS 7 is to require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entities financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The disclosure requirements of IFRS became effective on January 1, 2007 and will not have an impact on the Group's results, financial position or cash flow.
- In August 2005, the IASB amended IAS 1 'Presentation of Financial Statements' to add requirements for disclosure of information that enables users of financial statements to evaluate the entities objective, policies and processes for managing capital. This amendment to IAS 1 became effective on January 1, 2007 and the Company believes that this will not have a material impact on the Company's financial statements.
- In November 2006, the IASB issued IFRS 8 'Operating Segments'. IFRS 8 replaces IAS 14. IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. IFRS 8 is effective for annual periods beginning on or after January 1, 2009. The Company assessed the impact of IFRS 8 and the Company believes that this will not have a material impact.
- IFRIC 7, 'Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies'. As none of the Group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is currently not relevant to the Company.
- IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Company believes that this interpretation will not have a material impact.
- IFRIC 9 'Reassessment of Embedded Derivatives' requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. The Company believes that this interpretation will not have a material impact.
- IFRIC 10 'Interim Financial Reporting and Impairment' prohibits the impairment losses recognized in an interim period to be reversed at a subsequent balance sheet date. Since Avantium has not published interim financial reporting so far, IFRIC 10 is not relevant.
- IFRIC 11 'IFRS 2 Group and Treasury Share Transactions' addresses how to apply IFRS 2 'Share-based Payment' to share-based payment arrangements involving an entities own equity instruments or equity instruments of another entity in the same group. IFRIC 11 will become effective on January 1, 2008. The Company believes that this interpretation will not have a material impact.
- IFRIC 12 addresses how service concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concessions arrangements. The Company believes this IFRIC is not relevant to the Company.

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to control the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are de-consolidated from the date that control ceases.

The consolidated companies are listed below:

- Avantium International B.V., Amsterdam
- Avantium Technologies B.V., Amsterdam
- Avantium Technologies US, Inc, Columbia, Maryland, USA
- Avantium Technologies UK, Ltd, Hexham, United Kingdom
- Avantium Technologies Inc., Berkeley Heights, New Jersey, USA
- Furanix Technologies B.V., Amsterdam
- Ultimorphix Technologies B.V., Amsterdam
- Crystallics International B.V., Amsterdam
- Crystallics B.V., Amsterdam
- Stichting Stock Options Avantium, Amsterdam
- Stichting Administratiekantoor Avantium, Amsterdam

Intercompany transactions and balances between the Group subsidiaries are eliminated. The accounting policies as applied by subsidiaries are consistent with the accounting policies applied by the Company.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risk and returns, that are different from those segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognized as a separate component of equity.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.5 Intangible assets

(a) Research and development

Research expenditures are recognized as expenses as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

We generate current revenues on our products for which development expenses have been capitalized.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its estimated useful life of 2 years.

Development assets are tested for impairment annually when there are indications of impairment. Amortization of development costs is included in cost of goods sold in the income statement. All development costs arose from internal development.

(b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 years.

Costs associated with maintaining computer software programmes are recognized as expenses as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

2.6 Property, plant and equipment

Property, plant and equipment comprise mainly laboratory equipment, hardware and leasehold improvements. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Leasehold improvements include capitalization of the estimated costs associated with removing and restoring the leased buildings into its original condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance charges are expensed in the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives. Property, plant and equipment is depreciated as follows:

- Leasehold improvements 5-20 years
- Machinery and equipment 5 years
- Computer hardware 3 years

- Office furniture and equipment 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (also refer to 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. Gains and losses are included in the income statement.

Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The rental obligations, net of finance charges, are included in "finance lease liabilities". The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

2.7 Impairment of non-financial assets

Assets that are not subject to amortization are tested at least annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have been previously impaired are reviewed for possible reversal of the impairment at each subsequent reporting date.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of finished goods comprises all purchase costs or the cost of manufacture, including charges incurred to bring inventories to their current location and into their current state.

2.9 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of bad debt expense is included in the income statement within "General and Administrative costs".

2.10 Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, current accounts, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.11 Equity and borrowings

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Non-ordinary shares

For a detailed description of the different types of non-ordinary share classes and the rights attached to them, please refer to Note 11.

The preference rights give the holders of non-ordinary shares the right of repayment of their initial contribution (plus cumulative preferred dividend for certain types of preference shares) under certain circumstances. In addition on conversion to ordinary shares, the number of ordinary shares to be issued by the Company to the holders of non-ordinary shares is a variable number of ordinary shares. Furthermore, if at any time of a mandatory conversion the holders of non-ordinary shares exit the Company they receive a preference as set forth in Note 11 in cash or shares. Consequently, all the non-ordinary shares are classified as liabilities in these consolidated financial statements.

The liability is recognized initially at fair value, generally being the consideration received less transaction costs. Subsequently, the accrued cumulative dividends on the non-ordinary shares entitled to such dividends are recognized in the income statement as interest expense.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as "current liabilities" unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date ("non-current liabilities").

2.12 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Deferred corporate income taxes

Deferred corporate income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred corporate income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred corporate income tax asset is realized or the deferred corporate income tax liability is settled. Deferred corporate income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.14 Employee benefits

(a) Pension obligations

The Group operates a defined contribution pension plan for all employees funded through payments to an insurance company. The Group has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based payment plans

The Group operates two share-based payment plans for its employees. The first plan is a cash-settled share option plan which was adopted in 2001. The second plan is classified as an equity-settled share option plan which was adopted in 2006 ("Avantium Option Plan"). Share options were granted to employees in 2001, 2002 under the cash-settled plan and in 2006 under the equity-settled Avantium Option Plan.

Share options granted to employees are measured at the fair value of the equity instruments granted, or indirect method of measurement. Fair value is determined through the use of an option-pricing model considering, amongst others, the following variables:

a) The exercise price of the option;
b) The expected life of the option;
c) The current value of the underlying shares;
d) The expected volatility of the share price, calculated considering the effect of dividends on stock price;
e) The dividends expected on the shares; and
f) The risk-free interest rate for the life of the option.

For the Company's share option plans, management's judgment is that the Binomial option valuation model is most appropriate for determining fair values as this model allows accounting for non-transferability, vesting conditions and early exercise. Until the listing of our shares, management needs to estimate the fair value of our shares and the expected volatility of that value. These assumptions and estimates are further discussed in Note 11 to the IFRS consolidated financial statements. The result of the share option valuations and the related compensation expense is dependent on the model and input parameters used. Even though management considers the fair values reasonable and defensible based on the methodologies applied and the information available, others might derive at a different fair value for each of the Company's share option plans.

Equity settled plan

The cost of employees share based payment plans are measured by reference to the fair value of the options at the date at which the options are granted using a Binomial option valuation model. For the equity-settled Avantium Option Plan, the fair value is determined at the grant date.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. For share based payments that do not vest until the employees have completed a specified period of service, the Group recognizes the services received as the employees render service during that period. The Company treats each installment of a graded vesting award as a separate share option grant.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement and for the equity settled plan a corresponding adjustment to equity.

Cash settled plan

The cost of employees share based payment plans are measured by reference to the fair value of the options at the date at which the options are granted using a Binomial option valuation model. For the cash-settled share plan, the liability is re-measured at each balance sheet date.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. For share based payments that do not vest until the employees have completed a specified period of service, the Group recognizes the services received as the employees render service during that period. The Company treats each installment of a graded vesting award as a separate share option grant.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement. Until the liability resulting from the cash-settled plan is settled, the Company re-measures the fair value of the liability at each reporting date and at the date of settlement, with any change in fair value recognized in the income statement.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing plans if contractually obliged or if there is a past practice that has created a constructive obligation.

2.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions for decommissioning costs are based on current requirements to return the building into its original condition. The present value of the liability is calculated based on the estimated period of use of the related asset. The liability is recognized (together with a corresponding amount as part of the related property, plant and equipment) once an obligation is legal or constructive.

2.16 Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-assed tax, returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Goods

Revenue from the supply of goods is recognized as soon as all substantial rights and risks relating to the title to the goods are transferred to the customer, formally established by the customer's signing of the site acceptance test.

Services

Revenue from the sale of services is recognized under the percentage-of-completion ("POC") method. Under the POC method, revenue is generally recognized based on the services performed to date as a percentage of the total services to be performed.

Payment by the customer from sale of services is based on the contractual identified technical milestones. This could result, on a project by project basis, in unbilled revenues or advanced payments. These amounts are reported on the balance sheet under other receivables or other current liabilities.

If circumstances arise that may change the original estimate of revenues, costs or extent progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management. When these changes result into loss making contracts, a provision is recorded.

2.17 Subsidies

The Group receives certain subsidies, which support the Group's research efforts in defined research and development projects. These subsidies generally provide for reimbursement of approved costs incurred as defined in various grants. Subsidies are presented as a reduction of costs. Subsidies are recognized at their fair value when there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions.

2.18 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

(a) Foreign exchange risk

The Company's operations are not subject to significant foreign exchange rate risks.

(b) Credit risk

The Group does not have any significant concentrations of credit risk. The Group clients are subject to creditworthiness tests. Sales are subject to payment conditions varying between payments in advance and 60 days. For larger projects, deviations to this rule may apply, in which case additional security, including guarantees, may be required.

(c) Liquidity risk

The last financing round occurred in December 2003 and resulted in an increase of the liquidity position of the Company. Management considers the existing funding to provide sufficient time to create shareholder value before a next financing round is carried out. Management is in discussion with several bankers about a debt facility to further strengthen the Group's cash position and has closed a lease-line facility of Euro 500,000 with a financial lease provider.

(d) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the Group is lessee are fixed at inception of the lease. These leases expose the Group to fair value interest rate risk.

(e) Fair value estimation

The Group does not hold any financial instruments traded in active markets. Financial instruments carried on the balance sheet date include cash, trade receivables and trade payables. The carrying amounts of these financial assets and liabilities are assumed to approximate their fair values.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as well as critical judgments in applying the Group's accounting policies are discussed below.

