porthus®
BUSINESS WITHOUT BOUNDARIES

WWW.PORTHUS.COM

Offer to subscribe to up to € 7.5 million in New Shares with VVPR strips. Some shareholders have granted KBC Securities an Over-allotment Option for up to € 1.125 million in existing shares.

Admission to Alternext Brussels of all shares and VVPR strips of Porthus (including the shares to be issued and VVPR strips to be created following the exercise of the Warrants) is expected as from 7 November 2006.

Lead Manager & Bookrunner

KBC Securities

Co-Lead Manager

BANK DEGROOF

In collaboration with the Selling Agents

KBC Bank **CBC Banque**

The Offer is structured as a public offering in Belgium and a private placement to institutional investors in Belgium and Europe.

Warning :
An investment in shares of Porthus involves risks as explained in the section "Risk factors" in the beginning of this Prospectus.

Alternext Brussels is a market segment for which regulation is less strict than for Eurolist by Euronext Brussels, because it is not a regulated market in the sense of article 2, 3° of de law of August 2nd, 2002 regarding supervision of the financial sector and financial services. Issuers of financial instruments that are allowed to trading on Alternext Brussels are thus exempted from certain specific obligations that result from an admission to trading on a regulated market.

CONTENTS

SUMMARY

This summary does not purport to be complete and should be read as an introduction to the more detailed information appearing elsewhere in this Prospectus. It contains selected information about Porthus and the Offering. It does not include all the information that may be important to investors. This summary should be read together with, and is qualified in its entirety by, the more detailed information and the consolidated financial statements and notes thereto appearing elsewhere in this Prospectus. It should also be read together with the matters set forth under "Risk Factors". No civil liability will attach to the Company in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Any decision to invest in the Offered Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

1 BUSINESS SUMMARY

1.1 Porthus' profile

Porthus is an OnDemand IT solution provider, enabling organizations to manage their complex business processes across company boundaries. The Company leverages innovative technologies and solutions to enable its customers to interact and conduct business with their clients, employees, public authorities and business partners in a reliable, cost-effective and secure way.

In addition to its own developed applications, Porthus also offers third-party applications but only in the context of a project, not as a separate business. All its applications, centrally hosted and managed are directly accessible through the internet and offer users full flexibility because they can use the software "on demand". Furthermore, the Company also concludes maintenance agreements in relation with the above products and services.

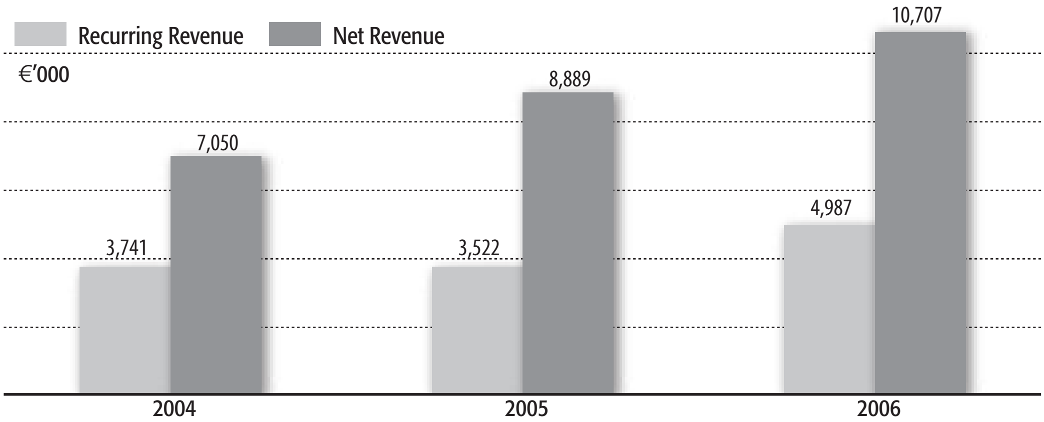
Since its inception in 1999, Porthus has focused on providing IT solutions based on internet technologies. Porthus evolved from a generic application services company to a B2B OnDemand solutions provider. The Company offers added value services and solutions in the following targeted industries in which Porthus has acquired considerable knowledge and experience: retail, telecom, utility, logistics and media.

Porthus delivers its B2B OnDemand solutions to over 500 companies, covering customer locations throughout Europe and beyond: Belgium, Luxembourg, the Netherlands, France and Slovakia as well as the Middle East. Porthus' customers mainly include large organizations and multinationals. The Company focuses on building strong, long-term relationships with its customers.

Porthus has shown consistent revenue growth with a contribution of recurring revenues currently representing about 45% of consolidated net revenues. Recurring revenue drives strong growth of the Company and provides strong visibility on future revenues. The scalability of Porthus' solutions will support an increase of operating margins, fuelling the profitable track record, which Porthus has already established over the past years. Today, Porthus generates over 10% of its consolidated revenues from customers outside of Belgium. The Porthus OnDemand services are used in most European countries (e.g. Retail B2B integration with all major retailers in the EU).

At 15 September 2006, Porthus engaged 109.7 full-time equivalents (including temporary staff) of which 24 full-time equivalents in Slovakia. The Company has offices in Belgium, has an operations center in Slovakia and has recently established a subsidiary in the Netherlands.

The graph below shows the consolidated net revenue growth 2004-2005-2006 (for the financial years ending June 30).



Porthus believes that it is well positioned and has the technology, solutions and operating strengths to continue profitable growth, with an avarage annual net revenue growth rate between 15% and 20% over the financial years 2007, 2008, 2009 (see Chapter VI, 6 'Outlook').

1.2 The Market for OnDemand solutions

Companies have become more and more dependent on sophisticated software applications to run their businesses but many organizations are not satisfied with the return on their investments. Deploying new business applications and keeping them up and running has taken them more effort, time and money than they had anticipated.

The advantages of an OnDemand solution are numerous and enable companies to focus on their core-business rather than managing applications. Software applications are hosted by the OnDemand solution provider and accessed by the customers over the web. By choosing an OnDemand solution, companies outsource the management of their complex business processes. The OnDemand solutions provider charges these customers per user or per transaction for the use of its infrastructure. In other words, the customer will pay for software services if and when they are actually used. The expense comes out of the operating budget, not the capital budget. Furthermore, an OnDemand solution eliminates the need for any additional IT infrastructure investments and it significantly increases application reliability, security and scalability. Instead of hiring high quality IT professionals to manage sophisticated applications, companies can rely on the specialists at their OnDemand solution provider. Companies rely on the OnDemand solution provider to guarantee backups and redundant datacenters.

Companies are clearly recognizing the value of outsourcing their software applications. IDC[1] found that worldwide spending on OnDemand solutions increased by 117% from 2003 to 2005, becoming a $5.5 billion market in 2005. From 2006 to 2009, IDC predicts the OnDemand market to grow at an annual compound rate of 21% until it reaches $10.7 billion in 2009.

A growing number of businesses exchange data and information across company boundaries, resulting in an increasing volume of transactions and messages in B2B environments. There is also a clear shift from manual to electronic messaging. In order to respond to this evolution, organizations

1 *Source: 'OnDemand – from niche to mainstream' by Merrill Lynch – 9 June 2006.*

are seeking more advanced B2B solutions, tailored and customized to meet their specific requirements. IBM, one of the OnDemand model pioneers and advocates, defines a B2B business as: '*An enterprise whose business processes – integrated end-to-end across the company and with key partners, suppliers and customers – can respond with speed to any customer demand, market opportunity or external threat.*' Because these interactions involve complex business processes and require high quality professionals, experienced in designing, developing, implementing, maintaining and managing such solutions, more and more businesses turn to OnDemand solutions providers to help them implement and manage these solutions.

1.3 Porthus' OnDemand Focus and Value Proposition

Porthus distinguishes various growth rates in different industries for OnDemand solutions. Two of the industries with the strongest growth potential are retail and logistics.

The retail and consumer packaged goods (CPG) industry is looking to further optimize its supply chain by maintaining clean and synchronized product information. According to a study of AT Kearney[2], more than $40 billion (3.5% of total retail sales) is lost each year, owing to supply chain inefficiencies. These financial implications push retailers and CPG majors to take data synchronization initiatives, the cornerstone of an effective supply chain capability. Porthus is further developing its Porthus.net retail offering to respond to this market evolution.

The management strongly believes that an increase of compliance regulations, such as EU laws and trade regulations will also drive Porthus' growth. Pursuant to the EU Regulation (EC2286/2003) companies in all 25 member states must implement an electronic customs' declaration system as from January 2007 and must be fully compliant by end 2011. Electronic customs declarations will, as a result, become standard practice. Accordingly, Porthus develops Porthus.net for Logistics, consisting of a number of modules enabling electronic import and export declarations. Porthus.net for Logistics is a complete Business Process Outsourcing (BPO) service that covers all requirements and certifications for each of the EU member states. Porthus currently runs a number of projects for some major clients with the goal to go 'life' in Belgium, the Netherlands and Germany during the second half of the financial year 2007. The Company firmly intends to expand the geographic scope of these projects.

Porthus believes that organizations are increasingly searching for one trusted partner to help them integrate their business strategy and implement a comprehensive solution. Furthermore, Porthus is convinced that companies are increasingly looking for B2B OnDemand solution providers that can leverage specific industry knowledge and have the experience to address these specific B2B requirements. Porthus is convinced that it has gathered the industry-specific knowledge and technological expertise to respond to the growing demand for sophisticated B2B OnDemand solutions. Porthus' OnDemand solutions are scalable and designed to meet an increase in volume. The Company's constant drive for operational excellence will further support scalability and a continued profitable growth.

Porthus believes that the following drivers offer the Company a competitive advantage:

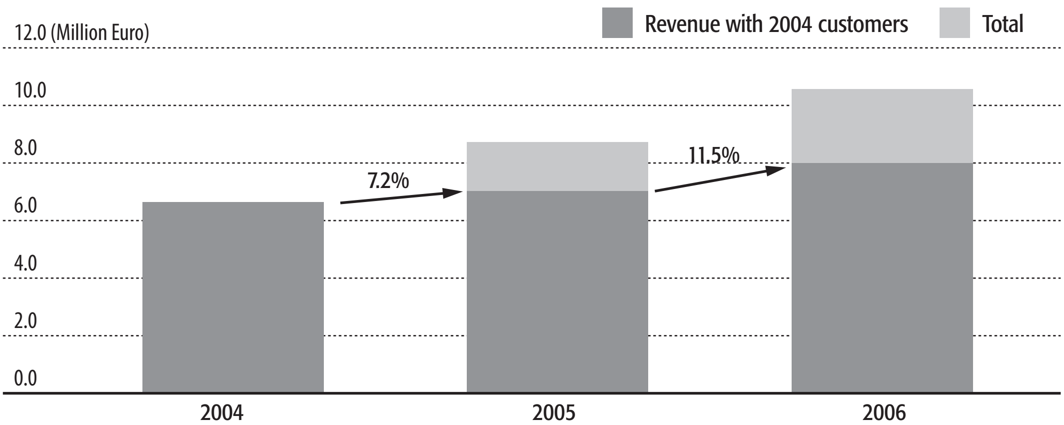
- **Industry Expertise**. The Porthus Professional Services team is organized to reflect the Company's focus on specific industries. Led by industry managers with a proven track record and long-term industry experience, the Company's industry focus in combination with the OnDemand model, forms the foundation for its business development efforts. Porthus sells its solutions, using its reputation of experience in these industries, supported by a customer list of organizations and case studies confirming Porthus' ability to deliver comprehensive solutions to meet similar requirements.

2 *'Action Plan to Accelerate Trading Partner Electronic Collaboration: Data Synchronization Proof of Concept—Case Studies From Leading Manufacturers and Retailers', 2003 - by AT Kearney.*

- **Integrated Solutions**. Porthus offers one-stop-shop solutions that cover Professional Services, the development of software components and Managed Services. Porthus will not only maintain and manage the systems and if necessary, fine-tune the solution to meet ever changing market conditions and requirements, but can also develop a strong, strategic plan, and will then help to implement it. The methodologies Porthus uses, its proven abilities in specific industries and a constant drive for operational excellence, enable Porthus to provide these solutions in an integrated manner.

- **Customer loyalty**. Porthus focuses on building long-term relationships with its customers. The Company strives to become the customer's partner-of-choice for OnDemand B2B solutions. Given the one-stop-solution approach and the multiple benefits this offers to the Porthus customer, the relationship is considered to be a long-term trusted partnership, rather than a common customer-supplier relationship. The graph below shows the revenue (excluding Reselling & other) evolution over the past 3 financial years. The illustration clearly indicates a strong customer loyalty by the fact that the revenues realized by all invoiced customers (customer portfolio) for the financial year 2004 increased in 2005 and was further expanded in 2006. The customer portfolio from 2004 still represents 75% of the total consolidated 2006 revenues (excluding Reselling & other).

Evolution of revenue (excl. reselling & other) on 2004 customer portfolio



1.4 Porthus, poised for growth

Porthus' goal is to expand its position as provider of OnDemand solutions in Belgium on an international level, in the key industries that Porthus targets: retail, telecom, utility, logistics and media.

To achieve this goal, Porthus will further strengthen its customer relationships, increase its customer base in the targeted industries by expanding geographically and investing in sales capacity to capture the increasing market opportunities. (See Chapter V, 2 'The Market').

The Company is confident about the growth potential of its business (See Chapter V, 2 'The Market'). Furthermore, visibility on the Company's recurring revenue is strong. At the end of June 2006 the order book (see Chapter VI, 3.2 'Sales') included contracts with a total consolidated net revenue value of € 14.2 Mio (excluding newly signed contracts for software and not taking into account any Professional Services, based on the assumption that the average remaining term of the contracts is 2.5 years).

2 CORPORATE GOVERNANCE

Upon completion of the Offering, the board of directors of the Company will consist of 6 members: 1 executive director, 2 non-executive directors and 3 independent directors.

The statutory auditor of the Company is BDO Atrio Bedrijfsrevisoren CVBA, represented by Koen De Brabander and Lieven Van Brussel.

The Company will adopt a corporate governance charter mainly in accordance with the recommendations set out in the Belgian Code for Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee after the Closing Date. In principle, the Company is not subject to this code, which only applies to companies listed on a regulated market. The Company's board of directors generally intends to comply with the Belgian Code for Corporate Governance. The Company's board of directors will review its corporate governance charter from time to time and make such changes, as it deems necessary and appropriate.

3 OFFERING SUMMARY

The Company	Porthus NV, issuer of the Offered Shares
Offering	The Offering is organized as follows : • A public offering in Belgium; and • A private placement to institutional investors in Belgium and Europe.
Offered Shares	Base offering to subscribe to up to € 7.5 million in New Shares. This base offering can be accrued with the Over-allotment Shares for up to € 1.125 million to cover any oversubscriptions. All Offered Shares are or will be issued in accordance with Belgian law and shall have the same rights as the other Shares of the Company. The Offered Shares shall entitle the holders to dividends, if any, for the financial year started on 1 July 2006 and subsequent financial years.
New Shares	Up to € 7.5 million in New Shares. The New Shares will be issued with VVPR strip. VVPR strips entitle certain of their holders to a reduced rate of Belgian withholding tax (15% rather than 25%) on dividends. The VVPR strips will be traded separately. The New Shares will be issued according to the decision of the EGM d.d. 12 October 2006. The maximum number of New Shares to be issued will be determined by dividing € 7.5 million by the Subscription Price. The maximum number of New Shares will be confirmed and published in the Belgian financial press together with the Subscription Price on 14 October 2006.
The Selling Shareholders	The Selling Shareholders will only offer shares in the Over-allotment Option. The group of Selling Shareholders is composed of the following limited liability companies organized under the laws of Belgium: Rendex NV, Rendex ICT NV (a company pending liquidation), and Mercator Verzekeringen NV.

Lead Manager & Bookrunner	KBC Securities NV, Havenlaan 12, 1080 Brussels.
Co-lead Manager	Bank Degroof NV, Nijverheidsstraat 44, 1040 Brussels.
Underwriters	The Lead Manager and the Co-lead Manager.
Over-allotment Option	The Lead Manager will be granted an Over-allotment Option, exercisable as of the Listing Date and until 30 days thereafter and corresponding to maximum 15% of the base offering, for the sole purpose of allowing the Lead Manager to cover over-allotments, if any. The maximum number of Over-allotment Shares will be published in the Belgian financial press together with the Subscription Price. Over-allotment can be done, whether or not the Offering is fully subscribed. The Over-allotment Shares will be existing shares that will be lent by the Selling Shareholders to the Lead Manager. The Over-allotment Shares will not have a separate VVPR strip.
Allocation	It is expected that approx. 70% of the Offered Shares will effectively be allocated to retail investors in Belgium. However, this proportion may be adapted according to the level of interest received from these investors. If the amount subscribed for substantially exceeds 70% or conversely, if the relative demand from institutional investors significantly exceeds that of retail investors this threshold can be reduced or increased. In allocating the Offered Shares, the Lead Manager will use reasonable efforts to ensure that New Shares with VVPR strips are delivered to individual persons residing in Belgium and to investors subject to Belgian tax on legal entities *(rechtspersonenbelasting/impôt des personnes morales)*, in this order of priority.
Offering Period	The Offering Period will begin on 16 October 2006 and is expected to close on 3 November 2006, subject to early or later closing. The Lead Manager reserves the right to close the Offering Period at an earlier or later date and time. Any early or later closure of the Offering Period will be announced in the Belgian financial press. The Offering Period will in any event be open for at least six banking days as from the availability of the Prospectus.
Subscription Price	The Subscription Price will be a single price in Euro that will apply to all investors, whether retail or institutional. The Lead Manager will determine the Subscription Price in common agreement with the Company. The Subscription Price will be published in the Belgian financial press on 14 October 2006.
Allocation Date	The Offered Shares will be allocated on the Allocation Date, which is expected to take place on 6 November 2006, subject to early or later closing.