(a) Corporate income taxes

The Group, which has a history of recent tax losses, recognizes deferred tax assets arising from unused tax losses or tax credits only to the extent that the relevant fiscal unity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the fiscal unity. Management's judgment is that there is not a high degree of certainty that sufficient profits will be earned to utilize the losses. Consequently, based on management's judgment, sufficient convincing other evidence is not available and a deferred tax asset is therefore not recognized.

(b) Share-based payments

Share options granted to employees are measured at the fair value of the equity instruments granted (indirect method of measurement). Fair value is determined through the use of an option-pricing model considering, among others, the following variables:

a) The exercise price of the option;
b) The expected life of the option;
c) The current value of the underlying shares;
d) The expected volatility of the share price, calculated considering the effect of dividends on stock price;
e) The dividends expected on the shares; and
f) The risk-free interest rate for the life of the option.

For the Company's share option plans, management's judgment is that the Binomial method is most appropriate for determining fair values as this method allows accounting for non-transferability, vesting conditions and early exercise. Since the Company is not listed, there is no published share price information. Consequently, the Company needs to estimate the fair value of its shares and the expected volatility of that value. These assumptions and estimates are further discussed in Note 11 to the consolidated financial statements.

The result of the share option valuations and the related compensation expense is dependent on the model and input parameters used. Even though management considers the fair values reasonable and defensible based on

the methodologies applied and the information available, others might derive at a different fair value for each of the Company's share option plans.

(c) Research and development expenditures

The project stage forms the basis in the decision whether costs made for the Company's product development programs should be capitalized or not. Management judgment is required in determining when the Group should start capitalizing development costs as intangible assets. Management determined that for tools commercial feasibility is, in general, probable when the Group has built a successful prototype and has interested customers for the commercial product. Management determined that for product development (note 2.5) commercial feasibility is, in general, probable when the Group has successfully completed essential testing phases.

(d) Impairment of assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During 2006, management did not identify such indicators. Assets that are not subject to amortization are tested annually for impairment. No such assets are recorded per year-end 2006. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Based on management's expectations of revenues and gross margin, no impairment charge is deemed necessary on property, plant and equipment and intangible assets.

e) Revenue recognition

The Group uses the percentage-of-completion (POC) method in accounting for its fixed-price contracts to deliver services. Use of the POC method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Based on the percentage-of-completion method to define the recognized revenues, the Group estimates the required hours to complete each project. Provisions for expected losses are made when they are foreseeable and are added to the cost of sales. After project completion the provision is released and the debited amount in the cost of sales is credited.

f) Provisions

The Group entered in the year 2000 into a lease contract for the building located at the Zekeringstraat 29. The term of the lease is 10 years and includes a provision to return the building into its original condition. Therefore a decommissioning liability is recognized.

The estimate for the decommissioning liability is based on an estimated number of hours and hourly rate, based on historical experience and external costs using an interest percentage of 5%. The lease term is 10 years and the Company was not reasonable certain that they would use the option extend the contract. Therefore the present value of the decommissioning liability is calculated based on the assumption that the costs will occur after 10 years from inception of the contract.

At December 31, 2006 the Company was in negotiations to extend the lease agreement of the Zekeringstraat 29 in a new contract together with the lease of Zekeringstraat 31 for 10 years with options to extend. The Company was at that date reasonable certain that the option to extend for 10 years would be used. Therefore the present value of the decommissioning liability is calculated based on the assumption that the costs will occur after 20 years.

5. Segment information

a) Primary reporting format – business segments

At December 31, 2006, the Group operates in three main business segments:

- Chemicals
- Pharma
- Product development

The business segment Chemicals consists of the sale of catalysis services and sale of Flowrence™.

The business segment Pharma consists of the sale of crystallization services and sale of Crystal16™.

The business segment Product development consists of internal research and development programs to exploit the commercial value of the Company's expanding patent portfolio by securing value-adding partnerships during the coming years. Building on the Company's expertise and track record, focus is on developing products in two fields;

(i) novel bio fuels with improved properties as well as bio-based chemicals, and

(ii) novel crystal forms of marketed drugs under patent.

Unallocated results comprise general and administrative expenses such as general facility expenses and support expenses.

The segment results for the year ended December 31, 2006 are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Revenues	6,004	7,473	-	-	**13,477**
Operating result	1,066	2,255	(573)	(2,124)	624
Finance income					68
Finance costs					(370)
Finance costs – net (Note 19)					(302)
Result before income tax					322
Income tax expense					-
Result for the year					**322**

The segment results for the year ended December 31, 2005 are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Revenues	3,587	5,927	-	-	**9,514**
Operating result	(366)	976	-	(2,137)	(1,528)
Finance income					45
Finance costs					(317)
Finance costs – net (Note 19)					(272)
Result before income tax					(1,800)
Income tax expense					-

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Result for the year					**(1,800)**

The segment results for the year ended December 31, 2004 are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Revenues	3,464	3,209	-	-	**6,673**
Operating result	(1,302)	(2,127)	-	(2,282)	(5,710)
Finance income					5
Finance costs					(334)
Finance costs – net (Note 19)					(329)
Result before income tax					(6,039)
Income tax expense					-
Result for the year					**(6,039)**

Other segment items per year-end 2006 included in the income statement are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Depreciation (Note 7)	664	788	63	173	1,688
Amortization (Note 6)	-	90	-	85	175
Impairment (Note 7)	169	-	-	-	169

Other segment items per year-end 2005 included in the income statement are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Depreciation (Note 7)	920	1,500	-	173	2,593
Amortization (Note 6)	-	45	-	235	280
Impairment (Note 7)	435	-	-	25	460

Other segment items per year-end 2004 included in the income statement are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Depreciation (Note 7)	1,488	1,819	-	461	3,768

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Amortization (Note 6)	-	-	-	230	230

The segment assets and liabilities at December 31, 2006 and capital expenditure for the year then ended are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Assets	4,853	5,932	183	368	11,336
Liabilities	1,210	1,478	279	17,476	20,443
Capital expenditure (Note 6 and 7)	692	846	-	394	1,932

The segment assets and liabilities at December 31, 2005 and capital expenditure for the year then ended are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Assets	3,521	5,746	-	232	9,499
Liabilities	607	991	-	17,360	18,959
Capital expenditure (Note 6 and 7)	234	381	-	111	726

The segment assets and liabilities at December 31, 2004 and capital expenditure for the year then ended are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Unallocated**	**Total**
Assets	5,552	5,124	-	554	11,230
Liabilities	1,047	966	-	16,842	18,855
Capital expenditure (Note 6 and 7)	172	159	-	70	401

Segment assets consists primary of property, plant and equipment, intangible assets, trade and other receivables, cash and cash equivalents and trade payables. Unallocated assets comprise property, plant and equipment, other receivables and other payables.

Capital expenditure comprises additions to property, plant and equipment (Note 7) and intangible assets (Note 6).

b) Secondary reporting format – geographical segments

The Group's three business segments operate in three main geographical areas, even though they are managed on a worldwide basis. The home country of the Company is The Netherlands and the Group's customers are located around the entire world.

Revenue	**2006**	**2005**	**2004**
(In Euro x 1,000)			
The United Kingdom	3,916	3,319	967
The United States	4,294	2,618	3,675
Japan	1,859	980	257
Other countries	3,408	2,597	1,774

Revenue is allocated based on the country in which the customer is located. All of the Group's assets and capital expenditures are located in the Netherlands.

6. Intangible assets

(In Euro x 1,000)	**Development costs**	**Software**	**Other**	**Total**
At January 1, 2004				
Cost	-	5,281	418	5,699
Accumulated amortization and impairment	-	(4,923)	(292)	(5,215)
Net book amount	-	358	126	484
Year ending December 31, 2004				
Opening net book amount	-	358	126	484
Additions	-	41	-	41
Amortization charge	-	(187)	(43)	(230)
Closing net book amount	-	212	83	295
At December 31, 2004				
Cost	-	5,322	418	5,740
Accumulated amortization and impairment	-	(5,110)	(335)	(5,445)
Net book amount	-	212	83	295
Year ending December 31, 2005				
Opening net book amount	-	212	83	295
Additions	181	50	-	231
Amortization charge	(45)	(191)	(44)	(280)
Closing net book amount	136	71	39	246
At December 31, 2005				
Cost	181	5,372	418	5,971
Accumulated amortization and impairment	(45)	(5,301)	(379)	(5,725)
Net book amount	136	71	39	246

Year ending December 31, 2006

(In Euro x 1,000)	Development costs	Software	Other	Total
Opening net book amount	136	71	39	246
Additions	598	96	-	694
Amortization charge	(90)	(46)	(39)	(175)
Closing net book amount	644	121	-	765
At December 31, 2006				
Cost	779	5,468	418	6,665
Accumulated amortisation and impairment	(135)	(5,347)	(418)	(5,900)
Net book amount	644	121	-	765

The development costs consist of the development expenses of the Crystal16™ and Flowrence™. The Crystal16™ is a tool that enables customers in the pharma industry to understand their crystallization process better and perform experiments themselves. The Crystal16™ was introduced to the market in 2005. The Flowrence™ is a tool that enables customers in the chemical industry to understand their catalysis process better and perform experiments themselves. The Flowrence™ was introduced to the market in 2006.

Software mainly comprises purchased general laboratory and office related software.

Other intangibles are the in-kind contribution of a shareholder relating to software at the foundation of the Group and compensation paid to a third party to exclusively use parts of their technology.

No intangible assets are pledged as securities.

7. Property, plant and equipment

(In Euro x 1,000)	Leasehold improvements	Laboratory equipment	Hardware	Office furniture and equipment	Total
At January 1, 2004					
Cost	3,584	13,993	1,294	1,434	20,305
Accumulated depreciation	(1,230)	(7,663)	(1,096)	(941)	(10,930)
Net book amount	2,354	6,330	198	493	9,375
Year ending December 31, 2004					
Opening net book amount	2,354	6,330	198	493	9,375
Additions	84	247	29	-	360
Depreciation charge	(541)	(2,766)	(186)	(275)	(3,768)
Closing net book amount	1,897	3,811	41	218	5,967
At December 31, 2004					
Cost	3,668	14,240	1,323	1,434	20,665
Accumulated depreciation	(1,771)	(10,429)	(1,282)	(1,216)	(14,698)
Net book amount	1,897	3,811	41	218	5,967

Year ending December 31, 2005					
Opening net book amount	1,897	3,811	41	218	5,967
Additions	-	434	61	-	495
Depreciation charge	(99)	(2,321)	(37)	(136)	(2,593)
Impairment	(435)	-	-	(25)	(460)
Closing net book amount	1,363	1,924	65	57	3,409
At December 31, 2005					
Cost	3,668	14,674	1,384	1,434	21,160
Accumulated depreciation	(2,305)	(12,750)	(1,319)	(1,377)	(17,751)
Net book amount	1,363	1,924	65	57	3,409
Year ending December 31, 2006					
Opening net book amount	1,363	1,924	65	57	3,409
Additions	75	865	164	134	1,238
Disposals	-	(32)	-	-	(32)
Depreciation charge	(496)	(1,019)	(48)	(125)	(1,688)
Impairment	-	(169)	-	-	(169)
Closing net book amount	942	1,569	181	66	2,758
At December 31, 2006					
Cost	3,743	14,884	1,548	1,542	21,717
Accumulated depreciation	(2,801)	(13,315)	(1,367)	(1,476)	(18,959)
Net book amount	942	1,569	181	66	2,758

Laboratory equipment includes a net book amount at December 31, 2006 of Euro 607,000 (2005 Euro 77,000, 2004 Euro 50,000) where the Group is lessee under finance leases. Also refer to Note 13 for a description of the finance lease contracts.

The impairment of Euro 169,000 for laboratory equipment was caused by a laboratory incident (see Note 24) after this equipment became unusable. The impairment charge is based on the asset's net book value at the time of the incident.

8. Inventories

(In Euro x 1,000)	**2006**	**2005**	**2004**
Finished goods	41	-	-
	41	**-**	**-**

9. Trade and other receivables

(In Euro x 1,000)	**2006**	**2005**	**2004**
Trade receivables	2,200	2,132	2,356

Other taxes and social security contributions	273	-	-
Other receivables	404	153	51
Prepayment and accrued income	240	150	179
	3,117	**2,435**	**2,586**

The fair values of trade and other receivables approximate their face values.

As of December 31, 2006, trade receivables of Euro 759,000 were past due (30 days or more after invoice date) but not impaired. The ageing analysis of these trade receivables is as follows:

(In Euro x 1,000)	**2006**	**2005**	**2004**
Up to 3 months past due	693	331	1,105
3 – 6 months past due	66	204	208
	759	**535**	**1,313**

No provision has been recorded for impairment of trade and other receivables.

10. Cash and cash equivalents

(In Euro x 1,000)	**2006**	**2005**	**2004**
Cash at bank and in hand	4,655	3,409	2,382
	4,655	**3,409**	**2,382**

11. Shareholders' equity

Share capital

The authorized share capital amounts to Euro 500,000 consisting of 5,000,000 ordinary shares, 8,500,000 class B shares, 9,500,000 class C shares, 4,000,000 class C preference shares and 23,000,000 class D preference shares all with a nominal value of Euro 0.01. The issued share capital at December 31, 2006, December 31, 2005 and December 31, 2004 comprises of 8,964 ordinary shares, 1,809,568 class B shares, 2,187,257 class C shares, 994,211 class C preference shares and 5,000,000 class D preference shares. All 10,000,000 issued shares are fully paid.

Ordinary shares

The issued ordinary shares at December 31, 2006, December 31, 2005 and December 31, 2004 comprises of 8,964 shares with a nominal value of Euro 0.01 per share. The total consideration paid for the issued ordinary shares amounts to Euro 90, which is reflected under share capital as nil due to rounding adjustments.

No shares are held as treasury shares at December 31, 2004, 2005 and 2006.

Non-ordinary shares

At December 31, 2004, 2005 and 2006 the Company has issued the following classes of non-ordinary shares:

- Class B shares
- Class C shares

- Class C preference shares
- Class D preference shares

Triggering events for the conversion of non-ordinary shares into ordinary shares are

(i) a Qualified Initial Public Offering ("IPO") which is defined as an initial public offering of shares where the value of Avantium is based on a pre-money valuation of at least Euro 60 million, or

(ii) a resolution by the body of shareholders of Avantium to that extent, adopted with a qualified majority of 80% of Avantium's entire issued share capital.

The conversion contemplates (i) an automatic conversion of all issued non-ordinary shares (classes B, C and D) into ordinary shares and (ii) an amendment of the Articles of Association, to abolish these various classes of shares and the rights attaching thereto.

As a basic rule, each non-ordinary share converts into one ordinary share. The preferences to be paid on the various classes of shares in case of an IPO, a Liquidation Event (which is defined as a Take-Over or a sale of (substantially) all of the assets of the Company, a legal merger, or a single or series of connected transactions which cause the transfer to a Shareholder or Shareholders or third party/ies (or person connected to such co-Shareholder(s) or third party/ies) of fifty percent (50%) or more of the issued and outstanding share capital of the Company (whether by transfer between Shareholders and third parties or through public or private offerings)) or a winding up of the Company are as follows:

Class D preference: This preference is defined as the aggregate paid up amount on shares of this class (Euro 5 million). Furthermore, these shareholders are entitled to cumulative preferred dividend payable from proceeds earned amounting to 6% p.a. on the actual amounts paid for the Class D preference shares.

Class B and Class C: The holders of Class B and Class C shares are entitled to a priority return of Euro 1.7 million and Euro 2.6 million respectively.

Class C preference: The holders of Class C preference shares have a joint right to an amount of Euro 6.25 million in case of a Liquidation Event or an IPO if this event is being valued at an amount less than Euro 60 million. If the value of Avantium in relation to an IPO is based on a pre-money valuation of the Company of Euro 60 million or more, the right to this conditional preference lapses.

These preferences will be paid in the form of ordinary shares in the events described under (i) and (ii) above (save for holders of non-ordinary shares who exit the Company at such event and are entitled to receive their preference in cash) or by means of a cash payment in a Liquidation Event or winding up of the Company. All the non-ordinary shares are therefore classified as liabilities in these consolidated financial statements. The dividends on the Class D preference shares are recognized in the income statement as interest expense. See also note 12. There are no dividends to be accrued on the Class B shares, the Class C shares and the Class C preference shares.

See note 28 for the conversion of non-ordinary shares into ordinary shares and warrants after the balance sheet date.

Share premium

The share premium has been created by contributions from shareholders exceeding the nominal value of the issued shares.

Other reserves

The legal reserves should be maintained in respect of capitalized development expenses amounting to Euro 644,000 (2005 Euro 136,000, 2004 Euro nil). This reserve must be created after the accumulated deficit becomes positive in the future.

Share-based payment plans

The Company operates two share-based payment plans for its employees. The first plan is a cash-settled share option plan which was adopted in 2001. The Avantium Option Plan, which was adopted in 2006, is classified as an equity-settled share option plan. Share options were granted to employees in 2001, 2002 under the cash-settled plan and in 2006 under the equity-settled Avantium Option Plan.

Further, the Company implemented a strategic option plan in 2003 for certain eligible shareholders.

Cash-settled plan

The share option plan adopted in 2001 qualifies as a cash-settled plan. Movements in the number of share options outstanding are as follows:

2001 grant	**Share options**					
	2006		**2005**		**2004**	
	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)
Number of options outstanding January 1	297,700	1.35	350,200	1.35	414,938	1.35
Number of options granted	-		-	-	-	-
Number of options forfeited	158,200		52,500	-	64,738	1.35
Number expired	-		-	-	-	-
Number of options outstanding December 31	**139,200**	**1.35**	**297,700**	**1.35**	**350,200**	**1.35**

2002 grant	**Share options**					
	2006		**2005**		**2004**	
	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)
Number of options outstanding January 1	24,000	2.30	71,500	2.30	158,125	2.30
Number of options granted	-		-		-	
Number of options forfeited	24,000	2.30	47,500	2.30	86,625	2.30
Number expired	-		-		-	
Number of options outstanding December 31	**-**	**2.30**	**24,000**	**2.30**	**71,500**	**2.30**

The cash-settled plan entitles holders to acquire ordinary shares in Avantium International B.V., a subsidiary of Avantium Holding B.V.

Strategic option plan
After the finance round in December 2003 the Company implemented a strategic option plan from which a fixed number of options could be granted to acquire ordinary shares representing 3% of the post-closing shareholdings, only applicable to shareholders who participated in the finance round in December 2003. Any such shareholder that placed orders with the Company on its own account or through any companies consolidated with it for audited group financial reporting purposes, leading to realized revenue of at least Euro 750,000 in 2003 or 2004 was entitled to receive such shares.

There was only one shareholder that qualified for these share option grants. This shareholder was granted 172,414 options on June 30, 2004 and 172,414 options on June 30, 2005, both with an exercise price of Euro 1.00 per option and a life time of 3 years. The related expenses were Euro nil.

The fair value of outstanding options granted under the cash-settled plan and the strategic option plan during the years 2004, 2005 and 2006 is determined using the Binomial option valuation model. The significant inputs into this model were as follows:

	December 31, 2006	**December 31, 2005**	**December 31, 2004**	**January 1, 2004**
Share price (range)	0.22	0.00	0.00	0.00
Volatility	57%	68%	79%	84%
Risk free interest rate	3,93%	3,09%	3,15%	3,72%
Dividend yield	-	-	-	-
Option period	6 years*	6 years*	6 years*	6 years*
Exit rate	36%*	36%*	36%*	36%*

(*) The options granted under the strategic option plan expire after 3 years and have no exit rate.