Payment, settlement and delivery	The Offered Shares must be paid in full by the investor in Euro upon subscription. It is expected that the Offered Shares and VVPR strips will be allocated to the subscribers on or about 6 November 2006, subject to early or later closing. All Offered Shares and VVPR strips will be delivered through Euroclear Belgium, the book-entry facilities of the Belgian central securities depository, all in accordance with their normal settlement procedures applicable to equity securities.
Lock-up	The current shareholders, the holders of Warrants and the Company entered into a lock-up agreement with the Lead Manager for a period of 12 months from the Listing Date, subject to exceptions. These arrangements are further described in Chapter II, 5.12.2 'Lock-up arrangements'.
Use of proceeds	The Company intends to use the net proceeds of the Offering for research and development (40-45%), growth (40-45%) and debt repayment and working capital (10-20%). See further Chapter II, 1 'Purpose of the capital increase'.
Costs of remuneration and intermediaries	Assuming an Offering of € 7.5 million in New Shares and full exercise of the Over-allotment Option in the amount of maximum € 1.125 million, the aggregate costs of the Offering are estimated to be approximately € 932,910 or 10.8% of the amount of the Offering. These costs include legal, administrative, audit and other costs (€ 323,000), remuneration of the Belgian Banking, Finance and Insurance Commission (€ 5,230), Euronext Brussels (€ 6,000), legal publications, consultancy, marketing and printing costs (€ 167,230) and the Underwriters' fees amounting to € 388,125 representing 4.5% and excluding a discretionary fee of up to 0.5%.
Admission to Alternext Brussels	An application has been made for the admission to listing on Alternext Brussels of all Shares of the Company including: the existing shares, the shares to be issued upon exercise of existing warrants and for all New Shares and VVPR strips to be issued as a result of the Offering. Trading will commence on the Listing Date, expected on or about 7 November 2006, being the first trading day following the Allocation Date, but before the Closing Date. Prior to the delivery of the shares and VVPR strips, the Company's shares and VVPR strips will be traded on an "as-if-and-when issued" basis.
Security codes Company's shares	ISIN: BE0003854719
Security codes VVPR strips	ISIN: BE0005606778

Key dates	The following dates are all envisaged dates, barring any unforeseen circumstances and subject to early/later closing
14/10/2006	Publication date of the Subscription Price
16/10/2006	Start of the Offering Period
03/11/2006	Closing of the Offering Period
06/11/2006	Allocation Date
07/11/2006	Publication date of the results of the Offering
07/11/2006	Listing Date (admission to listing and start of trading)
10/11/2006	Closing Date (payment, settlement and delivery)

4 SELECTED KEY FINANCIALS ACCORDING TO IFRS

All financial information that is presented in this summary is based on audited and consolidated results for the Company on June 30th 2006, June 30th 2005, June 30th 2004.

Balance Sheet (in € '000)	2006	2005	2004
ASSETS			
Non-current assets	2,490	2,578	2,412
Current assets	6,154	3,852	3,309
Total assets	**8,644**	**6,430**	**5,721**
LIABILITIES			
Equity	2,185	1,942	1,752
Non-current liabilities	821	1,032	629
Current liabilitities	5,638	3,456	3,340
Total equity & liabilities	**8,644**	**6,430**	**5,721**

Profit & Loss (in € '000)	2006	2005	2004
Net revenue	**10,707**	**8,899**	**7,050**
Cost of sales	6,753	5,707	4,718
Gross profit	**3,954**	**3,192**	**2,332**
General & administrative, selling and R&D costs	3,707	2,937	2,350
Amortization of customer portfolio Tie Belgium	(102)	(101)	(60)
Consolidation goodwill			(47)
EBITA	**349**	**356**	**89**
Financial result	(86)	(86)	(62)
Net income (pre tax/armortization of customer portfolio Tie Belgium	**263**	**270**	**27**
Amortization of customer portfolio Tie Belgium	102	101	60
Consolidation goodwill			47
Tax expense	(55)	20	11
Profit of the year	**216**	**149**	**(91)**
EBITDA	**944**	**1,011**	**701**

Cashflow (in € '000)	2006	2005	2004
Cashflow from operating activities	1,170	(617)	1,572
Cashflow from investing activities	(171)	(297)	(969)
Cashflow from financing activities	(513)	(61)	(83)
Net increase (decrease) in cash and cash equivalents	**486**	**(975)**	**520**
cash and cash equivalents at beginning of year	586	1,561	1,041
cash and cash equivalents at end of year	**1,072**	**586**	**1,561**

5 FURTHER INFORMATION

5.1 Capital

At the Date of this Prospectus, the Company's share capital amounts to € 5,392,917.15 represented by 484,306 registered shares without par value, each representing an identical fraction of the Company's share capital. The capital is fully paid up.

5.2 Articles of Association

After the EGM, the articles of association of the Company will provide amongst others for specific rules relating to the management of the Company, its shareholders' meeting (including rules with respect to the right to attend and vote at shareholders' meetings), and the Company's winding up . The entering into force of certain of the provisions of the Company's articles of association is subject to the Closing.

5.3 Information available to the public

Documents disclosed in accordance with applicable laws are available for consultation at the registered office of the Company, Duwijckstraat 17, 2500 Lier, at telephone number +32 3 800 06 30 and/or on the Company's website at www.porthus.com.

RISK FACTORS

An investment in the Offered Shares involve substantial risks. Before deciding to purchase shares in the Offering, prospective investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The occurrence of one or more of the risks described below may have a material adverse effect on the Company's cash flows, results of operations and financial condition and endanger the Company's ability to continue as a going concern. Moreover, the Company's share price could fall significantly if any of these risks were to materialise, in which case the investor could lose all or part of his investment. The investor should note that the risks discussed below are not the only risks to which the Company is exposed. Additional risks and uncertainties, which are not currently known to the Company or which the Company currently believes are immaterial, could likewise impair its business operations and have a material adverse effect on the Company's cash flows, results of operations, financial condition, the Company's ability to continue as a going concern and the price of its shares. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's cash flows, results of operations and financial condition, the Company's ability to continue as a going concern or the price of its shares. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Prospectus. Investors should consider carefully whether an investment in the Offered Shares is suitable for them in light of the information contained in this Prospectus and their personal circumstances.

RISKS RELATED TO THE COMPANY'S BUSINESS

Risks related to the economic environment and corporate IT spending budgets

If overall demand for systems, software and services changes, whether due to general economic conditions or a shift in corporate buying patterns, sales performance could be impacted. Porthus' diverse portfolio of products and service offerings is designed to gain market share in strong and weak economic climates. The Company accomplishes this by not only having a mix of offerings with long-term cash and income streams as well as cyclical transaction-based sales, but also by continually developing competitive products and solutions and effectively managing a skilled resource base.

Risk related to technology evolutions and competition

Porthus' business environment is characterized by the evolution and convergence of technologies, complexity and high competition. Porthus competes with other companies based on several factors, including knowledge of these new technologies, completeness of product/solution/service offering, reputation, geographic presence, project execution skills, and pricing. For each vertical market, product, technology and service there are competing firms, some with resources greater than Porthus. In the highly competitive IT industry, with large diversified competitors as well as smaller and nimble single-technology competitors, Porthus' ability to continue its innovation is critical to maintain and increase market share. Porthus is managing this risk by more closely linking its R&D organization to industry-specific and client-specific needs. The Company's success depends on its ability to establish a competitive position with respect to all of these factors.

There can be no assurance that the Company's competitors will not succeed in developing solutions that are less costly or more effective than those developed by Porthus, or that customers will not prefer solutions, technologies or products offered by Porthus' competitors.

Risk related to market growth in the vertical industries in which Porthus operates

A considerable part of the Company's future growth will depend on its success to develop a strong position in the markets for customs affairs applications and retail data synchronization. Operating processes in customs affairs and retail data synchronization are regulated by governmental institutions. The development of the market for customs applications, retail data synchronization and Porthus' position in these respective markets will thus be dependent on regulatory changes. As a result of unfavorable regulatory decisions, Porthus might fail to realize its business plan as currently projected.

Risk inherent in the government contracting process following the significant and increasing exposure to government clients

Part of the Porthus' revenue originates from government clients, which results in an exposure to various risks inherent in the government contracting process. These risks include, but are not limited to:

- the right, at any time, to change the scope of or terminate these projects at their convenience unilaterally;
- the number and terms of new government contracts signed can be affected significantly by political and economic factors such as pending elections and revisions to governmental tax policies.

The impact of the risks described above could affect both the business with the particular government agency involved, but also other agencies of the same or other governmental entities. Depending on the size of the project, penalties or negative publicity involved, any of these occurrences may have a material adverse effect on the business of the Company and its operating results.

While acknowledging the existence of these risks, certain of these contracts, such as the FIPA project (see Chapter V, 5.2.2 'FIPA-project'), could also be valued as an investment in acquiring know-how in new innovative solutions allowing Porthus to strengthen its position as a top OnDemand solutions provider.

Over the last three financial years, the consolidated sales (excluding reselling) from government clients evolved as follows: in 2004 : € 1,607 K (24.3% of total consolidated sales), in 2005 : € 1,750 K (20.6% of total consolidated sales) and in 2006 : € 1,636 K (15.6% of total consolidated sales). The Company has not experienced any significant payment difficulties for these contracts.

Risk related to regulatory developments

The number and terms of new government contracts signed may be negatively influenced by a change in the applicable regulatory framework, and in particular in relation to revisions to governmental tax policies. The success of Porthus' business model and the resulting growth profile is partially dependent on maintaining and expanding the revenue contribution from government clients.

Risk related to the partially project-driven nature of Porthus' business model

Part of the business is project-driven, which leads to uncertainties related to recurrence and growth of Porthus' revenues and results. The success of Porthus' business model and the resulting growth profile will be dependent upon the Company's ability to win new projects or renew existing projects. Currently, Porthus realizes approximately 75% of its recurring revenues with a limited number of customers. In 2004, Porthus realized € 2,806K or 39.8% of net revenues with 10 customers. In 2005, € 2,806K or 31.5% of net revenues were realized with 14 customers and in 2006, 10 customers were responsible for € 3,720K or 34.7% of net revenues. Revenues might decrease considerably if the Company does not manage to renew contracts with these customers. On the other hand, contracts with these key customers are typically long-term which results in a stable base of recurring revenue in the long run.

Risk related to attracting and retaining good staff

Given the complexity and high degree of specialization of its activities, Porthus needs highly trained staff with in-depth technological and market knowledge. Porthus operates in a competitive employment market. Porthus' success will continue to depend in part on the management team and other key personnel. Although Porthus believes that it will be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so.

Risk related to the protection of confidential information

In connection with its activities, the Company routinely handles confidential information belonging to third parties. Although its activities or certain employees have been accredited with the principal certifications available from industry organisations and bodies such as ITIL (IT Information Library Certified), the Company cannot guarantee that it will be able to prevent every attempt, internal or external, to breach its security systems and misappropriate and fraudulently use confidential data. If this were to occur, even if its activities met all of the security standards and criteria adopted by the industry, the Company could be forced to defend itself against claims that it is liable for failure to protect confidential information adequately. Such a defence might be time-consuming and costly. Customers and third parties could also attempt to seek compensation from the Company. Finally, a breach of security systems could also adversely affect the Company's reputation.

Risk related to the delivery of products and services / communication

Porthus' offered solutions include the assurance of communication between the Company's client and other third parties, e.g. customs affairs, suppliers, … In some of these relationships it concerns client-critical communications. Although its sales and services agreements typically contain provisions to limit its exposure to product and service liability claims, certain laws or unfavourable judicial decisions could limit the effectiveness of these limitations of liability provisions. The Company also has product and service liability insurance that it believes is consistent with industry practice but it cannot guarantee that its present insurance coverage is sufficient to meet a product liability claim against the Company or that it will be able to obtain or maintain insurance on acceptable terms or at appropriate levels in the future.

Risk related to protection of proprietary rights

The Company's success will depend in part on the ability of the Company and its licensees to obtain, maintain and enforce its intellectual property rights. The Company cannot guarantee that it or its licensors will be able to obtain or maintain these proprietary rights against third-party challenges to their validity, scope and enforceability. Moreover, the Company may have no or limited control over the effectiveness of its licensors in preventing the misappropriation of their intellectual property.

The enforcement of intellectual property rights is costly, time consuming and highly uncertain. The Company cannot guarantee that it will be successful in preventing the misappropriation of its intellectual property rights and those of its licensors, and failure to do so could significantly impair the ability of the Company to effectively compete.

As of the Date of this Prospectus and as far as the Company is aware, its intellectual property has not been challenged or misappropriated.

Risk related to infringement of proprietary rights

The Company's success will depend in part on its ability to operate without infringing on or misappropriating the proprietary rights of others. The Company cannot guarantee that its activities, or those of its licensors, will not infringe on the intellectual property rights owned by others. The Company may expend significant time and effort and may incur substantial costs in litigation if it is required to defend against suits brought against the Company or its licensors regardless of whether the claims have any merit. Additionally, the

Company cannot predict whether it or its licensors will be successful in any litigation. If the Company or its licensors are found to infringe on the intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position. The Company may also be required to cease development, use or sale of relevant product or process or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all.

Risk related to acquisitions and alliances

The Company has made and expects to continue to make acquisitions or enter into alliances from time to time. Acquisitions and alliances present significant challenges and risks relating to the integration of the business into the Company, and there can be no assurances that the Company will manage acquisitions and alliances successfully. The related risks include, amongst others, the Company failing to achieve objectives and anticipated revenue improvements and cost savings, as well as the failure to retain key personnel of the acquired business and the assumption of liabilities related to the acquired business.

Risk related to subcontracting to third parties

On certain large and complex engagements, the Company might choose to partner with third parties. If these parties cannot comply with their contractual obligations, or fail to deliver their contributions on time or at all, Porthus' ability to perform may be adversely affected, which could have a material adverse effect on its business, revenues, profitability or cash flow. The Company may not be able to maintain or renew its existing arrangements with third parties on terms acceptable to the Company or at all. In addition, the Company's reliance on third parties poses additional risks, which include (i) non-compliance by third parties with regulatory or quality control standards, (ii) breach by third parties and/or customers of the Company's agreements with them, and (iii) termination or no renewal of agreements with third parties for reasons that are beyond the Company's control. Some engagements are complex and may require unique structures and alliances. Porthus will continue to manage liabilities or risks on such engagements through rigorous transaction review, but it expects that clients may increasingly demand that the Company assumes certain additional contractual obligations and potential, but reimbursable, liabilities for the performance of its business partners, whom it does not control.

Risk related to variability of revenues, operating results and profitability from quarter to quarter

Revenues, operating results and profitability will vary between quarters, which may result in a relatively high volatility of the share price. This volatility is caused by, amongst others, seasonality in working days due to holidays and summer vacations, periodic differences between estimated and actual business levels of Porthus' customers, the ability to transfer employees quickly from completed projects to new engagements and changes in pricing policies or those of competitors.

Risk related to operating profitability

The profit margin, therefore the profitability, is largely a function of the rates Porthus is able to recover for its services and the utilization rate, or chargeability, of its professionals. Accordingly, if the Company is not able to maintain the pricing for its services or an appropriate utilization rate for its professionals, the profit margin and profitability of Porthus will suffer. The rates Porthus is able to recover for its services are affected by a number of factors, including, but not limited to the client's perceptions of Porthus' ability to add value through its services, competition, pricing policies of competitors and general economic and political conditions. The utilization rates are also affected by a number of factors, including but not limited to seasonal trends, Porthus' ability to transition employees from completed projects to new engagements, the ability to forecast demand for its services and thereby maintain an appropriated headcount.

As Porthus executes its strategies for growth, the Company may not be able to manage significantly larger and more diverse workforces, control costs or improve its efficiency. In order to minimize these risks, Porthus aims for the maximum scalability of its services platform.

Dividends

The payment of dividends in the future will depend, among other things, upon the Company's earnings, capital requirements, including a legally required reserve, and its operating and financial condition. The Company has not paid any dividends and does not expect to pay dividends on the shares in the foreseeable future.