Since the Company is not listed, the share price is not readily available at the valuation date of the share options. The share prices used at January 1, 2004, December 31, 2004, December 31, 2005 and December 31, 2006, have been estimated by management based on a combination of internal valuations and an external valuation of the Company's shares. These valuations were not all performed at balance sheet date, but management believes that the share price at the grant date is appropriately estimated by assuming the share price of the Company increased linearly between the valuation dates.

The historical volatility used is based on the daily stock returns from a comparable listed company over a period equal to the maturities of each plan related to the valuation dates.

Equity-settled plan
In October 2006, the Company set up the Avantium Option Plan which qualifies as an equity-settled plan. Eligible employees are offered options to purchase depositary receipts of ordinary shares in the Company. The depositary receipts acquired upon exercise of options granted under the equity-settled Avantium Option Plan are blocked (i.e. may not be transferred, sold, assigned, charged, pledged or encumbered during a vesting period of three years) as follows: 33% of the depositary receipts will be unblocked following the first anniversary of the date of grant of the relevant options, an additional 33% of the depositary receipts will be unblocked following the second anniversary of the date of grant of the relevant options and the remaining 34% of the depositary receipts will be unblocked following the third anniversary of the date of grant of the relevant options.

In October 2006, 1,091,954 options to acquire depositary receipts were granted to management and certain other employees under the equity-settled Avantium Option Plan at an exercise price of Euro 0.76 per option. The total fair value of these options at the grant date is calculated at Euro 15,000 using the Binomial option valuation model. A share-based payment expense amounting Euro 2,000 has been recognized in the income statement for 2006 based on the calculated fair value of the share options and their vesting periods. The adjustment to equity when recognizing an expense for the equity-settled Avantium Option Plan is recorded within 'other reserves'.

2006

	Number	Exercise price (in Euro)
Number of options outstanding January 1	-	-
Number of options granted	1,091,954	0.76
Number of options forfeited	-	
Number expired	-	
Number of options outstanding December 31	**1,091,954**	**0.76**

The fair value of options on grant date October 2006 under the equity-settled Avantium Option Plan is determined using the Binomial option valuation model. The significant inputs into this model were as follows:

	October 2006
Share price (range)	0.16
Volatility	51%
Risk free interest rate	3,74%
Dividend yield	-
Maturity	5 years
Exit rate	20%

12. Liability to non-ordinary shareholders

As explained in Note 11 all non-ordinary shares are classified as liabilities in the consolidated financial statements. Also refer to note 28 for the conversion of non-ordinary shares into ordinary shares and warrants after the balance sheet date.

The liability to non-ordinary shareholders is recognized initially at fair value, being the consideration received less transaction costs. Subsequently, the accrued dividends on the classes of non-ordinary shares entitled to such dividends (see Note 11) are recognized in the income statement as interest expense.

(In Euro x 1,000)	**2006**	**2005**	**2004**
Beginning of year	16,210	15,910	15,610
Interest accrued on class D shares	300	300	300
End of year	**16,510**	**16,210**	**15,910**

13. Finance lease liabilities

The Group leases certain laboratory equipment by means of finance leases. The Group has several contracts with three leasing companies. The term and interest rates vary from 3 to 5 years and 4% to 6%. The major contracts are with De Lage Landen (Euro 66,000 and Euro 178,000) and GE Capital (Euro 162,000).

(In Euro x 1,000)	**2006**	**2005**	**2004**
Gross finance lease liabilities – minimum lease payments:			
No later than 1 year	140	85	95
Later than 1 year and no later than 5 years	250	-	-
Later than 5 years	-	-	-
	390	85	95
Future finance charges on finance leases	(55)	(8)	(11)
Present value of finance lease liabilities	335	77	84
The present value of finance lease liabilities is as follows:			
No later than 1 year	133	77	84
Later than 1 year and no later than 5 years	202	-	-
Later than 5 years	-	-	-
	335	**77**	**84**

14. Provisions

The provisions relate to loss making contracts and to the decommissioning liability for restoring leased property into its original condition.

(In Euro x 1,000)	**Decommissioning liability**	**Loss making contracts**	**Total**
At January 1, 2004	182	-	182
Additional provision	-	309	309
Unwinding of discount	9	-	9
At December 31, 2004	**191**	**309**	**500**

(In Euro x 1,000)	**Decommissioning Liability**	**Loss making contracts**	**Total**
At January 1, 2005	191	309	500
Additional provision	-	189	189
Unwinding of discount	9	-	9
Used during the year	-	(309)	(309)
At December 31, 2005	**200**	**189**	**389**

(In Euro x 1,000)	**Decommissioning Liability**	**Loss making contracts**	**Total**
At January 1, 2006	200	189	389
Additional provision	-	117	117
Unwinding of discount	(10)	-	(10)
Change in estimated timing	27	-	27
Used during the year	-	(189)	(189)
At December 31, 2006	**183**	**117**	**300**

a) Decommissioning liability

The Group entered in the year 2000 into a lease contract for the building located at the Zekeringstraat 29. The term of the lease is 10 years and includes a provision to return the building into its original condition. Leasehold improvements have been made to the premises for which a decommissioning liability is recognized.

The estimate for the decommissioning liability is based on an estimated number of hours and hourly rate, based on historical experience and external costs using an interest percentage of 5%. The lease term is 10 years and the Company was not reasonably certain that they would use the option extend the contract. Therefore the present value of the decommissioning liability is calculated based on the assumption that the costs will occur after 10 years from inception of the contract.

b) Loss making contracts

The provision for loss making contracts relates to estimated costs from loss making service contracts. This provision is current (shorter than 1 year).

15. Trade and other payables

(In Euro x 1,000)	**2006**	**2005**	**2004**
Trade payables	2,023	742	1,067
Social security and other taxes	-	189	183
Payments received in advance	-	425	122
Holiday pay and holiday days	309	201	179
Finance lease liabilities	133	77	84
Other liabilities	966	725	810
	3,431	**2,359**	**2,445**

16. Revenues

Analysis of revenue by category

(In Euro x 1,000)	**2006**	**2005**	**2004**
Sale of goods	2,808	973	288
Rendering of services	10,669	8,541	6,385
	13,477	**9,514**	**6,673**

17. Expenses by nature

The cost of sales in 2006 amounts to Euro 6,038,000 (2005: Euro 4,902,000 and 2004: Euro 3,945,000) and comprise of cost of goods sold, allocated employee costs, depreciation costs of intangible and tangible assets related to revenues, costs of laboratory consumables and specific costs related to revenues.

Selling and marketing costs in 2006 amount to Euro 2,676,000 (2005: Euro 1,968,000 and 2004: Euro 1,879,000) and comprise of allocated employee costs, travel costs and sales and marketing costs.

Research and development costs in 2006 amount to Euro 1,993,000 (2005: Euro 2,020,000 and 2004: Euro 4,262,000) and comprise of allocated employee costs, depreciation and amortization costs of intangible and tangible assets not related to revenues and specific purchases not related to revenues.

General and administrative costs in 2006 amount to Euro 2,146,000 (2005: Euro 2,153,000 and 2004: Euro 2,297,000) and comprise of corporate and IP costs, facility and office costs and allocated employee costs.

The nature of the expenses within cost of sales, research and development costs, general administrative costs and selling and marketing costs can be specified as follows:

(In Euro x 1,000)	**2006**	**2005**	**2004**
Employee benefit expenses (Note 18)	5,454	4,080	4,572
Depreciation, amortization and impairment expenses (Note 6 and 7)	2,032	3,333	3,998
Office and housing expenses	1,224	1,016	1,015
Patent, license, legal and advisory expenses	1,158	513	773
Laboratory expenses	1,363	1,041	949
Sales and marketing expenses	1,053	798	602
Other operating expenses	569	261	474
	12,853	**11,042**	**12,383**

For leases where the Group is a lessee under operating leases, lease rentals amounting to Euro 313,000 (2005: Euro 465,000 and 2004: Euro 474,000) are mainly included in “office and housing expenses” in the income statement.

18. Employee benefits

(In Euro x 1,000)	**2006**	**2005**	**2004**
Wages and salaries	4,739	3,489	3,775
Social security costs	559	424	627
Share options granted to directors and employees (Note 11)	2	-	-
Pension costs – defined contribution plans	154	167	170
	5,454	4,080	4,572

Number of full time equivalent employees at December 31	**79.2**	**57.4**	**52.3**

Reference is made to note 11 for share based payments to employees.

19. Interest income and interest costs

(In Euro x 1,000)	**2006**	**2005**	**2004**
Interest income:			
– Current accounts	68	45	5
Interest expense:			
– Liabilities to non-ordinary shareholders	(300)	(300)	(300)
– Bank borrowings and other debt	(52)	(8)	(25)
– Unwinding of discount	(10)	(9)	(9)
– Finance leases	(8)	-	-
	(370)	(317)	(334)
Finance costs – net	**(302)**	**(272)**	**(329)**

20. Corporate income taxes

No tax charges or tax income have been recognized in the years 2004 and 2005 since the Company is in a loss making position and no deferred tax asset has been recognized for carry forward losses (refer to the accounting policies). In 2006 the Company was profitable for the first time since foundation, however no deferred tax asset is capitalized given management's assessment of probability of utilization. In 2006 the Shareholders determined to invest in significant research and development programs. The future benefits from these programs are uncertain and on short term no taxable profits are expected (refer to Note 4 Critical accounting estimates and judgments).

As a result of changes in the Dutch income tax law, tax loss carry-forward is subject to a time limitation of nine years. Losses incurred in the years up to 2002 can still be offset against profits up to and including 2011. The total amount of tax losses carried forward amounts to Euro 54,239,000 as of December 31, 2006 (2005: Euro 55,025,000; 2004: Euro 47,277,000).

(In Euro x 1,000)	**2006**	**2005**	**2004**
Current tax	-	-	-
Deferred tax	-	-	-
	-	-	-
Profit/ (loss) before tax	322	(1,800)	(6,039)
Temporary differences	464	(5,948)	507
Expenses not deductible for tax purposes	-	-	-
Tax losses for which no deferred income tax asset was recognized	-	7,748	5,532
Utilization of previously unrecognized tax losses	786	-	-
Tax charge	-	-	-

The temporary differences relate to Research and Development expenses that have been capitalized for tax accounting purposes.

For the first Euro 23,000 the domestic tax rate amounts in 2006 25.5% and for the remaining income the domestic tax rate amounts to 29.6% (2005: 27% and 31.5% respectively, 2004: 29% and 34.5% respectively).

21. Earnings per share

Basic earnings per share

The Company has two categories of shares: ordinary shares and non-ordinary shares. Basic earnings per share is calculated as the weighted average number of ordinary shares plus non-ordinary shares outstanding, as these non-ordinary shares have the same economic entitlements to earnings as the ordinary shares.

(In Euro x 1,000, except per share amounts)	**2006**	**2005**	**2004**
Result attributable to equity holders of the Company	322	(1,800)	(6,039)
Weighted average number of ordinary shares	9	9	9
Weighted average number of non-ordinary shares	9,991	9,991	9,991
Weighted average number of shares - basic	10,000	10,000	10,000
Basic earnings per share (Euro per share)	0.03	(0.18)	(0.60)

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares:

(i) Non-ordinary shares:

As a basic rule, each non-ordinary share converts into one ordinary share. Under certain circumstances, the preferences to be paid on the various classes of shares result in the issuance of additional ordinary shares to the non-ordinary shareholders. For further details, reference is made to note 11. As these contingently issuable shares are contingent upon a future event for which the conditions have not been satisfied yet, their dilutive effect is not included in the diluted earnings per share calculation. Also refer to note 28 for the conversion of non-ordinary shares into ordinary shares and warrants after the balance sheet date.

(ii) Share options:

For the share options granted in 2006, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the estimated average fair value of the Company's shares each book-year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. At December 31, 2006 the exercise price of the share options is higher than the estimated fair value of the underlying shares.

Therefore the adjustments in the weighted average number of shares for diluted earnings per share are nil.

(In Euro x 1,000, except number of shares and per share amounts)	**2006**	**2005**	**2004**
Result attributable to equity holders of the Company	322	(1,800)	(6,039)
Weighted average number of shares - basic	10,000	10,000	10,000
Adjustment for debt to share options	0	0	0
Weighted average number of shares - diluted	10,000	10,000	10,000
Diluted earnings per share (Euro per share)	0.03	(0.18)	(0.60)

In 2007 the weighted average number of shares - basic has increased with 397,851 due to exercise of share options by management and one shareholder (refer to note 28)

The options granted in 2007 (refer to note 28) do not have an impact on the diluted earnings per share calculation as the exercise price of the share options is higher than the estimated fair value of the underlying shares.

The conversion of the non-ordinary shares into an ordinary share (refer to note 28) does not have an impact on the earnings per share – basic as these non-ordinary shares were already included in the basic earnings per share calculation.

22. Dividends per share

The Company did not declare dividends for any of the years presented in these consolidated annual accounts.

23. Cash flow statement

In the cash flow statement, purchases of property, plant and equipment comprise:

(In Euro x 1,000)	**2006**	**2005**	**2004**
Additions according to Note 7	1,238	495	360
Of which finance leases (non-cash)	(593)	(61)	(57)
Purchases of property, plant and equipment	**645**	**434**	**303**

(In Euro x 1,000)	**2006**	**2005**	**2004**
Proceeds according to Note 7	32	-	-
Of which re-estimate of decommissioning liability (non-cash)	(28)	-	-
Proceeds from property, plant and equipment	**4**	**-**	**-**

24. Contingencies

In the fourth quarter of 2006 the Company experienced a laboratory incident, fortunately without any personal injuries. All damages are expected to be covered by our insurance policy, but absent a final decision from the insurance company, all costs have been reflected in the income statement, without any recognition of any upside from our claim against the insurance company, estimated by an independent damage expert up to Euro 1 million.

The Group has given a bank guarantee for a total amount of Euro 354,000.

25. Commitments

Operating lease commitments

The operating lease commitments comprise mainly to a lease contract to rent the site at the Zekeringstraat 29 (Euro 1,120,000). The contract expires in 2010 and the Group has an option to extend this period with two additional periods of 5 years. The remaining operating lease contracts consist of one car lease and several software licenses and are all due within 1 year.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(In Euro x 1,000)	**2006**	**2005**	**2004**
No later than 1 year	417	380	707
Later than 1 year and no later than 5 years	800	1,135	1,389
Later than 5 years	-	-	160
	1,217	**1,515**	**2,256**

26. Business combinations

There were no business combinations effected during the years ending December 31, 2004, 2005 and 2006.

27. Related-party transactions

Following the changes in shareholders in 2003 after the last financing round, no individual party controls the Company. DFJ Esprit Capital is our major shareholder, holding 26.9% of the voting rights over the Company, as per December 31, 2006. No other shareholder has more than 20% of the voting rights over the Company. Reference is made to Note 11. In this last round of Euro 5 million the following shareholders participated:

- DFJ Esprit Capital
- Signet Healthcare Partners
- MVM
- S.R. One
- Eastman Chemical
- AlpInvest

All six D preference shareholders have the right to designate an individual to a Supervisory Board position, with the exception of Eastman Chemical who has the right to designate an observer. The designated representative Supervisory Board members of Signet Healthcare Partners and AlpInvest participate in the Remuneration and Nominating Committee. The designated representative Supervisory Board members of Signet Healthcare Partners, DFJ Esprit Capital and MVM participate in the Audit Committee. The chairman of the Supervisory Board, Mr. Ian Kent, is member of the Remuneration and Nominating

Committee as well. As a result we have concluded that all non-ordinary shareholders have significant influence over the Company. No other shareholder has significant influence.

We did not enter into any transactions with the above mentioned shareholders in the years 2006, 2005 and 2004. With respect to the strategic shareholders option plan we refer to Note 11.

Key management compensation

Key management is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Our key management comprises the members of the Executive Board, Senior Management and the Supervisory Board. The following persons are members of the Executive Board at December 31, 2006.

- Tom van Aken, Chief Executive Officer
- Chief Financial Offer - vacant

The following persons are members of Senior Management at December 31, 2006.

- Guus Scheefhals, Chief Business Officer
- Gert-Jan Gruter, Chief Technology Officer
- Nelleke van der Puil, Vice President Operations

The following persons are members of the Supervisory Board at December 31, 2006.

- Ian Kent, chairman
- Catrina Holme
- James Gale
- Philip Smith
- Harrold van Barlingen
- Thomas Casdagli

The remuneration of the Supervisory Board amounted to Euro 40,000 in 2006 (2005: Euro 35,000; 2004: Euro 35,000):

(In Euro x 1,000)	**Salary**	**Bonus**	**Share-based payments**	**Pension**	**Advisors fee**	**2006 Total**	**2005 Total**	**2004 Total**
Ian Kent, chairman	40	-	0	-	-	40	-	-
Former chairman	-	-	-	-	-	-	35	35
	40	**-**	**0**	**-**	**-**	**40**	**35**	**35**

The total remuneration paid to or for the benefit of members of the Supervisory Board and of the Executive Board and Senior Management in 2006 amounted to approximately Euro 40,000 and Euro 1,056,000 respectively. The following table provides the breakdown in the remuneration in 2006 of the members of the Executive Board and Senior Management:

(In Euro x 1,000)	**Salary**	**Bonus**	**Share-based payments**	**Pension**	**Other**	**2006 Total**	**2005 Total**	**2004 Total**
Tom van Aken, CEO	175	63	1	7	-	**246**	**170**	**-**
Former CEO	-	-	-	-	-	**-**	**-**	**277**
Former CFO	129	-	-	6	190	**325**	**225**	**249**
Senior Management	368	94	1	22	-	**485**	**451**	**324**
	672	**157**	**2**	**35**	**190**	**1,056**	**846**	**850**

Shares and share options held by key management

Tom van Aken

	Share options					
	2006		**2005**		**2004**	
	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)
Number of options outstanding January 1	-	-	-	-	-	-
Number of options granted	402,299	0.76	-	-	-	-
Number of options forfeited	-	-	-	-	-	-
Number expired	-	-	-	-	-	-
Number of options outstanding December 31	**402,299**	**0.76**	**-**	**-**	**-**	**-**

Ian Kent

	Share options					
	2006		**2005**		**2004**	
	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)
Number of options outstanding January 1	-	-	-	-	-	-
Number of options granted	114,943	0,76	-	-	-	-
Number of options forfeited	-	-	-	-	-	-
Number expired	-	-	-	-	-	-
Number of options outstanding December 31	**114,943**	**0,76**	**-**	**-**	**-**	**-**

Senior Management

	Share options					
	2006		**2005**		**2004**	
	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)	Number	Exercise price (in Euro)
Number of options outstanding January 1	-	-	-	-	-	-
Number of options granted	517,241	0.76	-	-	-	-
Number of options forfeited	-	-	-	-	-	-
Number expired	-	-	-	-	-	-

Number of options outstanding December 31	**517,241**	**0.76**	**-**	**-**	**-**	**-**

28. Events after the balance sheet date

On February 1, 2007 the Group hired Mr Frank Roerink as Chief Financial Officer. Mr. Roerink was appointed by the general shareholders' meeting on May 11, 2007 and is member of the Executive Board.

In February 2007 the Company signed a new lease agreement for its facilities in Amsterdam at the Zekeringstraat 29 and 31. The term of this agreement is 10 years and replaces the former lease agreement for the Zekeringstraat 29.

In March 2007 57,471 options and in May 2007 261,264 options to acquire depositary receipts were granted to management and certain other employees under the equity-settled Avantium Option Plan at an exercise price of Euro 0.76 per option. The total fair value of these options at the grant date is calculated at Euro 26,000 using the Binomial option valuation model. A share-based payment expense amounting Euro 7,000 has been recognized in the condensed income statement for half year 2007 based on the calculated fair value of the share options and their vesting periods.