Furthermore, the Company's general reserve must be sufficient for any dividend payment. There can be no assurance that the Company will generate sufficient earnings to allow it to pay dividends, and if the Company does, the shareholders' meeting of the Company may elect to reinvest instead of paying dividends. See also Chapter II, 5.8.2 'Dividend policy' and 8.2 'Tax on Dividends'.

Also, the issue of New Shares in the framework of the Offering and listing will entail a dilution of the present shareholders. Possible further issues of shares may also entail additional dilution. Such dilution may have an impact on the amount of dividends, if any, per share.

Risk related to currency fluctuations

The Company is subject to risks of currency exchange to the extent that some of its revenues are received in currencies other than the currencies of the Company's related costs. Currency fluctuations between the Euro and the other currencies in which the Company does business could cause foreign currency transaction gains and losses. The Company cannot predict the effects of exchange rate fluctuations on its future operating results because of the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates. In addition, it is subject to the legal and administrative practices related to foreign exchange in the countries outside the Euro zone where it operates, which could change. Given its mainly European focus, Porthus' sensitivity to currency fluctuations is limited.

RISKS RELATED TO THE OFFERING

Risks related to a listing on Alternext Brussels

Alternext Brussels is a market segment organized by Euronext Brussels for which regulation is less strict than for Eurolist by Euronext Brussels as it is not a regulated market in the sense of article 2, 3° of de law of August 2nd, 2002 regarding supervision of the financial sector and financial services and consequently is not included in the list established by the European Commission pursuant to the directive on investment services. Issuers of financial instruments that are allowed to trading on Alternext Brussels are thus exempted from the specific obligations that result from an admission to trading on a regulated market.

The main risks related to an introduction to Alternext Brussels are the following:

- the only accounting obligations to which companies trading on Alternext Brussels are subject are those inherent to the legal company form and this in accordance with the provisions resulting from accounting law and company law;
- there is no minimum free float for companies trading on Alternext Brussels;
- the lack of liquidity, transparency and visibility of Alternext Brussels may prevent investors to invest in the Company's shares, especially because Alternext Brussels is a market that has been established only very recently in Belgium on which only a few companies are trading. Porthus is one of the first companies to request an admission to trading on Alternext Brussels. It cannot be guaranteed that enough companies will request admission to trading in order to assure the continuity of the market. Investors might, amongst others, experience difficulties to sell large quantities of stock as there might not be a counterparty

to sell the stocks to. The way the stock price of the Shares of the Company is established (multilateral order matching in a central order book or bilateral order matching with the interests of a market maker) may further contribute to the lack of visibility on Alternext Brussels;

- volatility of the stock price might present a risk, although the stock price is legally bound to the regulatory limits of + or – 10% on the continuous segment (or 20% on the segment of the single fixing) compared to the previous trading day;
- disclosure requirements for companies trading on a regulated market are not applicable, even though the rules of Alternext Brussels impose requirements on the issuer to disclose when any individual or entity, alone or in concert with others exceeds or falls below a participation threshold of 25%, 50%, 75% or 95% of the capital of the voting rights and this within five trading days after the day it is has become aware of this, and if the Company has decided to apply these rules by including provisions to this effect in its articles of association and applies a participation threshold of 3%, 5% and multiples thereof.

Companies that are trading on Alternext Brussels are imposed to publish periodical and occasional information in the sense of the Royal Decree of March 31st, 2003 regarding the obligation for issuers of financial instruments that are admitted to trading on a Belgian regulated market. Also the obligations in the sense of the royal decree of November 8th, 1989 with regard to public takeover bids and change of control are applicable. Finally, investors guilty of insider trading and price manipulation are criminally prosecuted by Alternext Brussels.

However, pursuant to the Royal Decree of 22 March 2006 and the rules of Alternext Brussels, the companies allowed to trading on Alternext Brussels are subject to the provisions of the law of 2 August 2002 on the supervision of the financial sector and financial services in relation to market abuse, insider trading and stock manipulation (criminal and administrative part). They are also subject to the obligation to issue a prospectus in accordance with the law of 16 June 2006 in relation to the public offering of securities and the admission of securities to trading on a regulated market.

Finally, the companies are, in accordance with the rules of Alternext, subject to the obligation to publish periodical and occasional information as stipulated by the Royal Decree of 31 March 2003 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market. Pursuant to the above mentioned provisions, the companies allowed to trading on Alternext Brussels are obliged to:

- The publication of their annual report, including the financial annual accounts, consolidated as the case may be, and verified by the auditor of the Company, and of a management report, within four months after the closing of their financial year. Subject to deviation admitted by Euronext Brussels, motivated with regard to the nature and the size of the subsidiary, the issuers which have subsidiaries must draft and publish consolidated accounts.
- The publication, within three months after the close of the financial year, of an annual report, and within three months after the ending of the second quarter, of a report in relation to the first six months of the annual year.
- The publication of precise information which was not made public and which, directly or indirectly, concerns one or more issuers of financial instruments, or one or more financial instruments, and that, if it would become public, could have a substantial influence on the stock price of the relevant financial instruments or the stock price of deduced financial instruments which are connected thereto. An issuer may, at his own responsibility, postpone the publication of this information in order not to damage his legitimate interests, provided that the concealing of this information does not risk to manipulate the public, and that the issuer is able to guarantee the confidentiality of the relevant information.
- The publication of every change in the conditions, rights or guarantees related to the different categories of shares (if any).
- The publication of the excession (below or above) by every person acting alone or in concert, of a participation threshold of 25 %, 50 %, 75 % or 95 % of the capital or the voting rights, and this within five trading days following the day on which he was informed.

- The immediate online publication of the convocation of the general shareholders' meeting and of all documents provided to the shareholders.
- The publication of all information relating to the rights attached to the possession of the shares.
- The notification to Euronext Brussels of the following transactions at least three trading days prior to the start of such transactions: the scission of the inscription, allotment or allocation right, the cutting of dividends and coupons, the opening of an option period for the payment of the dividend in securities or in cash, procedure for exchange of securities with unusual coupons or with change of the value code, contractual repayment of debentures, regrouping or splitting of securities.

A proposal of law currently discussed in Parliament, intends to amend article 15 of the Law of 2 August 2002 to give the King the authority to establish by Royal Decree the specific rules with regard to the information and the control over companies admitted to trading on Alternext Brussels.

Absence of liquid public market

Prior to the Offering, there has been no public market for the Shares of the Company and VVPR strips and an active public market for the shares and VVPR strips may not develop or be sustained after the Offering. The Subscription Price of the Offered Shares may not be indicative of future market prices, which may fall below the Subscription Price. Factors that may be relevant for the after-market:

- market conditions in effect at the time of the Offering;
- the number of shares requested, the size of the orders received, the quality of the investors;
- the Company's future prospects and its industry's future prospects;
- the Company's sales, earnings and other financial and operating information in recent periods; and
- the price-earnings ratios, price-sales ratios, market prices of securities and financial and operating information of companies engaged in similar activities.

Use of proceeds

The Company's board of directors and management will have significant flexibility and broad discretion to allocate and use the net proceeds of this Offering. If the proceeds are not wisely allocated it could harm the Company's ability to carry out its business plan and may result in financial losses that could have a material adverse affect on the Shares of the Company in the foreseeable future. The Company intends to use the net proceeds of the Offering for research and development, geographical expansion, acquisitions if and when they present themselves, and working capital and debt repayment (see Chapter II, 1 'Purpose of the capital increase'). The Company's board of directors and management will determine, in their sole discretion and without the need for shareholders' approval, the amounts and timing of the Company's actual expenditures which will depend upon numerous factors, including the status of eventual acquisition opportunities if and when they present themselves, new or changed governmental regulations and commercialisation efforts, if at all, the amount of proceeds actually raised in the Offering. The Company constantly evaluates opportunities to acquire businesses and technologies that it believes are complementary to its business activities. The Company has not determined the amounts it plans to spend on any of the areas listed above or the timing of these expenditures.

Future dilution

The dilution resulting from the exercise of outstanding Warrants could adversely affect the price of the shares. See also Chapter III, 5 'Warrant plans'. In addition, the Company may decide to raise capital in the future through public or private (convertible) debt or equity securities, or rights to acquire these securities, and exclude or limit the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for its existing shareholders.

Volatility of the share price

Numerous factors, in addition to other risk factors described in this Prospectus, may have a significant impact on the market price and volatility of the offered shares:

- announcements of new contracts, technological innovations, new commercial products or collaborations by Porthus' competitors or Porthus itself;
- developments concerning proprietary rights, including patents;
- regulatory developments in Europe, the United States of America and other countries;
- litigation; or
- economic, monetary and other external factors.

The current restrictions on transfers of shares as described below in Chapter II, 5.12.2 'Lock-up arrangements', aims to avoid sudden, unorganised sales of large numbers of the Company's shares by existing shareholders during a term following the first trading day. However, no guarantee can be given that no large, unorganised transfer of shares will occur, which could have an adverse effect on the Company's share price.

Risk related to "as if-and-when-issued" trading

As of the Listing Date until the envisaged Closing Date, the Company's shares will be listed and traded on Alternext Brussels on an "if-and-when-issued and delivered" basis. If the Offered Shares and VVPR strips are not issued and delivered on the envisaged Closing Date, Alternext Brussels may annul all transactions effected in the Company's shares and VVPR strips.

Investors that wish to enter into transactions in the Company's shares and/or VVPR strips prior to the Closing, whether such transactions are effected on Alternext Brussels or otherwise, should be aware that the Closing may not take place on 10 November 2006, or that it may not take place at all, if certain conditions or events are not satisfied, are waived or do not occur on or prior to such date. Such conditions include the receipt of company certificates or company certificates or officers' certificates and legal opinions and such events include the suspension of trading on Alternext Brussels or a material adverse change in the Company's financial condition or business affairs or in the financial markets.

Alternext has indicated that it will annul all transactions effected in the Company's shares if the Closing has not taken place on the envisaged Closing Date. Alternext Brussels has indicated that it cannot be held liable for any damage arising from the listing and trading on an "as if-and-when-issued" basis as of the Listing Date until the envisaged Closing Date.

Significant shareholders

Following Closing and listing of the Shares of the Company, the Company will have a number of significant shareholders. For an overview of the Company's current significant shareholders before and after completion of the Offering, reference is made to Chapter III, 6 'Shareholders'.

If shareholders were to combine their voting rights, they could have the ability to elect or dismiss directors, and, depending on how broad the Company's other shares are held, approve certain other shareholders' resolutions that require more than 50 per cent or 75 per cent of the Company's outstanding votes that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Alternatively, to the extent that these shareholders have insufficient votes to impose certain shareholders' resolutions, they could have the ability to block proposed shareholders' resolutions that require more than 50 per cent or 75 per cent of the Company's outstanding votes that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Any such voting by these significant shareholders may not be in the interest of the Company or the other shareholders of the Company.

The articles of association of the Company shall however include nomination rights which shall allow certain shareholders to appoint (one or more) directors as long as they hold a specific percentage of the Company's shares (see Chapter IV, 2.1 'General Provisions').

The extraordinary shareholders' meeting of the Company shall further authorise the board of directors to increase the Company's share capital in one or more transactions by a maximum amount which will equal the Company's capital after Closing, including the authorisation to the board of directors to do so in the event of a public take-over bid in accordance with article 607 of the Belgian Company Code (see Chapter III, 4.4.5 'Changes to the share capital').

Consequently, there are several mechanisms to prevent or counter a public take-over bid, including but not limited to the nomination rights in the board of directors, the authorisation to the board of directors to increase the company's capital through its authorised capital (see above) and a lock-up agreement between shareholders (see Chapter II, 5.12.2 'Lock-up arrangements').

Ordinary shares eligible for future sale

Sales in the public market could adversely affect the market price of the shares. Pursuant to the lock-up provisions described in Chapter II, 5.12.2 'Lock-up arrangements', the Shares of the Company prior to the Offering will be restricted from selling during a period of 12 months, subject to certain exceptions. After this period, the market price could be adversely affected if the existing shareholders sell a substantial part of their shares on the market.

DISCLAIMERS AND NOTICES

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Offered Shares. It contains selected and summarised information, does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied towards anyone other than a potential investor. It cannot be used except in connection with the Offering. The content of this Prospectus is not to be construed as an interpretation of the rights and obligations of Porthus, of the market practices or of contracts entered into by Porthus.

No representation

No dealer, sales person or other person has been authorised to give any information or to make any representation in connection with the Offering and listing of the Shares of the Company that is not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised or acknowledged by Porthus or KBC Securities and Bank Degroof.

Statements made in this Prospectus are valid on the Date of this Prospectus. The delivery of this Prospectus or the completion of the Offering and listing will not imply under any circumstance that there have been no changes in the affairs or financial situation of Porthus since the Date of this Prospectus, or that material information contained in this document is correct after the Date of this Prospectus. In accordance with Belgian law, if a significant new fact occurs between the Date of this Prospectus and the completion of the Offering that could affect investors' assessment of the Offered Shares, this new fact will need to be mentioned in an addendum to this Prospectus. The addendum shall be subject to approval by the Belgian Banking, Finance and Insurance Commission (*Commissie voor het Bank-, Financie- en Assurantiewezen / Commission Bancaire, Financière et des Assurances*) (BFIC) in the same manner as the Prospectus and shall be made public as shall be determined by the BFIC.

Decision to invest

In making an investment decision regarding the shares offered herein, potential investors must rely on their own examination of Porthus and the terms of the Offering, including the risks and merits involved. Any summary or description set forth in this Prospectus of legal provisions, corporate structurings or contractual relationships is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions or relationships. In case of any doubt relating to the contents or the meaning of the information contained in this document, prospective investors should consult an authorised or professional person specialized in advice on the acquisition of financial instruments. The shares have not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere.

Certain restrictions on the Offering and the distribution of this Prospectus

The Offering and the distribution of this Prospectus may be restricted by law in certain jurisdictions outside Belgium. Porthus does not represent that this Prospectus may be lawfully distributed in jurisdictions outside Belgium or that the shares may be lawfully offered in compliance with any applicable registration or other requirements in jurisdictions outside Belgium, or pursuant to any exemption available thereunder. Porthus does not assume any responsibility for such distribution or offering. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertising or other offering materials may be distributed or published in any jurisdiction outside Belgium, except in circumstances that will result in compliance with any applicable laws and regulations. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the shares of Porthus to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Persons in whose possession this Prospectus or any of the shares come, must inform themselves about, and observe, any such restrictions.

The shares offered herein have not been and will not be registered under the Securities Act of the United States of America. Subject to certain exceptions, the shares may not be offered, sold or delivered in the United States of America, or to, for the account or benefit of, US persons, except in certain transactions exempt from the registration requirements of the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S. The Offered Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offered Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the US.

Porthus, the Lead Manager and the Co-lead Manager have not authorised any offer of the shares to the public in the United Kingdom within the meaning of the Financial Services and Markets Act 2000 (**FSMA**) such that an approved Prospectus would be required to be made available under Section 85 of FSMA. The Offered Shares shall not be offered or sold to persons in the United Kingdom, except to persons who fall within the definition of qualified investor as that term is defined in Section 86(1) of FSMA or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom in respect of which an approved prospectus is required to be made available under Section 85 of FSMA. The Lead Manager and the Co-lead Manager should only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of any shares in circumstances in which Section 21(1) of FSMA would not apply. The Lead Manager and the Co-lead Manager should comply with all applicable provisions of FSMA with respect to anything done by them in relation to the shares in, from or otherwise involving the United Kingdom.

Neither this Prospectus nor any other material relating to the Offering has been submitted for clearance by the *Autorité des marchés financiers* in France. The Offered Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

The Offered Shares have not been and will not be registered under the Securities and Exchange Law of Japan. Accordingly, no person may offer or sell, directly or indirectly, any Offered Shares in Japan, to, or for the benefit of, any resident of Japan, including any corporation or other entity organized under the laws of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan, except (a) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (b) in compliance with any other applicable requirements of Japanese law.

The Offered Shares may not be offered, sold, transferred or delivered in or from the Netherlands, as part of their initial distribution or as part of any re-offering, and neither this Prospectus nor any other documents or materials relating to the Offering or the Offered Shares may be distributed in or from the Netherlands, other than to individuals or legal entities that trade or invest in securities in the conduct of their profession or trade (which include banks, investment institutions, securities intermediaries, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), in which case, it must be made clear, upon making the offer and from any documents or advertisements in which a forthcoming offering of the Offered Shares is publicly announced, that the Offering is exclusively made to said individuals or legal entities.

It is the responsibility of any person not resident in Belgium who wishes to take part in this Offering to ascertain that the legislation applicable in his or her country of residence is complied with, and that all other formalities that may be required are fulfilled, including the payment of all costs and levies.