The following options were exercised after the balance sheet date:

(i) *Management and certain other employees*- 150,000 options in February 2007, 536,888 options in March 2007 and 79,029 options in May 2007, which had all been granted under the equity-settled Avantium Option Plan with an exercise price of Euro 0.76 per option.

(ii) *One shareholder* - in June 2007 the shareholder that qualified for the strategic share options exercised 172,414 options granted on June 30, 2004 with an exercise price of Euro 1.00 per option.

In May 2007 the Company dissolved Avantium Technologies UK Ltd and in June 2007 the Company dissolved Avantium Technologies US Inc. Both entities have not had any activity since 2003.

In June 2007 the Group agreed upon a banking facility with the ABN AMRO of Euro 4 million. Of the facility used per December 31, 2007 a maximum amount of Euro 2 million can be converted into a roll-over-loan with a maximum period of 5 years. No agreements to repay this amount in these 5 years have been made. The interest rate of the facility is 1 month Euribor + 1.75% per year. All assets, excluding the intangible fixed assets and the finance lease assets, are pledged to the ABN AMRO.

In June 2007 the Company terminated its cash-settled option plan. The option holders could choose between a cash settlement or to convert their options into options under the equity-settled Avantium Option Plan. Four persons have converted their options into options under this equity-settled plan. The remainder of the option holders have chosen for a cash settlement. The Company paid in total Euro 13,000 net for this cash settlement.

On June 21, 2007 and October 17, 2007, the Company issued notices calling Extraordinary General Meetings of Shareholders, which were held on July 6, 2007 and on November 1, 2007. The purpose of these Extraordinary General Meetings of Shareholders was, amongst others, to consider and resolve in favor of an amendment to the Company's articles of association and a conversion into a public company with limited liability, in view of the proposed IPO. The main objects, amongst others, of the Deed of Amendment and Conversion are (i) conversion into a public company with limited liability, (ii) the restructuring of the share capital, by the abolition of all classes of non-ordinary shares and any rights related thereto, creation of a new class of preference shares, the redenomination of the ordinary shares and reverse share split, and (iii) updating the articles of association as a result of changes in the Dutch Civil Code and to comply with the Code.

In the Extraordinary General Meeting of Shareholders, held on July 6, 2007, the shareholders resolved to convert, as per that same date, all outstanding non-ordinary shares of various classes and bearing various separate mainly financial rights into the same number of ordinary shares in view of the proposed IPO. Pursuant to the current articles of association and a shareholders agreement entered into on December 17, 2003 among the shareholders, Avantium Holding B.V. and Avantium International B.V., prior to such conversion, each class of these non-ordinary shares furthermore entitled its holders to additional ordinary shares the number of which is dependent on the final offer price and the pre-IPO valuation in accordance with the entitlements of each class of shares described in note 11.

As the number of additional shares to be issued to these shareholders can only be established immediately prior to the IPO, each holder of converted non-ordinary shares was granted a warrant constituting a right to acquire, for no consideration, such number of additional ordinary shares as such shareholder will be entitled to receive in accordance with the entitlements of each class of shares described in note 11. The warrants will automatically convert into the applicable number of ordinary shares upon closing of the IPO.

In the Extraordinary General Meeting of Shareholders, held on November 1, 2007, the shareholders declared a reverse share split of the Company's ordinary shares at a 4:1 ratio. Each fractional share resulting from this reverse share split was increased to a full share and the nominal value of issued shares resulting from the reverse share split increased from €0.04 to €0.16 each, which shall be charged against the share premium reserve.

In July 2007, 7,601 options were exercised by three members of staff.

In August 2007 the Company received approval from the Dutch fiscal authorities to include Avantium Holding B.V. to the Avantium fiscal entity. In September 2007 the legal merger of Avantium International B.V. into Avantium Holding B.V. was executed.

29. Adoption of IFRS

The Group has adopted International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the EU ("EU-IFRS"), as its primary accounting basis for the consolidated financial statements as from January 1, 2006. For the Group, there are no differences between EU-IFRS and IFRS.

Until 2006, the Group prepared its consolidated financial statements in accordance with Generally Accepted Accounting Principles in the Netherlands ("Dutch GAAP"). Since the Group has decided to provide comparative figures for 2004 and 2005, the transition date to IFRS is January 1, 2004. The Group converted the 2004 and 2005 financial information in the consolidated financial statements to IFRS for comparison purposes.

Transition to IFRS: IFRS 1 exemptions and exceptions

IFRS 1, *First-time Adoption of International Financial Reporting Standards* requires the Group to determine its accounting policies according to IFRS and apply these retrospectively to determine its consolidated opening balance sheet under IFRS at the date of transition (January 1, 2004). However, IFRS 1 allows a number of optional exemptions as well as requires the application of a number of mandatory exceptions to this general principle.

The only IFRS 1 exemption applied by the Company is the exemption regarding compound financial instruments. IAS 32 *Financial Instruments: Presentation* requires that compound financial instruments are split into a liability component and an equity component. Two entries remain in equity when the liability component of a compound financial instrument has been repaid - the original equity component and the interest on the liability component that is part of retained earnings. Management is not required to separately identify the two elements of the equity component if the liability component is not outstanding at the date of transition. This exemption is applied by Avantium in relation with the convertible loan that was settled in 2003.

The other exemptions in IFRS 1 regarding retrospective application were not applied by or are not applicable to the Group.

There is one mandatory exception from retrospective application of IFRS applicable for the Company. In accordance with the IFRS 1 provision regarding estimates under IFRS at the date of transition to IFRS (January 1, 2004) are consistent with estimates made for the same date under Dutch GAAP. Both existing estimates under Dutch GAAP and new estimates under IFRS reflect conditions that existed at the date of transition to IFRS and do not reflect any subsequent new information.

Key Impact on 2004, 2005 and 2006 financial information

Reconciliation of the result for 2006, 2005 and 2004 reported in the Dutch GAAP consolidated financial statements to the result for the year under IFRS:

	2006	2005	2004
Result for the year (before changes in accounting) policies)	**649**	**(1,475)**	**(5,715)**
Interest on financial instruments (non-ordinary shares)	(300)	(300)	(300)
Interest on decommissioning liability	(25)	(25)	(24)
Share-based payments	(2)	(0)	(0)
Result for the year (after changes in accounting) policies)	**322**	**(1,800)**	**(6,039)**

Reconciliation of the Group's shareholders' equity as reported in the consolidated financial statements under Dutch GAAP to its shareholders' equity under IFRS at January 1, 2004 and December 31, 2004, 2005 and 2006:

	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Jan. 1, 2004
Equity (before changes in accounting) policies)	**7,559**	**6,882**	**8,391**	**14,106**
Decommissioning liability	(156)	(131)	(107)	(82)
Financial instruments (non-ordinary shares)	(16,510)	(16,210)	(15,910)	(15,610)
Share-based payments	(0)	(0)	(0)	(0)
Equity (after changes in accounting) policies)	**(9,107)**	**(9,459)**	**(7,625)**	**(1,586)**

Presentation

The adoption of IFRS results in the following significant changes to the presentation of the consolidated balance sheet, Income statement, Cash flow statement or the Statement of changes in equity:

- Subsidy is consistently recorded as negative costs. This resulted in a reclassification of Euro 41,000 in 2004 since a subsidy was recorded as Other Income.
- No minority interest is presented on the Balance Sheet and Income Statement. Refer below for detailed explanation.
- Share-based payment expense (for the equity-settled Avantium Option Plan) is included in a separate reserve in the Statement of Changes in equity.

Consolidation/ minority interest

In 2002 the Group founded the Stichting Stock options Avantium ("SSOA"). The SSOA acquired 7.8% of Avantium International B.V, while the Company owns 92.2% of the shares. The SSOA's share in Avantium International BV has been presented as minority interests in the Company's consolidated annual accounts under Dutch GAAP. However, the Company has control over the SSOA and therefore it has consolidated the SSOA in these annual accounts under IFRS. Consequently, all subsidiaries are 100% owned and no part of result for the year or equity is attributable to minority interests in these consolidated annual accounts prepared in accordance with IFRS.

Decommissioning liability

Under IFRS it is required to recognize a provision for expenditure to be made to restore property leased in an operating lease to its original condition at the end of the lease term. The provision is measured at the discounted value of the expected cash outflow.

Furthermore, the cost of an item of property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when the item is acquired. The provision for decommissioning liability therefore results in a corresponding adjustment of the cost of the related leasehold improvements capitalized as property, plant and equipment on the Company's balance sheet.

This resulted in recognition of additional assets of Euro 27,000, Euro 69,000, Euro 84,000 and Euro 100,000, additional liabilities of Euro 183,000 Euro 200,000, Euro 191,000 and Euro 182,000 in the Company's balance sheet at December 31, 2006, December 31, 2005, December 31, 2004 and January 1, 2004 respectively. In the income statement adjustments resulted in an additional expense (depreciation and interest expense) of Euro 25,000, Euro 25,000 and Euro 24,000 for 2006, 2005 and 2004 respectively compared to Dutch GAAP.

Financial instruments (non-ordinary shares)

Under Dutch GAAP the different classes of non-ordinary shares (see Note 11) were classified as equity.

The number of additional shares to be issued by the Company to the holders of non-ordinary shares in order to comply with the preference entitlements is a variable number of shares. Furthermore, if at any time of a mandatory conversion the holders of non-ordinary shares exit the Company they shall receive their preference in cash. All the non-ordinary shares are therefore classified as liabilities in these consolidated financial statements prepared in accordance with IFRS. The dividends on the Class D preference shares are recognized in the income statement as interest expense. There are no dividends to be accrued on the Class B shares, the Class C shares and the Class C preference shares.

This resulted in recognition of additional liabilities of Euro 16,510,000, Euro 16,210,000, Euro 15,910,000 and Euro 15,610,000 in the Company's balance sheet at December 31, 2006, December 31, 2005, December 31, 2004 and January 1, 2004 respectively. In the income statement adjustments resulted in an additional interest expense of Euro 300,000, Euro 300,000 and Euro 300,000 for 2006, 2005 and 2004 respectively compared to Dutch GAAP.

Share-based payments

Under Dutch GAAP, the Group did not record any charges for employee share options. In accordance with IFRS 2, *Share-based Payment*, the Group recognizes compensation charges in its income statement for all employee share options. The cost of the Company's option plans are measured by reference to the fair value of the options at the date at which the options are granted using a Binomial option valuation model. The compensation charges are recognized over the vesting period of the options. Until the liability resulting from the cash-settled plan is settled, the Company re-measures the fair value of the liability at each reporting date and at the date of settlement, and recognizes any change in fair value in the income statement.

This resulted in an additional expense of Euro 2,000, Euro nil and Euro nil in 2006, 2005 and 2004 respectively compared to Dutch GAAP. Furthermore, this resulted in an additional liability of Euro nil for year-end 2006, 2005 and 2004.

Auditors' report 2006, 2005, 2004

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To the Directors of Avantium Holding B.V.

Auditor's report

Introduction

We have audited the accompanying IFRS Consolidated Financial Statements 2004, 2005 and 2006 for the purpose of this public offering of Avantium Holding B.V., Amsterdam as set out on pages F-3 to F-39 of this prospectus which comprises the consolidated balance sheet as at December 31, 2004, 2005 and 2006, the related consolidated income statements, statements of changes in equity and cash flow statements for the years then ended and the notes to the consolidated financial statements. These IFRS consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Scope

We conducted our audits in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying IFRS consolidated financial statements give a true and fair view of the financial position of Avantium Holding B.V. as of December 31, 2004, 2005 and 2006, and of the results of its operations and cash flows for each of the three years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matters – restriction of use

The IFRS Consolidated Financial Statements 2004, 2005 and 2006 and our auditor's report thereon are intended solely for enclosure in the prospectus for the public offering and are not suitable for any other purpose.

Rotterdam, November 2, 2007
PricewaterhouseCoopers Accountants N.V.

J.A.D. van de Pavoordt RA

Avantium Holding B.V.

Unaudited Condensed consolidated interim financial information

June 30, 2007

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Condensed consolidated interim balance sheet

	Note	At June 30, 2007	At December 31, 2006
		(in Euro x 1,000)	
ASSETS			
Non current assets			
Intangible assets	5	1,136	765
Property, plant and equipment	6	2,941	2,758
		4,077	3,523
Current assets			
Inventories		49	41
Trade receivables		2,117	2,200
Social security and other taxes		226	273
Other receivables	7	1,624	644
Cash and cash equivalents		2,006	4,655
		6,021	7,813
Total assets		**10,098**	**11,336**
EQUITY			
Share capital	8	10	0
Share premium	8	744	-
Other reserves	8	4	(4)
Retained earnings	8	(11,539)	(9,103)
		(10,781)	(9,107)
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	10	479	202
Provisions	11	188	183
		667	385
Current liabilities			
Provisions	11	419	117
Trade payables		1,483	2,023
Liability to non-ordinary shareholders		16,660	16,510
Finance lease liabilities	10	187	133
Other current liabilities	12	1,462	1,275
		20,212	20,058
Total liabilities		**20,879**	**20,443**
Total equity and liabilities		**10,098**	**11,336**

The notes on pages F-49 to F-54 form an integral part of this condensed consolidated interim financial information.

.

Condensed consolidated interim income statement

	Note	*(in Euro x 1,000)* Half year ending at June 30 2007	2006
Revenues	4	5,989	5,605
Cost of sales		3,086	2,764
Gross profit		2,903	2,841
Selling and marketing costs	13	1,444	1,056
Research and development costs	13	1,705	717
General and administrative costs	13	2,032	1,377
Total operating costs		5,180	3,150
Operating result		(2,278)	(309)
Interest income		22	60
Interest costs		(185)	(168)
Result before corporate income taxes		(2,441)	(417)
Corporate income taxes	14	-	-
Result for the year		(2,441)	(417)
Attributable to:			
Equity holders of the Company	8	(2,441)	(417)
Earnings per share for result attributable to the equity holders of the Company during the year	9		
(expressed in Euro per share)			
- basic		(0.23)	(0.04)
- fully diluted		(0.23)	(0.04)

The notes on pages F-49 to F-54 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity

(in Euro x 1,000)

	Note	Share capital	Share premium reserve	Other reserves	Retained earnings	Total
Balance at January 1, 2006		**0**	**-**	**(34)**	**(9,425)**	**(9,459)**
Result for the half year		-	-	-	(417)	(417)
Currency translation difference		-	-	74	-	74
Balance at June 30, 2006		**0**	**-**	**40**	**(9,842)**	**(9,802)**
Balance at January 1, 2007		**0**	**-**	**(4)**	**(9,103)**	**(9,107)**
Result for the half year		-	-	-	(2,441)	(2,441)
Currency translation difference		-	-	4	-	4
Total recognized income and (expense)		**-**	**-**	**-**	**(11,544)**	**(11,544)**
Employee share option plan						
Accumulated share based compensation		-	-	9	-	9
Proceeds from issued shares - stock options	**8**	10	744	(5)	5	754
Balance at June 30, 2007		**10**	**744**	**4**	**(11,539)**	**(10,781)**

The notes on pages F-49 to F-54 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim cash flow statement

	Note	(in Euro x 1,000) Half year ending at June 30 2007	2006
Cash flow from operating activities			
Result before corporate income tax		(2,441)	(417)
Adjustments for:			
- Depreciation and amortization	5, 6	879	930
- Impairment charges		-	-
- Share based payment expenses	8	7	-
- Provisions (current and non-current)	11	307	34
- Changes in working capital		(878)	(383)
- Interest income/ (expense)		163	108
Cash generated from operations		(1,962)	272
Interest received		22	60
Interest paid		(30)	(13)
Corporate income tax paid		-	-
Net cash generated from operating activities		(1,970)	319
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(694)	(129)
Proceeds ofrom sale of property, plant and equipment		-	-
Purchases of intangible assets	5	(509)	(338)
Net cash used in investing activities		(1,203)	(467)
Cash flow from financing activities			
Repayment of finance lease liabilities	10	(230)	(62)
Proceeds from issued shares - stock options	8	754	-
Net cash used in financing activities		524	(62)
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts		(2,649)	(210)
Cash, cash equivalents at the beginning of half year		4,655	3,409
Net foreign exchange difference		-	
Cash, cash equivalents at the end of half year		2,006	3,199

The notes on pages F-49 to F-54 form an integral part of this condensed consolidated interim financial information.

Selected notes to the condensed consolidated interim financial information

1. General information

On December 17, 2003 Avantium Holding B.V. acquired 92.2% of the shares in Avantium International B.V. with shares in the Company as payment. The remaining 7.8% of the shares are held by Stichting Stock options Avantium. On July 31, 2007 Avantium International B.V. acquired 7.8% of the shares held by the Stichting Stock options Avantium. On the same date Avantium Holding B.V. holds 100% of the shares in Avantium International B.V. Since the Stichting Stock options Avantium was consolidated by the Company, this transaction has no impact on the consolidated financial information.

The principal business activities of Avantium Holding B.V. and its subsidiaries (together "the Group") consist of employing high-speed experimentation technologies for the development of new products, materials and production processes for the chemicals and pharmaceutical industries. These industries are served by sale of goods and sale of services as further outlined in Note 4 on Segment information.

This condensed consolidated interim financial information has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

On February 1, 2007 the Group hired Mr Frank Roerink as Chief Financial Officer. Mr Roerink was appointed by the general shareholders' meeting on May 11, 2007 and is member of the Executive Board.

This condensed consolidated interim financial information was approved for issue by both the Supervisory Board and the Executive Board on November 1, 2007.

2. Basis of preparation

This condensed consolidated interim financial information for the half year ended June 30, 2007 has been prepared in accordance with IAS34, 'Interim financial reporting'. The interim condensed financial report should be read in conjunction with the IFRS consolidated financial statements for the year ended December 31, 2006.

3. Accounting policies

The accounting policies adopted are consistent with those of the IFRS consolidated financial statements for the year ended December 31, 2006.

3.1 Consolidation

The consolidated companies are listed below:

- Avantium International B.V., Amsterdam
- Avantium Technologies B.V., Amsterdam
- Avantium Technologies US, Inc, Columbia, Maryland, USA
- Avantium Technologies UK, Ltd, Hexham, United Kingdom
- Avantium Technologies Inc., Berkeley Heights, New Jersey, USA
- Furanix Technologies B.V., Amsterdam
- Ultimorphix Technologies B.V., Amsterdam
- Crystallics International B.V., Amsterdam
- Crystallics B.V., Amsterdam;
- Stichting Stock Options Avantium, Amsterdam
- Stichting Administratiekantoor Avantium, Amsterdam

In May 2007 the Company dissolved Avantium Technologies US, Inc, Columbia, Maryland, USA. In June 2007 the Company dissolved Avantium Technologies UK, Ltd, Hexham, United Kingdom. Both entities did not have had any activity since 2003.

4. Segment information

The allocation of segment information is in line with the IFRS consolidated financial statements for the year ended December 31, 2006. The segment results for the six month period ending June 30, 2007 are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Un allocated**	**Total**
Revenues	3,038	2,951	-	-	**5,989**
Operating result	446	118	(809)	(2,033)	(2,278)
Finance costs – net					(163)
Result before corporate income taxes					(2,441)
Corporate income taxes					-
Result for the half year					**(2,441)**

The segment results for the six month period ending June 30, 2006 are as follows:

(In Euro x 1,000)	**Chemicals**	**Pharma**	**Product development**	**Un allocated**	**Total**
Revenues	2,179	3,426	-	-	**5,605**
Operating result	103	815	(104)	(1,123)	(309)
Finance costs – net					(108)
Result before corporate income taxes					(417)
Corporate income taxes					-
Result for the half year					**(417)**

5. Intangible assets

The increase in intangible assets consist of the capitalized development expenses of the Crystal16™ and the Flowrence™ and as from January 1, 2007 capitalized development costs of the pharmaceutical product development program Tigris. The Tigris project aims to identify patentable crystal forms of a selected number of marketed drugs under patent with the objective to improve their properties and/or extend the product lifecycle. For TIG6005 we found and patented several crystal forms and executed essential testing.