Forward-looking information

This Prospectus contains forward-looking statements and estimates made by the management of Porthus with respect to the anticipated future performance of Porthus and the market in which it operates. Certain of these statements and estimates can be recognized by the use of words such as, without limitation, "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will" and "continue" and similar expressions. Such statements and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Actual events are difficult to predict and may depend upon factors that are beyond the Company's control. Therefore, actual results, the financial condition, performance or achievements of Porthus, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements and estimates. Factors that might cause such a difference include, but are not limited to those discussed in the section "Risk Factors". Given these uncertainties, no representations are made as to the accuracy or fairness of such forward-looking statements and estimates. Furthermore, forward-looking statements and estimates only speak as of the Date of this Prospectus. Porthus disclaims any obligation to update any such forward-looking statement or estimates to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement or estimate is based, except to the extent required by Belgian law.

Industry data, market share, ranking and other data

Unless indicated otherwise in this Prospectus, market share data, ranking and other data contained in this Prospectus are based on independent industry publications, on reports by market research firms and on other independent sources or on the Company's management's own estimates, believed by management to be reasonable. The Company, the Lead Manager and co-lead manager and their respective advisors have not independently verified this information. Furthermore, market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market information. As a result, prospective investors should be aware that the Company cannot guarantee that market share, ranking and other similar data in this Prospectus, and estimates and beliefs based on such data, are correct.

Rounding of financial and statistical information

Certain financial and statistical information in this Prospectus have been subject to rounding adjustments and to currency conversion adjustments. Accordingly, the sum of certain data may not be equal to the expressed total.

The articles of association

After the EGM, the articles of association of the Company will provide amongst others for specific rules relating to the management of the Company, its shareholders' meeting (including rules with respect to the right to attend and vote at shareholders' meetings), and the Company's winding-up (see Chapter III, 4.4 'Description of rights and benefits attached to the Shares of the Company'). The entering into force of certain of the provisions of the Company's articles of associations is subject to the Closing of the Offering.

CHAPTER I:

GENERAL INFORMATION AND INFORMATION CONCERNING RESPONSIBILITY FOR THE PROSPECTUS AND FOR AUDITING THE ACCOUNTS

1 RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

Porthus, having its registered office at Duwijckstraat 17, 2500 Lier and represented by its board of directors, takes responsibility for the contents of this Prospectus. The board of directors declares that, after taking all reasonable measures to guarantee the following and to the best of its knowledge, the information contained in this Prospectus is in accordance with reality, and that there is no omission of any information that would make any statement herein misleading.

Luc Burgelman	Peter Hinssen
Chief Executive Officer	Chairman

2 RESPONSIBILITY FOR AUDITING THE ACCOUNTS

The consolidated financial statements of Porthus NV and subsidiaries for the fiscal years that have ended as at 30 June 2006, 2005 and 2004 have been prepared in accordance with International Financial Reporting Standards as adopted in the EU. The Company has decided to adopt IFRS for the preparation of its consolidated financial statements to allow for comparison with other international competitors and to increase transparency of its financial information towards its stakeholders.

Those consolidated financial statements have been audited by BDO Atrio Bedrijfsrevisoren, Guldensporenpark 14 (Blok B), 9820 Merelbeke (Belgium) represented by Mr. Koen De Brabander and Lieven Van Brussel who has delivered unqualified opinions thereon (see Chapter VII, 3 'Statutory auditor's report on the consolidated accounts'). BDO Atrio Bedrijfsrevisoren is an independent public accounting firm, registered with the Public Company Accounting Oversight Board and member of the "Instituut der Bedrijfsrevisoren" in Belgium.

The statutory financial statements of Porthus NV for the fiscal years that have ended as at 30 June 2004, 2005 and 2006 have been prepared in accordance with Belgian GAAP and have been audited by the above mentioned auditor who has delivered unqualified opinions thereon. BDO Atrio Bedrijfsrevisoren has been elected as statutory auditor for a term of three years ending immediately after the closing of the annual shareholders' meeting that will deliberate and resolve on the financial statements for the financial year ended on 30th June 2006.

3 APPROVAL OF THE PROSPECTUS

On 10 October 2006, the Banking, Finance and Insurance Commission has approved this Prospectus written in English in accordance with article 23 of the Belgian Act of June 16, 2006. This approval does not imply any judgment on the merits or the quality of the Offering, the Offered Shares or the Company.

This Prospectus has been translated into Dutch. Porthus has verified the consistency between the Dutch and English versions of the Prospectus and assumes responsibility for the translation. In connection with the public offering in Belgium, both the English and Dutch version of the Prospectus are legally binding.

The Offering and this Prospectus have not been submitted for approval to any supervisory body or governmental authority outside Belgium.

4 LEGAL PUBLICATIONS

All publications with regard to the Offering described in this Prospectus, will be made in the Belgian financial press.

5 AVAILABLE INFORMATION

5.1 Prospectus

The Prospectus is available in English and Dutch. This Prospectus will be made available to investors at no cost at the registered office of Porthus and at the counters of the Lead Manager, KBC Securities, the Co-lead Manager, Bank Degroof and at the KBC Telecenter at telephone number 03-283 29 70 or at Bank Degroof at telephone number 02-287 97 55 or at CBC Banque Infoservice at telephone number 0800 920 20.

Subject to certain conditions, this Prospectus is also available on the internet at the following websites: www.kbcsecurities.be, www.degroof.be and www.kbc.be. Posting this Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. This electronic version may not be copied, made available or printed for distribution. Other information on the website of Porthus or any other website does not form part of this Prospectus.

5.2 Publications with regard to the Offering

The publication of this Prospectus, the terms and conditions of the Offering and the result of the Offering including Subscription Price and allocation, will be published in the Belgian financial press as described hereafter.

5.3 Company documents

Porthus must file its articles of association, all other documents that are to be published in the annexes to the Belgian Official Gazette and all special reports and documents which the Company must deposit in accordance with the Belgian Company Code, with the clerk's office of the Commercial Court of Mechelen (Belgium), where they are available to the public. A copy of the articles of association and all special reports and documents which the Company must deposit in accordance with the Belgian company code with the clerk's office of the Commercial Court of Mechelen (Belgium) are also available on the Company's website.

In accordance with Belgian law, the Company must prepare annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the board of directors and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public.

5.4 Occasional and periodical information

Furthermore, as a listed company, the Company must publish summaries of its annual and semi-annual financial statements as well as a report including the annual financial statements, the auditor's statutory report and the report of the board of directors of the Company. These summaries will generally be published in the Belgian press in the form of a press release. Copies thereof and the annual report are also available on the Company's website at www.porthus.com.

The Company will also have to disclose price sensitive information and certain other information to the public. In accordance with the Belgian Royal Decree of 31 March 2003 (as amended) relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, such information and documentation will be made available through the Company's website, press release and the communication channels of Alternext Brussels.

The Company shall further make sure that the information which is required pursuant to the rules of Alternext Brussels, is available on a specific part (reserved for financial information) of its website and on the website of Alternext (http://www.alternext.com) and shall circulate this information through press releases. This information shall remain available online for three years. This information shall be published at the same time it is announced by the Company.

The Company must inform Euronext Brussels on changes to the number of issued instruments and more in particular on security transactions which may impact the administration of the trade system and this sufficiently in advance for Euronext Brussels to be able to take care of the operational consequences thereof.

CHAPTER II:

GENERAL INFORMATION RELATING TO THE OFFERING AND ADMISSION TO LISTING ON ALTERNEXT BRUSSELS

1 PURPOSE OF THE CAPITAL INCREASE

Porthus aims at further strengthening its position in targeted markets (see Chapter V, 3.4 'Industries') which it has identified as strategic growth areas. Therefore the Company needs to make certain strategic investments in order to stay ahead of its competitors and to further develop into a leading OnDemand market participant in Europe. The management has identified three areas of investment in the short to medium-term with clear strategic focus in order to reach these goals:

- Research & Development: Invest in the OnDemand solutions portfolio by developing innovative solutions such as the Porthus customs development project (Porthus.net for Logistics) (see Chapter V, 9.1 'Porthus and the market for electronic customs declarations') and the Porthus retail data synchronization project (see Chapter V, 9.2 'Porthus and the market for Retail data synchronization'), followed by "Make or Buy" decisions in developing new solutions, supported through M&A activities.

  The funding of these investments is estimated at 40% to 45% of the net proceeds of the Offering.
- Growth: Reach and expand critical mass of the offering through:
  - Targeted customer acquisition through M&A activities[3]
  - Further expand geographical reach. First of all continue the investments in the Netherlands and the UK; and later with focus on France, Central Europe and Germany. The geographical roll-out will in general be based on the principle of "follow the customer", and will be implemented through acquisition and investments in new and existing subsidiaries, and by investing in sales capabilities to capture increasing opportunities in strategic industries.

  The funding of these investments is estimated at 40% to 45% of the net proceeds of the Offering.
- Repayment of debt & working capital: Fund general corporate purposes such as working capital and the repayment of certain debt obligations estimated at 10% to 20% of the net proceeds of the Offering.

2 OVERVIEW OF THE DECISIONS WITH REGARD TO THE OFFERING

2.1 Resolutions by the extra-ordinary meeting of shareholders with regard to the capital increase

On 12 October 2006 the EGM will decide, among others on the following :
- to split the shares of Porthus;
- to increase the capital of Porthus with a maximum of € 7.5 million, through the issuance of New Shares with VVPR strip;
- to cancel the preferential subscription right of the existing shareholders;
- have the Subscription Price per share with VVPR strip determined;

3 *Depending on the type of acquisition, M&A activities may be funded by using the proceeds of the Offering, external debt, the issue of shares etc. or a combination of these.*

- to decide on the number of New Shares to be issued as a quotient, the denominator of which shall be the aggregate amount of the subscriptions to the capital increase, and the nominator of which shall be the Subscription Price;
- to retain the right but not the obligation, to proceed with a capital increase in a reduced amount through the issuance of such number of shares that will have been subscribed to and which will have been accepted by Porthus within the framework of the Offering ;
- to issue new warrants under a new warrant plan 3 (see Chapter III, 4.2. 'Other outstanding financial instruments');
- to proceed with the capital increase and the issuance of the New Shares with VVPR strips subject to the completion of the Offering and the admission of the Shares of the Company and the VVPR strips to Alternext in Brussels.

The justification of the cancellation of the preferential subscription right of the existing shareholders was included in the special report drafted by the board of directors in accordance with article 596 juncto 598 of the Belgian Company Code, an extract of which is set out below:

- Contribution in cash

  In the interest of the Company, the board of directors proposes to cancel the preference right of the existing shareholders in relation to the envisaged capital increase and the related issue of shares.

  The board of directors has decided not to proceed with a share issue with preference right of the existing shareholders for the following reasons:

  The board of directors establishes that it is not yet known who will subscribe to the issue of new shares and the related capital increase. However, the board of directors deems it necessary to offer new investors and institutional investors the possibility to subscribe to this capital increase to guarantee a maximal success of the envisaged transaction.

  The capital increase will indeed allow the Company to address the public savings (openbaar spaarwezen) in order to realise an independent growth, of which all shareholders would benefit.

  The board of directors proposes to the shareholders therefore to cancel their right of preference in favour of the Lead Manager (KBC Securities NV) and the Co-lead Manager (Bank De Groof NV) of the capital increase, in view of the placement of the shares on the market.
- Issue of warrants

  In the interest of the Company, the board of directors proposes to cancel the preference right of the existing shareholders in relation to the envisaged issue of warrants.

  The issue of warrants is a part of a warrant plan of which the objectives can be summarised as follows:

  (1) The creation of a long term incentive for the directors, employees and managers of the Company who can make important contributions to the success, the growth and the value creation of the Company;

  (2) Assuring the promotion of the participation in the capital of the Company by the directors, employees and managers, the entering into a long lasting cooperation and the personal efforts of the employees and managers within the scope of the development and success of the Company;

  (3) Giving the Company the possibility to recruit competent and experienced employees, managers, directors, consultants, executives and/or company managers; and

  (4) The creation of a common interest between the beneficiaries of the warrants by offering the possibility to take part in the increased value and the growth of the Company, and the shareholders of the Company, aimed at an increase in value of the share of the Company.

The board of directors therefore proposes to, besides personnel, cancel the right of preference of the existing shareholders in favour of: Xana BVBA (RPR Ghent 0471.735.744), Apolloon BVBA (RPR Leuven 0877.087.559), Quirino BVBA (RPR Gent 0864.246.448) and U3C BVBA (RPR Gent 0471.724.361).

2.2 Decisions by some existing shareholders

The Selling Shareholders have agreed to grant the Lead Manager an Over-allotment Option of a maximum of 15% of the base offering- whether or not the Offering is fully subscribed to - so that the Lead Manager may proceed with over-allotments, if any, with a view to stabilization as from the Listing Date.

For a full description of the terms and conditions of the Offering, reference is made to 4 'Conditions of the Offering' and 5 'Terms of the Offering' below.

3 KEY INFORMATION

3.1 Working capital statement

As of the Date of this Prospectus, assuming a subscribed Offering of EUR 7.5 million in New Shares, the Company and its board of directors, having made due and careful enquiry, are of the opinion that, taking into account its available cash and cash equivalents, the Company disposes of sufficient working capital to finance the further development of its activities and that its activities generate sufficient cash flow to cover its current working capital requirements for the period from the Date of the Prospectus until at least 12 months from the Listing Date.

Specific projects may nevertheless temporarily require specific working capital needs which may be financed through short-term bankloans.

Working capital (in € '000)	2006	2005	2004
Assets			
Inventory	192	220	-
Trade Receivables	4,013	2,292	1,650
Accrued Income	537	565	22
Deferred charges and other debtors	340	189	76
Total	**5,082**	**3,266**	**1,748**
Liabilities			
Suppliers	3,164	1,419	1,200
Accrued charges, deferred income and other creditors	492	299	766
Other creditors	995	812	608
Other current liabilities	987	926	766
Total	**5,638**	**3,456**	**3,340**
Net working capital	**(556)**	**(190)**	**(1,592)**

3.2 Capitalization and indebtedness

The following table illustrates Porthus NV's capitalization up until June 30th, 2006. This table should be read in conjunction with the audited consolidated financial statements of Porthus NV in accordance with IFRS, including the notes thereto which can be found in Chapter VII, further in this Prospectus.

Capitalization and indebtedness (in € '000)	2006	2005	2004
Capitalization			
Issued share capital	5,393	5,393	5,393
Unpaid capital	(19)	(19)	(19)
Consolidated reserves	(3,189)	(3,432)	(3,622)
Total capitalisation	**2,185**	**1,942**	**1,752**
Subordinated debt	250	250	250
Total capitalization and subordinated debt	**2,435**	**2,192**	**2,002**
Debt excluding subordinated debt	**1,531**	**1,695**	**1,122**
secured debt (via pledge on the commercial fund)	550	550	550
financial lease debts	682	721	469
non-secured debt	299	424	103
Cash	**(1,072)**	**(586)**	**(1,561)**
Net debt	**459**	**1,109**	**(439)**

4 CONDITIONS OF THE OFFERING

The offer of New Shares is conditional subject to the approval of the EGM (see Chapter II, 2 'Overview of the decisions with regard to the Offering').

The existing shareholders have no priority subscription right or right of preferential allocation of the shares.

The Offering is organized as a public offer to retail investors in Belgium and a private placement with institutional investors in Belgium and in Europe.

A maximum of 70% of the Offering will be reserved for allocation to retail investors in Belgium (see also 5.5 'Allocation of the shares').

For the purpose of the Offering, a retail investor shall mean (a) an individual person residing in Belgium, or (b) the legal person in Belgium that subscribes to shares for a maximum amount of € 250,000.

5 TERMS OF THE OFFERING

5.1 Size of the Offering and nature of the Offered Shares

The Offering consists of a base offering for an amount of up to € 7.5 million. The Selling Shareholders have granted the Lead Manager an Over-allotment Option for up to € 1.125 million of existing shares to cover over-allotments, if any (see 5.11 'Over-allotment facility, stabilization and Over-allotment Option').

All New Shares will benefit from the right to reduced withholding tax, known as "*Verminderde Voorheffing / Précompte Réduit*" or "*VVPR*". A separate VVPR strip will represent this right. Each New Share shall have one VVPR strip, which shall be separately tradable.

The Over-allotment Shares, which are existing Shares of the Company, will not be accompanied by a VVPR strip.

5.2 Subscription Price

The Subscription Price shall be a single price in Euro which will be the same for all investors, institutional and retail investors. This Subscription Price will be determined by the Lead Manager in common agreement with Porthus. In determining the Subscription Price, the parties will take into account objective criteria, a.o. the valuation range of the Company, the market conditions, investment climate and the result of pre-marketing done with institutional investors. During such pre-marketing, the Lead Manager inquires about the interest and price sensitivity of institutional investors in a particular type of investment. No orders are registered during this process. The Subscription Price will be published in the Belgian financial press on 14 October 2006. Retail investors in Belgium are bound to purchase the number of Offered Shares indicated at the time of their application.