Change in accounting estimate

The Company revised the useful life of the Flowrence™ and Crystal16™ from 2 to 5 years due to the fact that the Company now foresees a longer period of revenue income for these two products than estimated at the time of initial capitalization. The impact associated with this change in accounting estimates on depreciation for the six-months period ended June 30, 2007 amounts to a decrease of Euro 104,000.

6. Property, plant and equipment

The increase in Property, plant and equipment consists primarily of additions of laboratory equipment.

7. Other receivables

The increase in other receivables mainly relates to increased invoices to be sent to customers for ongoing projects and the capitalized transaction costs related to the anticipated initial public offering.

8. Shareholders' equity

Share Capital

During an Extraordinary General Meeting of Shareholders on July 6, 2007 a resolution was adopted to convert each non-ordinary share into an ordinary share. The number of non-ordinary shares converted into ordinary shares amounts to 9,991,036. Each non-ordinary share furthermore entitles its holders to an adjustment of the number of ordinary shares to be received, subject to the pre-money valuation of the Company in view of the proposed initial public offering. The number of additional shares to be issued to the holders of non-ordinary shares can therefore only be established immediately prior to an IPO.

Share-based payment plans

(i) Cash-settled plan
In June 2007 the Company terminated its cash-settled option plan. The option holders could choose between a cash settlement or to convert their options into options under the equity-settled Avantium Option Plan. Four persons have converted their options into options under this equity-settled plan. The remainder of the option holders have elected for a cash settlement. The Company paid in total Euro 13,000 net for this cash settlement.

(ii) Equity-settled plan

In October 2006, the Company set up the Avantium Option Plan which qualifies as an equity-settled plan. Eligible employees are offered options to purchase depositary receipts of ordinary shares in the Company.

In March 2007 57,471 options and in May 2007 261,264 options to acquire depositary receipts have been granted to management and certain other employees under the equity-settled Avantium Option Plan at an exercise price of Euro 0.76 per option. The total fair value of these options at the grant date is calculated at Euro 26,000 using the Binomial option valuation model. A share-based payment expense amounting Euro 7,000 has been recognized in the condensed income statement for half year 2007 based on the calculated fair value of the share options and their vesting periods. The adjustment to equity when recognizing an expense for the equity-settled Avantium Option Plan is recorded within 'other reserves'. The adjustment to equity when recognizing an exercised option for this equity-settled plan is recorded within 'retained earnings'.

The following granted options were exercised: 150,000 options in February 2007, 536,888 options in March 2007 and 79,029 in May 2007, which had all been granted under the equity-settled Avantium Option Plan. The movements in outstanding shares can be summarized as follows:

2007

	Number	Exercise price (in Euro)
Number of options outstanding January 1	1,091,954	0.76
Number of options granted	318,735	0.76
Number of options exercised	(765,917)	0.76
Number of options forfeited	-	-
Number expired	-	-
Number of options outstanding June 30	**644,772**	**0.76**

The fair value of options on grant date March 2007 and May 2007 under the equity-settled Avantium Option Plan is determined using the Binomial option valuation model. The significant inputs into this model were as follows:

	May 2007	**March 2007**
Share price (range)	0.34	0.28
Volatility	48%	48%
Risk free interest rate	4.13%	3.88%
Dividend yield	-	-
Option lives	5 years	5 years
Exit rate	20%	20%

In relation to the 765,917 exercised options for depositary receipts, ordinary shares were issued to the "Stichting Administratiekantoor Avantium, Amsterdam". As the "Stichting Administratiekantoor Avantium, Amsterdam" is consolidated by Avantium Holding B.V. , this transaction resulted in 765,917 shares held as treasury shares.

Strategic option plan
In June 2007 the shareholder that qualified for these share options to acquire ordinary shares exercised 172,414 options which had been granted on June 30, 2004 with an exercise price of Euro 1.00 per option.

9. Earnings per share

In 2007 the weighted average number of shares - basic has increased with 397,851 due to exercise of share options by management and one shareholder (refer to note 8). The options granted to management in 2007 do not have an impact on the diluted earnings per share calculation as the exercise price of the share options is higher than the estimated fair value of the underlying shares:

	Half year ended June 30	
	2007	**2006**
Basic earnings per share (Euro per share)	(0.23)	(0.04)
Diluted earnings per share (Euro per share)	(0.23)	(0.04)

During a Shareholder' meeting on July 6, 2007 a resolution was adopted to convert each non-ordinary share into an ordinary share (refer to note 19). The conversion of the non-ordinary shares into an ordinary share does not have an impact on the earnings per share – basic as these non-ordinary shares were already included in the basic earnings per share calculation.

10. Finance lease liabilities

The Group leases certain laboratory equipment by means of finance leases. The Group entered in 2007 into three new contracts. The term of these contracts is 5 years and the interest rates vary from 4% to 5%.

11. Provisions

The increase in provisions is mainly caused by an increase in the provision for loss making contracts. This provision relates to estimated costs from mainly one service contract. This provision is current (shorter than 1 year).

12. Other current liabilities

The increase in other current liabilities is mainly caused by accrued transaction costs related to the anticipated initial public offering. Furthermore the Company accrued higher expenses for payable bonuses and holiday days.

13. Expenses

The increase of research and development expenses is largely driven by the fact of hiring more full time equivalents (FTE's) in order to be able to execute the growth in revenues in Pharma and Chemicals. Furthermore the Company increased the activities in its two Development programs and therefore hired additional FTE's in order to execute on these programs. The Company strengthened its business team by hiring additional FTE's in Pharma and Chemicals resulting in higher sales and marketing expenses. The general and administrative expenses increased by transaction costs related to the anticipated Initial Public Offering.

14. Corporate income taxes

No tax charges or tax income have been recognized in 2007. In 2007 the Company significantly invested in the Development programs resulting in a loss making position in the first six months of 2007. The total amount of tax losses carried forward amounts to Euro 56,1 million as of June 30, 2007. This amount has not been capitalized, given management's assessment of probability of utilization.

15. Other material events

In February 2007 the Company signed a new lease agreement for its facilities in Amsterdam at the Zekeringstraat 29 and 31. The term of this agreement is 10 years and replaces the former lease agreement for the Zekeringstraat 29. The operating lease of the Zekeringstraat 29 and 31 commitments increased to Euro 6 million.

In June 2007 the Group agreed upon a banking facility with the ABN AMRO of Euro 4 million. Of the facility used per December 31, 2007 a maximum amount of Euro 2 million can be converted into a roll-over-loan with a maximum period of 5 years. No agreements to repay this amount in these 5 years have been made. The interest rate of the facility is 1 month Euribor + 1.75% per year. All assets, excluding the intangible fixed assets and the finance lease assets, are pledged to the ABN AMRO.

18. Other Contingencies

In the fourth quarter of 2006 we experienced a laboratory incident, fortunately without any personal injuries. All damages are covered by our insurance policy, but absent a final decision from the insurance company, all costs have been reflected in the reported EBITDA for 2006, without any recognition of any upside from our claim against the supplier, estimated by an independent damage expert up to Euro 1 million.

The Group has given a bank guarantee (”borg”) for a total amount of Euro 187,000 in relation to its lease agreement .

19. Events occurring after the balance sheet date

On June 21, 2007, the Company issued a notice calling an Extraordinary General Meeting of Shareholders, which was held on July 6, 2007. The purpose of the Extraordinary General Meeting of Shareholders was, amongst others, to consider and resolve in favor of an amendment to the Company’s articles of association and a conversion into a public company with limited liability, subject to completion of the Offering. The main objects, amongst others of the Deed of Amendment and Conversion are (i) conversion into a public company with limited liability, (ii) the restructuring of the share capital, by the abolition of all classes of non-ordinary shares and any rights related thereto, creation of a new class of preference shares and the redenomination of the ordinary shares, and (iii) updating the articles of association as a result of changes in the Dutch Civil Code and to comply with the Code.

During a General Meeting of Shareholders July 6, 2007, a resolution was adopted to convert each non-ordinary share (see Note 8) into an ordinary share. Each non-ordinary share furthermore entitles its holders to an adjustment of the number of ordinary shares to be received, subject to the pre-money valuation of the Company in view of the proposed IPO. The number of additional shares to be issued to the holders of non-ordinary shares can therefore only be established immediately prior to an IPO.

In the Extraordinary General Meeting of Shareholders, held on November 1, 2007, the shareholders declared a reverse share split of the Company’s ordinary shares at a 4:1 ratio. Each fractional share resulting from this reverse share split was increased to a full share and the nominal value of issued shares resulting from the reverse share split increased from €0.04 to €0.16 each, which shall be charged against the share premium reserve.

In July 2007, 7,601 options were exercised by three members of staff.

In August 2007 the Company received approval from the Dutch fiscal authorities to include Avantium Holding B.V. to the Avantium fiscal entity. In September 2007 the legal merger of Avantium International B.V. into Avantium Holding B.V. was executed.

Report on review of interim financial information for the six-months period ended June 30, 2007

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To the Directors of Avantium Holding B.V.

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended June 30, 2007, of Avantium Holding B.V., Amsterdam, which comprises the consolidated balance sheet as of June 30, 2007, the consolidated profit and loss account, statement of changes in equity and cash flow statement for the six-month period then ended and the selected notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting ('IAS 34'). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law, including Standard 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as of June 30, 2007 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Other matters – restriction of use

The condensed consolidated interim financial information for the six-month period ended June 30, 2007 and our review report thereon are intended solely for enclosure in the prospectus for the public offering and are not suitable for any other purpose.

Rotterdam, November 2, 2007
PricewaterhouseCoopers Accountants N.V.

J.A.D. van de Pavoordt RA

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