The subscription to New Shares with VVPR strip will not give rise to tax on stock exchange transactions[4].

5.3 Offering Period

The Offering Period will begin on 16 October 2006 and is expected to be closed on 3 November 2006, at 4 P.M. Central European time, subject to early or later closing. The Lead Manager reserves the right to close the Offering Period at an earlier or later date and time. Any early or later closure of the Offering Period will be announced in the Belgian financial press. The Offering Period will in any event be open for at least six banking days as from the availability of the Prospectus.

5.4 Application procedure

5.4.1 General

Prospective investors can submit their applications during the Offering Period. To be valid, subscriptions must be submitted at the latest at 4.00 p.m. (Central European time, GMT+1) on the last day of the Offering Period expected to be on 3 November 2006, unless early or later closing.

Taking into account the option for the Lead Manager to close the Offering Period earlier, investors are requested to submit their applications as promptly as possible.

Investors wishing to subscribe through intermediaries other than the Lead Manager, Co-lead Manager or selling agents, should request details of the costs which these intermediaries could charge and which they will have to pay themselves.

4 *See 8: 'Belgian Taxation'*

5.4.2 Retail investors

Retail investors must indicate the number of shares they commit to subscribe at the Subscription Price.

Orders can be submitted at the counters of the Underwriters: KBC Securities and Bank Degroof or at the selling agents: KBC Bank, CBC Banque or through any other financial intermediary in Belgium (see also 5.5.2 'Allocation of New shares with VVPR strip and existing shares').

Only one application form per retail investor will be accepted. If the Lead Manager and Co-lead Manager determine, or have reason to believe, that a single retail investor has submitted several orders, through one or more syndicate members, they may disregard such orders.

5.4.3 Institutional investors

KBC Securities and Bank Degroof will register the interest from institutional investors i.e. the number of shares they wish to obtain.

Taking into account the option for the Lead Manager to close the Offering Period earlier, investors are requested to submit their applications as promptly as possible.

5.5 Allocation of the shares

5.5.1 General

Investors should be aware that in principle all shares that they have subscribed to can be allocated to them and hence they must have sufficient funds available at the time of application or at the latest on payment date.

In the event that the number of shares subscribed to would outnumber the number of Offered Shares, an allocation key will be determined for the allocation of shares to retail investors and applications made by institutional investors may also be reduced. The allocation key will take into account the reserved portion for the retail investors and will depend on the number of shares (over)subscribed by each category of investors.

In the event of oversubscription, preferential treatment may be given to applications submitted directly to the Lead Manager, the Co-Lead Manager and to selling agents, rather than through other financial intermediaries.

The results of the Offering and the allocation key for the retail investors will be published in the Belgian financial press, on or about 7 November 2006.

Taking into account the fact that the Offering consists mainly of New Shares, it is anticipated that retail investors will be allocated New Shares with VVPR strips. In the event of over-allotment, the Over-allotment Shares will be allocated to institutional investors.

5.5.2 Allocation of New shares with VVPR strip and existing shares

In allocating the Offered Shares, the Lead Manager will use reasonable efforts to ensure that New Shares with VVPR strips are delivered to individual investors resident in Belgium and to investors subject to Belgian tax on legal entities in this order of priority (see infra : '*impôt des personnes morales / rechtspersonenbelasting*').

Except for this reasonable efforts undertaking in respect of the allocation of VVPR strips, all investors may receive either New Shares or existing shares or a combination of both. While it is expected that retail investors will be allotted only shares with a separate VVPR strip, neither the Selling Shareholder(s) that have granted the Over-allotment Option nor Porthus or the Lead Manager and Co-lead Manager will have any liability to investors in connection with the allocation of shares, with or without a separate VVPR strip.

5.5.3 Clawback

Insofar as not all Offered Shares reserved for the retail investors are subscribed to, the balance may be allotted to institutional investors if the demand by institutional investors so justifies and vice versa, unless there would be a clear unbalance between both categories of investors.

5.6 Payment, settlement and delivery of the shares and the VVPR strips

The shares must be paid up in full in Euro upon delivery, together with any applicable stock exchange tax (see 8 : 'Belgian taxation'). The payment date is set at three banking days following the Allocation Date and is expected on 10 November 2006, unless the Offering Period closes earlier or later.

All Offered Shares and VVPR strips will be delivered through the book-entry facilities of Euroclear Belgium, the Belgian central securities depository. The shares and VVPR strips will not be delivered in physical form, but will be available in book-entry form only.

5.7 Form of the Offered Shares and VVPR strips

The Offered Shares and VVPR strips are bearer securities. As described in section 5.6: 'Payment, settlement and delivery of the shares and the VVPR strips'. Until they are delivered in physical form, the securities will be delivered in book-entry form (in the securities account of the investor), represented by one or more global certificates that will have been filed with Euroclear Belgium, Schiphollaan 6, 1140 Brussels for safe keeping on behalf of the beneficiaries.

Upon written request, bearer securities in physical form can be made available as soon as possible and at the latest within three months after the Listing Date. They will be available in denominations of 1, 10, 25 or 100 Shares of the Company and VVPR strips or any other denomination that the Company may be able to print, with coupons no. 1 and following attached.

Shareholders requesting physical delivery of bearer shares and VVPR strips should take into account delivery costs amounting to € 10 (+VAT) for delivery at the counters of KBC Group and Bank Degroof. Shareholders are requested to inquire about any different costs which other financial intermediaries may charge and which shareholders will have to bear themselves. In addition, on the existing shares, a tax on the physical delivery of bearer shares equal to 0.6% of the Subscription Price will be due.

An Act of 14 December 2005 on the abolition of bearer securities provides for the abolition of bearer securities and, hence, the abolition of the anonymous character thereof. All bearer securities shall be converted into dematerialised or registered securities. As of 1 January 2008, it will no longer be possible to issue new bearer securities nor will it be possible to physically deliver in bearer form existing securities previously unconverted. Securities issued after 23 December 2005 (i.e. after the publication of the Act of 14 December 2005) must be converted into dematerialised or registered securities before 2013. Such dematerialised securities will be booked in the securities account of the beneficiary.

For shareholders who opt for registered shares, the shares will be recorded in the Company's shareholder register. Holders of registered shares may request that their registered shares be converted into bearer shares and vice versa at any time. Any costs incurred by the conversion of registered shares into bearer securities will be borne by the shareholder (see above).

All of the Offered Shares will be fully paid up upon their delivery, and freely transferable.

5.8 Dividends

5.8.1 Entitlement to dividends

The Offered Shares will be entitled to a share in the results as of 1 July 2006, and are therefore entitled to the dividend, if any, for the financial year closed on 30 June 2007 and the following financial years. For further information on the declaration and payment of dividends, see also section 8.2 : 'Tax on Dividends'.

5.8.2 Dividend policy

The Company has never declared or paid any dividends on its shares. Following this Offering, the Company's dividend practice will be determined and may change from time to time by determination of the Company's board of directors. Any issuance of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the board of directors. Belgian law and the Company's articles of association do not require the board of directors to declare dividends. The board of directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and thus not anticipate paying any dividends to the shareholders in the foreseeable future.

5.9 Admission to Alternext Brussels

5.9.1 First trading

The Company expects trading to commence on or about 7 November 2006, unless early or later closing of the Offering Period occurs, and being the first trading day following the Allocation Date but on the latest on the Closing when the Offered Shares and VVPR strips are delivered to the investors, as referred to in 5.10 'Underwriting agreement'.

Prior to the Closing the Shares of the Company and VVPR strips will be listed on an "as if-and-when-issued" basis. Investors that wish to enter into transactions in Shares of the Company and/or VVPR strips prior to the Closing, whether such transactions are effected on Alternext Brussels or otherwise, should be aware that the Closing may not take place on 10 November 2006 or at all if certain conditions or events referred to in the underwriting agreement are not satisfied or waived or do not occur on or prior to such date. Such conditions include the receipt of company certificates or company certificates or officers' certificates, legal opinions and the auditor's comfort letter and such events include the suspension of trading on Alternext or a material adverse change in the Company's financial condition or business affairs or in the financial markets. Alternext has indicated that it will annul all transactions effected on it if the Closing would not take place.

Prior to the Offering, no public market existed for the Shares of the Company and VVPR strips issued by the Company.

5.9.2 Listing sponsor

Alternext rules stipulate the rules with regard to the license, the function and several obligations of the Listing Sponsor. According to these rules, the Listing Sponsor has to comply with specific obligations at the time of and for 2 years following the admission to trading. The Listing Sponsor will in general advise the Company on how to fullfil its obligations in respect of its being listed on Alternext Brussels. In the event that the Company would not comply with the Alternext rules, the Listing Sponsor should advise Euronext Brussels thereof and of the measures it has proposed to the Company to remediate such non-compliance. The Alternext rules are available on the Alternext website www.alternext.com.

KBC Securities acts as the Company's Listing Sponsor at the time of admission. The Company has appointed KBC Securities to perform this role for at least two years thereafter.

5.10 Underwriting agreement

The Company, the Selling Shareholders, the Lead Manager and the Co-lead Manager are expected to enter into an underwriting agreement no later than the publication of the result of the Offering. The conclusion of this agreement may depend on various factors including, but not limited to, market circumstances and the result of the Offering.

In the underwriting agreement, the Company and the Selling Shareholders are expected to make certain representations and warranties and to agree to indemnify the Lead Manager and the Co-lead Manager against certain liabilities.

Subject to the terms and conditions of the underwriting agreement, the Lead Manager and the Co-lead Manager will severally but not jointly, agree to subscribe to and/or acquire in their own name and for the account of the investors to the following amount of the Offered Shares and VVPR strips with a view to immediately distributing these Offered Shares and VVPR strips to the investors concerned:

KBC Securities	2/3
Bank Degroof	1/3

The Lead Manager and the Co-lead Manager will distribute the Offered Shares and the VVPR strips to investors, subject to prior issue or sale, when, as and if issued and delivered to and accepted by them, subject to the satisfaction or waiver of the conditions that are expected to be contained in the underwriting agreement, such as the receipt by the Lead Manager and the Co-lead Manager of officer's certificates, legal opinions and the auditor's comfort letter.

The underwriting agreement is also expected to provide that, upon the occurrence of certain events, such as the suspension of trading on Alternext Brussels or a material adverse change in the Company's financial condition or business affairs or in the financial markets, or other force majeure events, the Lead Manager and the Co-lead Manager will have, on certain conditions and after consultation with the Company, the right to withdraw from the underwriting agreement and Offering before the Closing.

5.11 Over-allotment facility, stabilization and Over-allotment Option[5]

In connection with the Offering, the Lead Manager may, as of the Listing Date and until 30 days thereafter (the Stabilization Period) exercise the Over-allotment Option or effect transactions that stabilize or maintain the market price of the Shares of the Company at levels above those that might otherwise prevail in the open market. This possibility will exist whether or not the Offering is fully subscribed. Such transactions, if any, may be effected on Alternext Brussels, on the over-the-counter market or otherwise, at a price which may not be higher than the Subscription Price. There is no assurance that such stabilization will be undertaken and, if it is, it may be discontinued at any time and will, in any event, be discontinued 30 days after the first trading day.

If the Lead Manager creates a short position in the Shares of the Company in connection with the Offering, they may reduce that short position by purchasing Shares of the Company in the open market. Purchases of Shares of the Company to stabilize the trading price or to reduce a short position may cause the price of the Shares of the Company to be higher than it might be in the absence of such purchases. None of the Company or the Lead Manager makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares of the Company.

Within a week of the end of the Stabilization Period, the following information will be published: (i) whether or not stabilization was undertaken, (ii) the date at which stabilization started, (iii) the date

5 *See also 5.1 'Size of the Offering and nature of the Offered Shares'.*

at which stabilization last occurred and (iv) the price range within which stabilization was carried out for each of the dates during which stabilization transactions were carried out.

The Lead Manager may also elect to reduce any short position by exercising all or part of the Over-allotment Option granted to it. This Over-allotment Option will be exercisable as of the Listing Date and until 30 days thereafter. The Over-allotment Option consists of an option that will be exercisable only to cover over-allotments, if any.

The Over-allotment Option will apply to an aggregate number of shares of a maximum of 15 % of the base offering. The maximum number of shares covering the Over-allotment Option will be confirmed and published in the Belgian financial press together with the Subscription Price.

The Over-allotment Option will apply to existing shares only and as follows: the Selling Shareholders grant the Lead Manager the right to purchase existing shares equal to an additional 15 % of the number of base offering pro rata their current shareholding in the Company. In order to cover any over-allotments prior to the exercise of the Over-allotment Option, it is expected that the Lead Manager will enter into a stock lending agreement with the Selling Shareholders.

5.12 Intentions of the shareholders

5.12.1 Shareholders

To the extent known to the Company, the Selling Shareholders (see Chapter III, 6.2 'Selling Shareholders'), the founders of the Company and Securex do not intend to subscribe to the New Shares.

The founders of the Company and Securex intend to remain significant shareholders of the Company (see Chapter III, 6.1. 'Shareholders prior to the Offering').

5.12.2 Lock-up arrangements

The number of Shares of the Company and VVPR strips available in the public market following the admission to Alternext Brussels will be limited by several transfer restrictions. These can be summarized as follows: the current shareholders, the holders of the Warrants and the Company entered into a lock-up arrangement with the Lead Manager whereby the shareholders have agreed not to transfer their Shares of the Company for a period starting on the Listing Date and ending twelve months thereafter. During the last six months of the aforementioned lock-up period (the 'Soft Lock-up Period'), the lock-up obligations will not apply to an organized sale of shares in the Company initiated by a group of current shareholders of the Company that at the time holds a certain percentage of the shares issued by the Company (prior to completion of the Offering), and organized with the consent of the Lead Manager. Furthermore, during the Soft Lock-up Period, the lock-up obligations will not apply to a transfer of shares in the Company in a private and bilateral sale provided that the acquirer of the shares enters into a similar lock-up undertaking with the Lead Manager and each of the remaining shareholders in the Company for the remainder of the lock-up period.

This lock-up arrangement will not apply to the transfer of Over-allotment Shares by the Selling Shareholders in light of the Over-allotment Option. In addition, the Lead Manager accepts that any transfer of shares or rights by a shareholder to a company over which such shareholder exercises control or that exercises control over such shareholder (within the meaning of article 5 of the Belgian Company Code) can take place without approval by or consent of the Lead Manager provided that (i) the transfer is notified in writing to the Lead Manager and (ii) that the company acquiring the shares adheres in writing to the same lock-up undertaking until the expiration of the above mentioned lock-up period and that it undertakes to transfer the shares previously acquired back to the transferor if the relationship of control that allowed the transfer disappears. Finally, the lock-up arrangement will not apply to any transfer of shares to the legal successor of the holder of such shares pursuant to (i) the death of such holder (in the event the holder is a natural person) or (ii) the merger, liquidation, or de-merger of such holder (in the event the holder is a legal person), provided that in the event referred to in (ii) the legal successor adheres to the lock-up arrangement and assumes all rights and obligations under this arrangement.

In addition to the abovementioned restrictions with regards to existing shares and warrants, the Company has reached an agreement with the Lead Manager that it shall not, at least until the date that is 12 months after the Listing Date, and except with the prior written consent of KBC Securities, (i) issue or sell, or attempt to dispose of, or solicit any offer to buy any shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase shares or enter into any contract (including derivative transactions) or commitment with like effect, or (ii) purchase any of its securities or otherwise reduce its share capital, with the exception of granting warrants under the existing warrant plans as outlined in the Prospectus.

5.13 Costs and remunerations of intermediaries

Assuming an Offering of € 7.5 million in New Shares and full exercise of the Over-allotment Option in the amount of maximum € 1.125 million, the aggregate costs of the Offering are estimated to be approximately € 932,910 or 10.8% of the amount of the Offering. These costs include legal, administrative, audit and other costs (€ 323,000), remuneration of the Belgian Banking, Finance and Insurance Commission (€ 5,230), Euronext Brussels (€ 6,000), legal publications, consultancy, marketing and printing costs (€ 167,230) and the Underwriters' fees amounting to € 388,125 representing 4.5% and excluding a discretionary fee of up to 0.5%. This discretionary fee will be determined on the basis of qualitative and quantitative criteria to be determined.

The underwriting and selling fees will be borne by the Company and the Selling Shareholders in proportion with the received gross proceeds. The costs of the Company's legal advisors, the management fees of the Underwriters, the initial fee payable to Euronext Brussels, and the printing costs will be borne by the Company. The other costs of the Offering will be borne by the Company and by the Selling Shareholders.

On the basis of the foregoing, the Company's share of the costs with respect to the Offering are estimated to be € 882,285 in the aggregate. The net proceeds for the Company are thus estimated at € 6.62 million.

5.14 Financial service

The financial service for the Shares of the Company will be provided in Belgium by KBC Bank free of charge for the shareholders. The cost for this financial service will be borne by the Company. Should the Company alter its policy in this matter, this will be announced in the Belgian financial press.

5.15 Legislation and competent courts

The Offering is subject to Belgian law. The courts and tribunals of Mechelen have sole jurisdiction should any dispute arise in relation to the Offering.

6 VALUATION

The valuation of a company's equity is based on assumptions and expectations. The calculation of the value of the Company's equity should thus be considered as an estimate rather than an exact calculation of the value of the Shares of the Company. In determining the Subscription Price, the Company and the Lead Manager will take into account a.o. the valuation range of the Company as calculated below, the market conditions, investment climate and the result of pre-marketing done with institutional investors. (see Chapter II, 5.2 'Subscription Price')

Based on the Company's forecast (see Chapter VI, 6.3 'Outlook financial years 2006 – 2009'), a pre-money valuation range between € 18 and € 22 million was obtained for the Company's equity. Three widely accepted valuation methods have been used in order to determine the abovementioned valuation range: discounted cash flows, sector peer multiples and multiples from M&A transactions.

6.1 Discounted cash flows

This valuation method uses the Company's forecasted cash flows as a basis for valuation and thus allows to estimate the Company's equity value based on its business plan. The discounted cash flow method is the preferred method to value strong-growing companies with solid cash flows such as Porthus. The free cash flows that are considered for valuation purposes are calculated as the sum of NOPLAT and non-cash costs minus capital expenditures and changes in net working capital. The expected free cash flows are derived from the business plan as developed by the Company's management for the period 2006 – 2009. Beyond 2009, the business plan is based on the following assumptions:

- Compound average sales growth rate of 10.6% between 2010 and 2016;
- EBITDA margin increases from 15.8% in 2010 to 23% in 2016;
- Perpetual NOPLAT[6] growth rate of 1.5% beyond 2016;
- Because of tax losses carried forward, the Company is not expected to pay taxes before 2012. As of 2013, the Company's effective tax rate is expected to be 33.9%.

The value of the Company's equity is estimated by discounting the expected free cash flows with the WACC or 'weighted average cost of capital'. In order to perform a scenario analysis, the WACC fluctuates between 12.5% and 15%.The WACC is relatively high to reflect the risk related to the fact that a lot of value is still to be realised beyond 2016. The basic assumptions for the calculation of the WACC are the following:

- Risk free rate: 4.0%
- Market risk premium: 7.0%, calculated as the average annual return on the Eurostoxx 50 index over a period of 10 years minus the risk-free rate;
- Target debt/equity ratio of 33%;
- Beta between 1.6 and 2.1.

6 NOPLAT = Net Operating Profit Less Adjusted Tax, equals EBIT minus effective taxes paid.

€ '000		2007	2008	2009
REVENUES		**15,769**	**17,737**	**20,107**
Net revenues		14,250	16,217	18,587
Net revenue growth (%)		33.1%	13.8%	14.6%
	Professional Services	6,093	6,398	6,718
	Managed Services	6,332	7,627	9,192
	Software	1,745	2,112	2,597
	Reselling & other	1,600	1,600	1,600
Operating cash charges		**14,269**	**15,935**	**17,656**
EBITDA		**1,500**	**1,801**	**2,451**
	EBITDA margin as a percentage of revenue	9.5%	10.2%	12.2%
	EBITDA margin as a percentage of net revenue	10.5%	11.1%	13.2%
Operating non-cash charges		**797**	**774**	**739**
EBIT		**704**	**1,027**	**1,711**
	EBIT margin as a percentage of revenue	4.5%	5.8%	8.5%
	EBIT margin as a percentage of net revenue	4.9%	6.3%	9.2%
Financial result		**89**	**76**	**67**
Taxes paid		**0**	**0**	**0**
	Effective tax rate	0.0%	0.0%	0.0%
NOPLAT		**704**	**1,027**	**1,711**
Non-cash charges		797	774	739
Capex		577	583	701
Investment in net working capital		699	185	(236)
Free cash flow		**224**	**1,033**	**1,986**

In order to determine an equity value range for the Company, 3 scenario's were developed with different levels for the cost of capital:

- Scenario 1: base case based on the management's forecast;
- Scenario 2: sales revenue is 5% lower each year as of 2007 vs. the management's forecast;
- Scenario 3: EBITDA margin is 5% lower each year as of 2007 vs. the management's forecast.

The following equity value range is obtained for the Company:

	WACC			
in € mio	12.5%	13.0%	14.0%	15.0%
scenario 1	29.5	28.0	25.2	22.9
scenario 2	20.4	19.3	17.2	15.5
scenario 3	28.1	26.6	24.0	21.7

Based on the discounted cash flow method, a valuation range of € 15.5 to € 29.5 million was obtained with a cost of capital fluctuating between 12.5 % and 15.0 %.

6.2 Sector peer multiples

The valuation based on peer multiples is more generic than the DCF method and does not take into account company-specific growth rates compared to sector averages. As Porthus' product and service offering is unique in Europe, only a limited number of comparable companies exist. The sample of peer companies is composed of pure 'software as a service' companies, mainly based in the US, as well as companies with a broader range of activities in IT services and software.

For valuation purposes, the following weighted average Sales and EBITDA multiples for 2007 were retained, taking into account a net debt position for the Company of € 630k:

- EV/Sales 2007: 1.82x
- EV/Ebitda 2007: 9.58x

Unlike most of the selected peer companies, Porthus' financial year ends the 30th of June. Therefore, the average of the peer's Sales and EBITDA multiples for 2006 and 2007 was retained for this valuation exercise.

Porthus' projected 2007 net revenue (€ 15.8m) and Ebitda (€ 1.5m) thus leads to an equity valuation range between € 13.7 and € 28.1 million.

		Market cap	EV/Sales			EV/Ebitda		
	Country	(€m)	2006	2007	Avg 06-07	2006	2007	Avg 06-07
Software as a Service								
Concur	US	416	4.6x	3.7x	4.2x	n/a	n/a	n/a
DealerTrack	US	634	4.4x	3.8x	4.1x	n/a	n/a	n/a
Kenexa	US	404	3.6x	3.1x	3.4x	n/a	n/a	n/a
Kewill Systems	UK	84	1.3x	1.0x	1.2x	12.8x	7.7x	10.3x
LivePerson	US	165	4.5x	3.1x	3.8x	n/a	n/a	n/a
Microgen	UK	70	1.3x	1.0x	1.2x	7.6x	5.3x	6.5x
Rightnow Technologies	US	398	3.4x	2.5x	3.0x	134.5x	35.7x	85.1x
Salesforce.Com	US	3,181	6.1x	4.5x	5.3x	63.2x	34.7x	48.9x
Trizetto Group	US	515	2.0x	1.9x	1.9x	10.9x	8.9x	9.9x
Vocus Inc.	US	195	5.1x	3.6x	4.4x	n/a	n/a	n/a
Webex Inc.	US	1,489	3.9x	3.1x	3.5x	13.3x	10.6x	11.9x
Websidestory Inc	US	163	3.1x	2.4x	2.8x	n/a	n/a	n/a
IT services & software								
Accenture Ltd.	Bermuda	26,801	1.8x	1.6x	1.7x	13.3x	11.1x	12.2x
Arinso International SA	Belgium	256	1.1x	0.9x	1.0x	10.6x	7.9x	9.3x
Electronic Data Systems	US	9,906	0.7x	0.7x	0.7x	7.2x	6.6x	6.9x
Exact Holding	Netherlands	566	1.8x	1.6x	1.7x	8.2x	7.2x	7.7x
Hewitt Associates Inc	US	2,523	1.16x	1.0x	1.1x	30.9x	7.7x	19.3x
IBM	US	99,677	1.5x	1.4x	1.5x	8.0x	7.4x	7.7x
ICT automatisering	Netherlands	122	1.25x	1.1x	1.2x	9.1x	7.3x	8.2x
Unit 4 agresso	Netherlands	399	0.9x	0.8x	0.8x	7.8x	6.2x	7.0x

Source: JCF, Bloomberg

6.3 Transaction multiples

Finally, the value of the Company's equity can be estimated based on multiples of M&A transactions that have been completed during the recent past within the IT services and software sector. The following multiples were retained for the valuation of Porthus' equity:

- EV/Sales: 1.5x
- EV/Ebitda: 11.4x

Using transaction multiples, we obtain an equity valuation range between € 10.1 and €17.8 million. Remark that transaction multiples are less relevant than the 2 methods described above as the valuation is made in the view of an IPO rather than an M&A transaction. However, these multiples offer valuable information on the market value of the Company's shares.

6.4 Conclusion

Considering the abovementioned valuation methods, the Company's equity value is estimated to range between € 18 and € 22 million. In determining this valuation range, the relative importance that was given to the DCF and peer multiple valuation methods is higher than for the valuation with transaction multiples.

7 INFORMATION RELATED TO THE SHARES OF THE COMPANY

7.1 Rights attached to the Shares of the Company

The New Shares will have the same rights as the existing Shares of the Company.

7.2 Regulations applicable in Belgium in case of theft or loss of securities

The theft or loss of securities is regulated by the Law of 24 July 1921, as amended by the Law of 22 July 1991, the Law of 22 March 1995 and the Royal Decree of 13 July 2001, on the involuntary dispossession of bearer securities (Wet op de ongewilde buitenbezitstelling van de titels aan toonder).

This system generally involves the following steps:

- a protest has to be lodged with the National Securities Office (*Nationaal Kantoor voor de Roerende Waarden/Office National des Valeurs Mobilères*);
- payments are suspended and any transfer of the protested securities in principle becomes null and void;
- barring any objection, the securities are returned to the owner as soon as they are found;
- securities listed in the bulletin of stop orders on securities (*Bulletin der met verzet aangetekende waarden/Bulleting des Oppositions*) for an interrupted period of four years become null and void.

The person who lodges the protest is then entitled, barring objection, to:

- the right to receive the payments of the dividends, interests and, if any, the principal due or any capital distribution and any liquidation balance;
- the right to receive, at his request and at his expense, a new security with the same number as the original security.

The objection to the protest is given by any deed or action brought to the attention of the issuing institution which shows that a third party is considered to lay claim to the existence, in his favour, of a right to the protested security. If an objection is made, the issue of the right of ownership between the person who lodged the protest and the holder of the securities is settled in accordance with common law.

8 BELGIAN TAXATION

The following is a summary of certain Belgian tax consequences of the acquisition, ownership and disposal of shares in the Company. It is based on the tax laws, regulations and administrative interpretations applicable in Belgium as presently in effect and is subject to changes in Belgian law, including changes that could have a retroactive effect. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the shares.

For the purpose of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (*i.e.* an individual who has his domicile in Belgium or has the seat of his assets in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (*i.e.* a company that has its registered office, its main establishment, or its place of management in Belgium) or (iii) a legal entity subject to the Belgian tax on legal entities (*i.e.* a legal entity other than a company subject to the corporate income tax, that has its registered office, its main establishment, or its place of management in Belgium). A Belgian non-resident is a person that is not a Belgian resident.

8.1 Tax on stock exchange transactions

The subscription to New Shares will not give rise to tax on stock exchange transactions. The acquisition of existing shares in the Over-allotment Option will, unless an exemption applies, give rise to tax on stock exchange transactions (taks op de beursverrichtingen/taxe sur les operations de bourse) at a rate of 0.17% per transaction and per party, subject to a cap of € 500 per transaction and per party.

8.2 Tax on Dividends

For Belgian income tax purposes, the gross amount of all distributions made by the Company to its shareholders is generally taxed as dividends, except for the repayment of paid-up capital carried out in accordance with the Belgian Company Code to the extent that the capital qualifies as “fiscal” capital. The gross amount paid by the Company to redeem its shares and the gross amount of distributions made by the Company to its shareholders as a result of the Company’s partial or complete liquidation is also generally considered as a dividend, to the extent that the payment exceeds the fully paid-up fiscal capital of the Company (represented by the shares that are redeemed). In general, a 10% Belgian withholding tax is levied on such redemption and liquidation dividend distributions. For redemptions, this will depend on the final destination of the shares thus redeemed (e.g. cancellation, sale).

In general, a Belgian withholding tax of (currently) 25% is levied on dividends. As of 1 January 1994, under certain circumstances, the 25% withholding tax rate is reduced to 15% with respect to certain qualifying shares (VVPR shares) issued. Shares that are eligible for this reduced withholding tax rate can be issued together with or accompanied by a “VVPR strip”, which is a separate instrument representing the holder’s right to receive dividends at the reduced withholding tax rate of 15%. The New Shares that are issued in the Offering will be accompanied by a VVPR strip. The Over-allotment Shares will not have a separate VVPR strip.

For private investors who are Belgian residents and for legal entities subject to the Belgian tax on legal entities, the Belgian withholding tax generally constitutes the final tax in Belgium on their dividend income. The amount that will be taxed is the amount of the dividend paid. If a private investor elects to report the dividend income in his or her personal income tax return, he or she will be taxed on this income at the separate rate of 25% or, if applicable, the reduced rate of 15%, or at the progressive personal income tax rates taking into account the taxpayer’s other declared income, whichever is lower. In both cases, the amount of income tax payable is increased by the local surcharge and the withholding tax levied at source will be creditable against the total amount of tax due and even reimbursable should it exceed the tax payable, provided that the dividend distribution does not give rise to a reduction in value of, or a capital loss on, the shares. This condition is not applicable if the investor proves that he or she held the shares in full legal ownership during an uninterrupted period of twelve months prior to the attribution of the dividends.

For resident individuals who hold the shares for professional purposes, the dividends received will be taxed at the progressive personal income tax rates increased by the local surcharge. The withholding tax will be creditable against the personal income tax due and is reimbursable to the extent that it exceeds the tax payable, subject to two conditions: (i) the taxpayer must own the shares at the time of payment or attribution of the dividends in full legal ownership and (ii) the dividend distribution may not give rise to a reduction in the value of, or a capital loss on, the shares. The second condition is not applicable if such investor proves that he or she held the shares in full legal ownership during an uninterrupted period of twelve months prior to the attribution of the dividends.

For Belgian resident companies, the gross dividend income, including the withholding tax, must be added to their taxable income, which is, in principle, taxed at the general corporate income tax rate of (currently) 33.99%. In certain circumstances lower tax rates can apply. If such a company holds, at the time of the dividend distribution, a share participation of at least 10% in the capital of the Company or a share participation with an acquisition value of at least € 1,200,000, then 95% of the gross dividend received can in principle (although subject to certain limitations) be deducted from the taxable income ("dividend received deduction"), provided that the share participation in the Company qualifies as a "financial fixed asset" and provided that a one year minimum holding period in full legal ownership is met.

For qualifying investment companies and for financial institutions and insurance companies, certain of the aforementioned conditions do not apply. The withholding tax may, in principle, be credited against the corporate income tax and is reimbursable to the extent that it exceeds the corporate income tax payable, subject to two conditions: (i) the taxpayer must own the shares in full legal ownership at the time of payment or attribution of the dividends and (ii) the dividend distribution may not give rise to a reduction in the value of, or a capital loss on, the shares. The second condition is not applicable if the investor proves that it held the shares in full legal ownership during an uninterrupted period of twelve months prior to the attribution of the dividends or if, during that period, the shares never belonged to a taxpayer who was not a resident company or who was not a non-resident company that held the shares through a permanent establishment in Belgium.

No withholding tax will be due on dividends paid to a resident company provided the resident company owns, at the time of the distribution of the dividend, at least 20% of the share capital of the Company for an uninterrupted period of at least one year and, provided further, that the resident corporation provides the Company or its paying agent with a certificate as to its status as a resident company and as to the fact that it has owned a 20% shareholding for an uninterrupted period of one year. For those investors owning a share participation of at least 20% in the share capital of the Company for less than one year, the Company will hold an amount equal to the withholding tax but, provided the investor certifies its resident status and the date on which it acquired the shareholding, will not transfer it to the Belgian Treasury. As soon as the investor owns the share participation of at least 20% in the capital of the Company for one year, it will receive the amount of this temporarily held amount equal to the withholding tax. The 20% minimum participation requirement will be reduced to 15% for dividends attributed or paid after 1 January 2007 and to 10% for dividends attributed or paid after 1 January 2009.

If the shares are held by a non-resident in connection with a business in Belgium, the beneficiary must report any dividends received, which will be subject to the non-resident individual or corporate income tax. Withholding tax retained at source may, in principle, be offset against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the actual tax payable, subject to the condition that the dividend distribution must not reduce the value of, or result in a capital loss, on the shares. This condition is not applicable if: (i) the non-resident individual or the non-resident company can demonstrate that he or it has held the full legal ownership of the shares for an uninterrupted period of 12 months preceding the date upon which the dividends are attributed or (ii) with regard to non-resident companies only, if, during said period, the shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the shares in a Belgian establishment. With regard to non-resident individual investors who acquire the shares for professional purposes or non-resident corporations, the taxpayer must fully own the shares at the time the dividends are made available for payment or attributed for the withholding tax to be offset against non-resident individual or corporate income tax. Non-resident corporate taxpayers may deduct up to 95% of gross dividends from their taxable profits if, at the date dividends are made available for payment or attributed (*mis en paiement ou attribués*), (i) they hold at least 10% of the total capital of the Company or a shareholding with an acquisition value of at least € 1,200,000; (ii) full legal ownership of the shares for an uninterrupted period of at least one year and (iii) the shares qualify as financial fixed assets under Belgian GAAP.

A non-resident shareholder, who does not hold shares of the Company through a permanent establishment or fixed base in Belgium, will not be subject to any Belgian income tax other than the dividend withholding tax, which normally constitutes the final Belgian income tax. Belgian tax law provides for certain exemptions from withholding tax on Belgian source dividends distributed to non-resident investors. In the event there is no exemption applicable under Belgian domestic tax law, the Belgian dividend withholding tax can potentially be reduced for investors who are non-residents pursuant to the treaties regarding the avoidance of double taxation concluded between the Belgian State and the state of residence of the non-resident shareholder. Belgium has concluded tax treaties with more than 60 countries, reducing the dividend withholding tax rate to 15%, 10%, or 5% for residents of those countries, depending on conditions related to the importance of the shareholding and certain identification formalities. Prospective holders should consult their own tax advisors to determine whether they qualify for a reduction of the withholding tax rate upon payment of dividends and, if so, the procedural requirements for obtaining such reduction upon the payment of dividends or making claims for reimbursement.

Additionally, in accordance with European Union law, European Union resident companies that qualify under the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EG of 22 December 2003 are exempt from Belgian withholding tax if they own at least a 20% interest in the Company for an uninterrupted period of at least one year. To benefit from this exemption, the qualifying shareholder must sign a certificate as to its status as a European-Union resident company within the meaning of the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EG of 22 December 2003 and as to it having held a 20% or more interest for an uninterrupted period of at least one year. This certificate must then be forwarded to the Company or the paying agent. A shareholder that holds an interest in the Company of 20% or more but that has not held such interest for the minimum one-year period at the time the dividends are attributed, may benefit from the exemption if it signs a certificate such as that described above, but, giving the date from which it has held its 20% or more interest. In the certificate, the shareholder must also undertake to continue to hold the interest until the one-year period has expired and to notify the Company immediately if the one-year period has expired or if its shareholding falls below 20%. The Company will hold an amount equal to the withholding tax until the end of the one-year holding period and then pay it to the shareholder or the Belgian Treasury, as appropriate. The 20% minimum participation requirement will be reduced to 15% for dividends attributed or paid after 1 January 2007 and to 10% for dividends attributed or paid after 1 January 2009.

8.3 Capital gains and losses

Private investors who are a Belgian resident are in principle not subject to Belgian income tax on capital gains realised upon the sale, exchange or other transfer of shares, unless either (i) the capital gain is the result of speculation or cannot be considered as the result of normal management of a private estate (33% tax) or (ii) the gain is realised upon the transfer to certain non-resident legal entities of shares belonging to a substantial shareholding of 25% or more in the Company (16.5%

tax). However, the European Court of Justice has decided on 8 June 2004 that the application of this 16.5% capital gain tax is contrary to the general principles of free movement of capital and freedom of establishment contained in the EC Treaty if the shares are transferred to an EU resident company. As a result of this court decision, the form of the personal income tax return has now been changed so that only capital gains realised on transfers to companies resident outside the European Economic Area (EEA) must be declared. These taxes are subject to the local surcharge. Any losses suffered by private investors upon the disposal of the shares are generally not tax deductible. However, losses on speculative transactions or transactions outside the scope of the normal management are, in principle, tax deductible from the income received pursuant to similar transactions. Individual residents who hold the shares for professional purposes are taxed at the ordinary progressive income tax rates increased by the applicable municipal surcharge on any capital gains realised upon the disposal of the shares. If the shares were held for at least 5 years prior to such disposal, the capital gains tax will be levied at a reduced rate of 16.5%. Losses on shares realised by such an investor are tax deductible. Resident legal entities are normally not subject to Belgian capital gains tax on the disposal of the shares, but they may be subject to the 16.5% tax described above if they hold a substantial participation (more than 25%). Losses incurred by resident legal entities upon disposal of the shares are generally not tax deductible. Resident companies and companies with their tax residence outside Belgium, which hold the shares through a permanent establishment in Belgium, will not be taxed in Belgium with respect to capital gains realised upon disposal of the shares. Any losses incurred by such investors with respect to disposal of the shares will not be tax deductible, except possibly at the time of liquidation of the Company up to the fiscal capital of the Company represented by those shares. Non-resident shareholders, who do not hold the shares through a permanent establishment or fixed base in Belgium, will generally not be subject to any Belgian income tax on capital gains realised upon the sale, exchange, redemption (except for the dividend withholding tax, see supra) or other transfer of the shares, unless they hold a substantial participation and the bilateral tax treaty concluded between the Kingdom of Belgium and their state of residence, if any, does not provide for an exemption from Belgium capital gains tax.

8.4 Tax reduction on the investment in Shares of the Company made by its employees (The Monory bis Law)

Cash payments up to a maximum of € 640 for qualifying shares to which a Belgian resident has subscribed as an employee of the Company, or as an employee of certain qualifying subsidiaries of the Company, entitle the subscriber, subject to certain conditions described below, to a reduction of the personal income tax due. Qualifying shares are new shares subscribed for on the primary market, i.e. New Shares subscribed for upon the incorporation of or a capital increase by the Company. Shares acquired on the secondary market, i.e. purchase of existing shares on the stock market, are not considered qualifying shares.

The tax reduction applicable to qualifying shares is limited to taxpayers who are, at the moment of subscription of qualifying shares, working for the Company or certain qualifying subsidiaries of the Company under an employment contract and who receive a remuneration as described in articles 30, 1° and 31 of the Belgian Income Tax Code of 1992. Directors, even if they are working for the Company under an employment contract, are not eligible for this tax reduction, as they do not receive a remuneration described in the above articles of the Belgian Income Tax Code of 1992. A company will be considered as a qualifying subsidiary of the Company if the Company is irrefutably deemed to control such company. Such control is deemed to exist in those circumstances where the Company possesses: (i) the majority of voting rights in such company, either as a result of shareholding or on the basis of an agreement, (ii) the right to appoint or remove the majority of the members of the board of directors of such company, (iii) the authority to control, by virtue of the company's articles of association or contracts concluded with such company or (iv) joint control on such company. The reduction applicable to qualifying shares must be claimed in the annual tax return and cannot be cumulated with the tax reduction for pension savings. The reduction is granted subject to the condition that the employee demonstrates, in his or her personal income tax return related to the taxable period in which the payment occurred, that the qualifying shares were acquired and that the qualifying shares were still held at the end of the applicable taxable period. The tax reduction will only be maintained if the employee proves that he or she has held the shares during the subsequent five taxable periods.

8.5 Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration in Belgium, through a "professional intermediary", of existing shares in the Company (secondary market) is subject to the tax on stock exchange transactions, in the amount of 0.17% of the transfer price. The amount of tax on stock exchange transactions is capped at maximum € 500 per transaction and per party. In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries described in articles 2, 9° and 10° of the Act of 2 August 2002 on the supervision of the financial sector and financial services, acting for their own account, (ii) insurance companies described in article 2, §1 of the Insurance Supervision Act of 9 July 1975 acting for their own account, (iii) pension funds described in article 2, §3, 6th of the Insurance Supervision Act of 9 July 1975 acting for their own account, (iv) UCITs, described in the Law of 20 July 2004 acting for their own account or (v) non-residents (upon delivery of a certificate of non-residence).

8.6 Tax on the physical delivery of bearer shares

The physical delivery of bearer shares acquired on the secondary market for consideration through a "professional intermediary" in Belgium is subject to the Belgian tax on the physical delivery of bearer securities. The tax payable is equal to 0.6% of the purchase price. The tax is also due upon the physical delivery of shares in Belgium pursuant to the withdrawal of the shares from "open custody" (*dépôt à découvert/open bewaargeving*) or as a result of the conversion of registered shares into bearer shares. The tax payable is 0.6% of the last stock price quotation prior to the date of withdrawal or conversion. No tax on the physical delivery of bearer securities is due upon the issue of New Shares.

In any event, the Shares of the Company and the VVPR sitrps cannot yet be delivered as bearer shares in physical form as further explained in 5.7 'Form of the Offered Shares and VVPR strips.'

8.7 VVPR strips

The New Shares meet the conditions pursuant to which shares are entitled to a reduced withholding tax rate of 15% and are, therefore, eligible for the "*Verminderde voorheffing/Précompte Réduit*" regime, and will consequently be issued with VVPR strips. The Over-allotment Shares will not have a separate VVPR strip.

The coupons representing the right to receive dividends at the ordinary withholding tax rate, are attached to each share. In addition, some shares will be accompanied by a second sheet of coupons, which gives the holder the right to benefit from the reduced withholding tax rate of 15 %. The coupons of the second sheet must bear the same sequential numbers as those of the ordinary coupons and must bear the legend "Strip-PR" or, in Dutch, "Strip-VV" (together VVPR strips). The VVPR strips will be listed on Alternext Brussels and may be traded separately. They are offered as part of the Offering. The reduced withholding tax rate of 15% can be obtained by delivery of both coupons with the same number to the Company or one of its paying agents before the end of the second year following the year in which the dividend was attributed.

8.7.1 Capital gains and losses

Individual Belgian residents and individual Belgian non-residents holding the VVPR strips as a private investment are not subject to Belgian capital gains tax upon the disposal of the VVPR strips, and can not deduct losses incurred as a result of such disposal. Individual Belgian residents and individual Belgian non-residents may, however, be subject to a 33% tax (to be increased with a local surcharge) if the capital gain is deemed to be speculative or if the capital gain is otherwise realised outside the scope of the normal management of one's own private estate. Losses on speculative transaction or on transaction outside the scope of the normal management are, in principle, deductible from the income realised pursuant to similar transactions.

Capital gains realised on VVPR strips by Belgian resident investors holding the shares for professional purposes, or by non-resident investors, who acquired the strips for a business conducted in Belgium through a fixed base or a Belgian establishment, are taxable as ordinary income, and losses on VVPR strips are deductible.

Legal entities subject to the Belgian tax on legal entities are not subject to Belgian capital gains tax upon the disposal of the VVPR strips and cannot deduct losses incurred as a result of such disposal.

8.7.2 Stamp tax on securities transactions and tax on the physical delivery of bearer shares

The rules regarding the levy of the stock market tax and the tax on the physical delivery of bearer instruments are the same as mentioned above in 8.5 'Tax on stock exchange transactions' and 8.6 'Tax on the physical delivery of bearer shares'.

CHAPTER III:

GENERAL INFORMATION ABOUT PORTHUS AND ITS SHARE CAPITAL

1 GENERAL INFORMATION

The Company is a company limited by shares (*naamloze vennootschap/société anonyme*) which was incorporated under the laws of Belgium on 18 November 1999 for an indefinite period of time under the name "European Application Service Provider" or, in short, "EUR-ASP". The Company's name was modified on 4 June 2002 to "Porthus".

The registered office of the Company is currently located at Duwijckstraat 17, 2500 Lier, Belgium (tel. +32 3 800.06 30) and is registered with the Belgian legal entities register under the enterprise number 0467.369.853 (Commercial Court of Mechelen). The documents related to the Company and quoted in this Prospectus can be reviewed and/or obtained at its registered office.

This section of the Prospectus summarizes the Company's corporate purpose, its share capital and the rights attached to its shares. It is based on the articles of association of the Company, to be amended by the EGM, which amendments will become effective upon closing of the Offering. The description provided hereafter is a summary only and does not purport to give a complete overview of the articles of association of the Company, nor of the relevant provisions of Belgian law. Neither should it be considered as legal advice regarding these matters.

2 CORPORATE PURPOSE

The Company's corporate purpose is described in article 3 of the articles of association of the Company and is set out as follows:

The Company's corporate purpose is, on its own behalf and on behalf of third parties, in Belgium and/or abroad, independently or in cooperation with an intermediary:

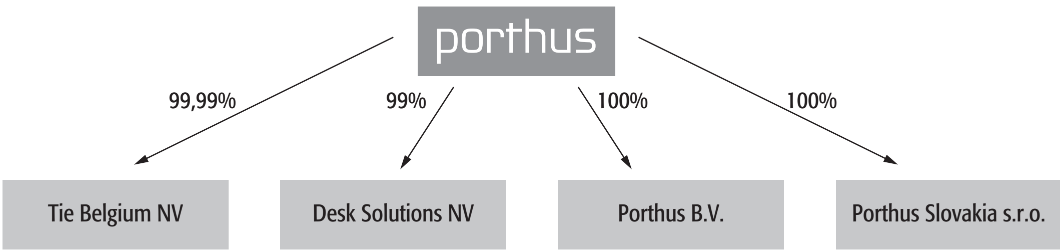
- all advice activities in relation to general business administration and/or electronic information processing and/or data communication, electronic and/or interactive communication means.
- all training activities in relation to general business administration and/or electronic information processing and/or data communication, electronic and/or interactive communication means.
- all implementation activities in relation to general business administration and/or electronic information processing and/or data communication, electronic and/or interactive communication means.
- all commercial activities in relation to general business administration and/or electronic information processing and/or data communication, electronic and/or interactive communication means.

This designation and enumeration is not exhaustive, but only of an indicative nature. The Company shall be permitted by means of contribution, merger, subscription or by any other means to participate in any undertaking or companies which have a similar purpose, or that are simply useful for the general or partial implementation of its statutory purpose.

In general, the Company shall be permitted to carry out all commercial, industrial, financial, movable and immovable actions, including the granting of guarantees and the authorisation of credit, which are directly or indirectly, completely or partially related to its statutory purpose or which are of a nature to facilitate or extend its implementation.

3 GROUP STRUCTURE

The Company's current structure is as follows:



The subsidiaries of the Company are:

Subsidiaries	Registered office
Tie Belgium NV [(a)]	Duwijckstraat 17, 2500 Lier, Belgium
Desk Solutions NV [(b)]	Duwijckstraat 17, 2500 Lier, Belgium
Porthus B.V.	To be decided.
Porthus Slovakia, s.r.o.	029 01 Namestovo 1088, Slovak Republic

(a) 1 share in Tie Belgium NV is held by Joris Allaert.
(b) Securex Invest NV owns 1 share of DeskSolutions NV, and has granted a convertible bond to DeskSolutions (for further details see Chapter IV, 8. 'Relations with affiliated companies')

4 COMPANY CAPITAL AND SHARES

4.1 Share capital and shares

At the date of this Prospectus, the Company's share capital amounts to € 5,392,917.15 represented by 484,306 registered shares without par value (pre share-split[7]), each representing an identical fraction of the Company's share capital. The capital is fully paid up[8].

4.2 Other outstanding financial instruments

On 21 April 2000, the Company issued registered subordinated convertible bonds for a total amount of approximately € 495,787.05[9]. Upon conversion, these subordinated convertible bonds entitled the bondholder to subscribe to 9,074 class D shares without par value. The subordinated convertible bonds were fully subscribed by Rendex NV, an existing shareholder of the Company.

All subordinated convertible bonds were repaid by the Company (€ 495.787,05) in quarterly payments between 22 July 2004 and 21 October 2005.

7 On 12 October 2006 the EGM will decide, among others, to split the current Shares of the Company.
8 The capital was fully paid up, pursuant to a decision of the board of directors d.d. 12 September 2006.
9 All amounts originally in Belgian francs have been converted in euro on the basis of the official exchange rate or BEF 40.3399/€ 1.

The extraordinary shareholder's meeting of the Company has issued warrants as shown in the table below (the "Warrants").

Warrant plan	Issue date	Number of Warrants issued (a)	Number of Warrants granted (b)	Number of Warrants outstanding	Exercise Price (c)	Exercise Period	Remaining duration outstanding warrants
Warrant plan 1	21/04/2000	60,000	59,698	26,447	€ 25.29	10 years as from issue date for employees and 5 years as from date of grant for consultants and directors	• 15,447 warrants granted to employees with a duration until 20/04/2010; and 11,000 warrants granted to consultants / directors with a duration until 01/09/2007
Warrant plan 2	7/11/2001	47,289	43,753	39,626	€ 17.76	10 years as from issue date for employees and 5 years as from date of grant for consultants and directors	• 13,626 warrants granted to employees with a duration until 06/11/2011; • 25,000 warrants granted to consultants / directors with a duration until 01/09/2007; • 1,000 warrants granted to consultants / directors with a duration until 30/06/2008
Warrant plan 3 (d)	12/10/2006	see below	still to be granted	N/A	see below	5 years	N/A

(a) (b) (c) Pre share-split. All warrants issued under a Warrant plan were issued at the same exercise price.
(d) Subject to completion of the Offering.

The Warrants issued pursuant to the Warrant plans 1, 2 and 3 were or will be offered to employees, directors of consultants of the Company. The Warrants are automatically nullified after their exercise period has lapsed. In the framework of Warrant plan 3, the preference rights of the existing shareholders is lifted to the advantage of Xana BVBA (RPR Gent 0471.735.744, Luc Burgelman), Apolloon BVBA (RPR Leuven 0877.087.559, Jean Verheyen), Quirino BVBA (RPR Gent 0864.246.448, Christophe Longueville) and U3C BVBA (RPR Gent 0471.724.361, Frank Hamerlinck)

At the date of this Prospectus no Warrants may still be granted under Warrant plan 1 and 2. 56% of the currently granted and outstanding Warrants under Warrant plan 1 and 2 were granted to consultants or directors. The issue price of the Warrants granted to consultants amounted to € 2.

The Warrants issued under Warrant plan 1 and 2 may be exercised as from the expiration of the third calendar year following the year in which the Warrants were granted in the months March, June, September and December[10] [11].

10 *All Warrants granted under Warrant plan 1 are currently exercisable. Only 25,000 warrants granted under Warrant plan 2 are currently exercisable.*

11 *The Warrant agreements with employees include provisions which cause for the annulment of a percentage of the warrants granted to employees in the event of the resignation or dismissal of the employees. This percentage decreases pro rata the amount of time between the resignation/dismissal and the date on which the Warrants were granted.*

The Warrants to be issued under Warrant plan 3 may be exercised in accordance with the provisions of the warrant agreement which shall be entered into with each individual warrantholder.

The total number of Warrants to be issued pursuant to Warrant plan 3 will equal that number to allow that the total number of outstanding Warrants pursuant to Warrant plans 1, 2 and 3 shall be equal to 10% of the Shares of the Company after Closing. The board of directors will determine this number when establishing the amount of the capital increase of the Offering.

The exercise price of the Warrants under Warrantplan 3 will equal the average stock price of the Shares of the Company of the last 30 calendar days before grant.

36,000 Warrants (pre share-split) are being held by members of the executive management[12].

Each Warrant entitles the holder to require the issue by the Company of 1 share, as the case may be.

Pursuant to the share split of the Company, the number of shares corresponding with the Warrants issued under Warrant plan 1 and 2 (and the exercise price) shall be adjusted to reflect the increase of the shares of the Company.

Apart from the above-mentioned shares, convertible bonds and Warrants, the Company has not issued any other securities, whether or not representing the Company's capital. Save for the Warrants, the Company shall not have any outstanding convertible financial instruments upon the closing of the Offering.

All the registered shares shall have the same rights upon the closing of the Offering.

4.3 Development of the capital pre share-split

The table below provides an overview of the Company's share capital since its incorporation in 1999. The overview should be read together with the notes set out below the table.

On 21 April 2000, the amount of the share capital of the Company was converted into euro. Prior to this date, the share capital of the Company was set out in Belgian francs. In the table below, all amounts are set out in euro. All amounts in Belgian francs, as the case may be, have been converted in euro on the basis of the official exchange rate of BEF 40.3399/€ 1.

During 2000 and 2001, as indicated below, the Company proceeded with the issue of a number of 'convertible' shares. These 'convertible' shares provided upon conversion for the issue of additional shares in the event that, subject to certain criteria, the holders of the 'convertible' shares are diluted by subsequent capital increases. On 12 December 2001, the 'convertible' shares issued on 21 April 2000 and 9 March 2001 were exercised, which resulted in the creation of 70,379 additional shares.

The remaining 'convertible' shares have been re-classified to ordinary shares by a decision of the general shareholders' meeting of 12 October subject to the Closing.

12 Joris Allaert (6,000 Warrants), U3C BVBA (Frank Hamerlinck) (12,000 Warrants), Xana BVBA (Luc Burgelman) (12,000 Warrants) and Jean Verheyen (6,000 Warrants).

Date	Transaction	Number of shares issued	Subscriber(s)	Amount in €	Share capital after trans-action in €	Aggregate number of shares after the transaction
18 November 1999	Incorporation	100,000 A 50,000 B	(a)	74,368.06	74,368.06	150,000
3 March 2000	Re-classification of all B-shares in A-shares	/	/	/	74,368.06	150,000
	Capital increase in cash	14,858 A 31,572 B	(b)	23,019.39	97,387.45	196,430
	Capital increase by conversion of issue premium	/	/	286,847.51	384,234.96	196,430
24 March 2000	Capital increase in cash	21,858 B	(c)	42,757.05	426,992.01	218,288
	Capital increase by conversion of issue premium	/	/	229,925.83	656,917.84	218,288
21 April 2000	Capital increase in cash	39,213 C 39,213 D	(d)	1,983,148.2	2,640,066.04	296,714
	Conversion of share capital in euro	/	/	/	2,640,066.04	296,714
	Re-classification of shares (e)	/	/	/	2,640,066.04	296,714
9 March 2001	Capital decrease (f)	/	/	24,789.35	2,615,277.04	294,727
	Capital increase in cash	1,187 A	(g)	49,578.70	2,664,855.39	295,914
	Capital increase in cash	23,941 F	(h)	1,000,000	3,664,855.39	319,855
	Capital increase in cash	2,376 A	(i)	99,157.41	3,764,012.80	322,231
7 November 2001	Capital increase in cash	42,220 D	(j)	750,000	4,514,012.80	364,451
	Capital increase in cash	5,862 A	(k)	104,115	4,618,127.80	370,313
	Capital increase in cash	1,395 A	(l)	24,789.35	4,642,917.15	371,708
	Capital increase in cash	14,073 C 14,073 D 14,073 F	(m)	750,000	5,392,917.15	413,927
12 December 2001	Conversion of 'convertible' shares	4,812 A 16,607 C 16,607 D 32,353 F	(n)	/	5,392,917.15	484,306

(a) The shares were subscribed to by the 5 founders of the Company, i.e. Lieven Van Brackel, Gert Vermeyen, Peter Hinssen, Frank Hamerlinck and Luc Burgelman each for 20,000 A-shares and 10,000 B-shares.
(b) The shares were subscribed to by Luc Burgelman, Peter Hinssen, each for 7,429 B-shares, by Lieven Van Brackel for 1,856 B-shares and a number of other individuals for 14,858 B-shares, by Luc Osselaer and Stijn Bijnens each for 7,429 A-shares.
(c) The shares were subscribed to by Joris Allaert for 1,987 B-shares and a number of other individuals for 19,871 B-shares.
(d) Mercator & Noordstar NV for 39,216 'convertible' C-shares and Rendex NV for 39,213 'convertible' D-shares.
(e) 16,715 B-shares were re-classified in A-shares.
(f) The capital of the Company was decreased with € 24,789 and consequently 1,987 B-shares were annulled
(g) 1,187 'convertible' A-shares were subscribed to by an individual.
(h) Securex Leven for 23,941 'convertible ' F-shares.
(i) Luc Burgelman, Peter Hinssen, Luc Osselaer and Stijn Bijnens each for 594 'convertible' A-shares.
(j) Rendex ICT NV for 42,200 'convertible' D-shares.
(k) Luc Osselaer, Peter Hinssen and Luc Burgelman each for 1,954 'convertible' A-shares.
(l) Frank Hamerlinck for 1,395 'convertible' A-shares.
(m) Mercator & Noordstar NV for 14,073 'convertible' C-shares, Rendex NV for 14,073 'convertible' D-shares and Group Securex VZW for 14,073 'convertible' F-shares.
(n) Mercator & Noordstar NV received 16,607 additional C-shares, Rendex NV received 16,607 additional D-shares, Securex Leven received 32,353 additional F-shares, Rendex NV received 1,604 additional A-shares (which re-classified in D-shares), Luc Burgelman received 802 additional A-shares, Peter Hinssen received received 802 additional A-shares, Luc Osselaer received received 802 additional A-shares and Stijn Bijnens received 802 additional A-shares.

On 19 September 2005, Gert Vermeyen and Quirino BVBA, Apolloon BVBA and Joris Allaert entered into a share purchase agreement in relation to shares held by Gert Vermeyen in the Company. A second share purchase agreement was entered into between Gert Vermeyen and Luc Osselaer at that same date.

Pursuant to the first share purchase agreement, 23,500 A-shares held by Gert Vermeyen were transferred[13] for an aggregate consideration of € 141,000 on 19 September 2005. Pursuant to the second share purchase agreement, Gert Vermeyen transferred 6.500 A-shares to Luc Osselaer for a consideration of € 39.000.

On 13 February 2006, Lieven Van Brackel and Luc Burgelman, Peter Hinssen, Frank Hamerlinck, Quirino BVBA and Apolloon BVBA entered into a share purchase agreement in relation to all shares held by Lieven Van Brackel in the Company.

Pursuant to this share purchase agreement, 31,857 A-shares held by Lieven Van Brackel were transferred[14] for an aggregate consideration of € 212,804.76 on 28 April 2006.

On 12 October 2006 the Company's extraordinary general meeting of shareholders[15] decided, amongst others, to increase the Company's share capital by € 7.5 million as required for the purpose of the Offering, to split the shares of the Company, to abolish all categories of shares and to convert all shares of the Company without voting rights into shares with voting rights, to issue new warrants (see Chapter III, 4 'Company capital and shares'), to amend certain provisions of the articles of association to adapt the articles of association of the Company to the public offering of the Shares and to authorise the board of directors to increase the capital (see 4.4.5 'Changes to the share capital') and granted the board of directors of the Company the proxy required to establish the capital increase upon the closing of the Offering.

4.4 Description of rights and benefits attached to the Shares of the Company

Some of the rights attached to the Shares of the Company as described below, will come into effect upon approval by the extraordinary general meeting of shareholders, scheduled on 12 October 2006, of the proposed amended by laws.

4.4.1 Voting rights

Each shareholder of the Company is entitled to one vote per share except in the case of suspension with respect to such voting rights as provided for by the law or the articles of association of the Company. Shareholders may vote by proxy.

For the Company's purpose, the securities are deemed to be indivisible. If several owners own one security, or the rights attached to a security are divided among several persons, the board of directors of the Company may suspend the exercise of rights attached to such security until one person is appointed as the owner of the security for the Company's purpose.

4.4.2 Right to attend and vote at general shareholders' meetings

The annual shareholders' meeting is held on each second Tuesday of October at 10h00, or, if this date falls on a public holiday, the meeting will be held at the same time on the next business day.

13 Quirino BVBA acquired 11,000 A-shares, Apolloon BVBA acquired 7,500 A-shares and Joris Allaert acquired 5,000 A-shares.

14 Luc Burgelman and Peter Hinssen each acquired 5,000 A-shares, Frank Hamerlinck acquired 3,857 A-shares and Quirino BVBA and Appolloon BVBA each acquired 9,000 A-shares.

15 See Appendix III for the agenda of the extraordinary general meeting of shareholders.

An extraordinary shareholders' meeting may be convened by the board of directors or the statutory auditor (or the liquidators, if appropriate) whenever the Company's interests so require and must be convened at the request of shareholders representing at least one-fifth of the Company's share capital.

The agenda of the annual shareholders' meeting must at least include the following items: (i) discussion of the annual report and, as the case may be, the auditor's report, (ii) discussion and approval of the annual accounts, (iii) distribution of profits, (iv) discharge to the directors and, as the case may be, the auditor(s), and (v) if required, the (re-)appointment of director(s) and auditor(s).

The annual shareholders' meeting convenes at the registered office of the Company. By exception, it can be held at another place which must be explicitly indicated in the convening notice.

Holders of subscription rights and convertible bonds have the right to acknowledge the decisions of the general shareholders' meeting.

(a) Notices convening the general shareholders' meeting

The notice of the general shareholders' meeting must include an agenda indicating the items to be discussed as well as any motions for resolutions.

In accordance with article 533 of the Belgian Company Code, the notice must be published in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur belge*) at least 24 days prior to the record date, such date being determined as the third working day prior to the general shareholders' meeting.

The notice must also be published in a national newspaper 24 days prior to the record date, except if the meeting concerned is an annual shareholders' meeting held at the municipality, place, day and hour mentioned in the incorporation deed of the Company and whose agenda is limited to the examination of the annual accounts, the report of the board of directors, the report of the statutory auditor and the vote on the discharge of the directors and the statutory auditor. The annual accounts, the report of the board of directors and the report of the statutory auditor must be made available to the public at least 15 days prior to the annual shareholders' meeting.

Such notices must be sent 15 days prior to the general shareholders' meeting to the holders of registered shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Company and to the directors and statutory auditor of the Company. This communication is made by ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfilment of such formality. A copy of the documents which must be provided to the shareholders in accordance with article 535 of the Belgian Company Code, is sent together with the notice to the holders of registered shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Company and to the directors and statutory auditor of the Company.

When all shares, bonds, warrants and certificates issued with the co-operation of the Company are registered, the communication may be limited to the sending of the notices by registered letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication.

(b) Formalities to attend the general shareholders' meeting

If the board of directors so requests in the notice, the holders of registered shares must advise the board of directors of their intention to attend the shareholders' meeting at least 3 working days before the meeting in order to be admitted to the shareholders' meeting.

If the board of directors so requests in the notice, the holders of bearer shares must deposit their shares at least 3 working days before the meeting at the place specified in the notice.

If the board of directors so requests in the notice, the holders of dematerialised shares must file a certificate of unavailability issued by a recognised account holder or by the institution of liquidation at least 3 working days before the meeting at the place specified in the notice.

In accordance with article 536 of the Belgian Company Code the notice convening the shareholders' meeting may provide for a registration date. If this is the case, the shareholders shall only be entitled to participate in the shareholders' meeting and to exercise their voting rights with respect to the shares of which they are the holder at 12 p.m. on the registration date. The above applies irrespective of the number of shares held by each shareholder on the day the shareholders' meeting takes place. The registration date cannot be set earlier that the fifteenth day nor later than the fifth working day prior to the shareholders' meeting.

(c) Proxy

Each shareholder has the right to attend and vote at the shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. In the notice, the board of directors may specify the format that the power of attorney must take and require it to be deposited at least 3 working days prior to the shareholders' meeting at a place specified in the notice.

(d) Quorum and majorities

There is no attendance quorum at the shareholders' meeting, except as provided by law in relation to decisions regarding certain matters.

The general shareholders' meeting may not resolve on items not included in the agenda, save if all shareholders personally attend the shareholders' meeting and unanimously resolve to deliberate on such items.

Insofar the distribution of information is not of such nature to seriously cause harm to the Company, the shareholders or the employees of the Company, the directors respond to the questions which are asked by the shareholders in relation to the annual board report or the agenda items. The auditor(s) respond(s) to questions asked by the shareholders in relation to the auditor's report.

Decisions are taken by a simple majority of the votes cast, except where the law or the articles of association of the Company provide for a special majority. Matters involving special quorum and majority requirements include, among others, amendments to the articles of association including amendments to the rights attached to the shares, the issues of new shares, convertible bonds or warrants and decisions regarding mergers and de-mergers, which require at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. Amendments to the corporate purpose of the Company require at least 50% of the share capital and 50% of the profit-sharing certificates (if any) to be present or represented and the affirmative vote of at least 80% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The special majority requirements, however, remain applicable.

4.4.3 Dividends

All shares participate in the same manner in the Company's profits (if any). The Offered Shares carry the right to receive dividends (if any) payable with respect to the entire financial year starting on 1 July and each subsequent financial year.

Since its incorporation, the Company has never declared or paid any dividends on its shares.

Pursuant to article 516 of the Belgian Company Code and the Company's articles of association, the Company must allocate at least 5% of its annual net profits under its statutory non-consolidated accounts to a legal reserve until the reserve equals 10% of the Company's share capital.

Pursuant to a proposal of the board of directors, the balance of the net annual profit is presented to the general shareholders' meeting, which has the sole authority to resolve on its attribution by simple majority of the votes cast, and this within the restrictions established by articles 617 to 619 of the Belgian Company Code.

No dividend may be issued when the net assets as established in the annual accounts, at the close of the last financial year, pursuant to such distribution, are lower than or would fall below the amount of the paid-up capital or, if this amount is higher, of the called-on capital, increased with all reserves which may not be distributed in accordance with the law or the Company's articles of association.

The board of directors may, in accordance with the provisions of the Belgian Company Code, issue an advance payment which must be deducted from the dividend issued on the results of the financial year: it determines the amount of these advance payments and the payment date.

Dividends are paid at the date and on the location determined by the board of directors.

In accordance with Belgian law, the right to collect dividends declared on registered shares expires five years after the distribution date, whereupon the Company is no longer under an obligation to pay such dividends.

In accordance with article 2277 of the Belgian Civil Code, the payment obligation of dividends expires after five years and exclusively in relation to registered shares. In principle, the distribution obligation of dividends on bearer shares cannot expire. Pursuant to the Law of 24 July 1921, as amended by the Law of 22 July 1991, the Company has the possibility to deposit these dividends with the Deposit and Consignation Office (*Deposito- en Consignatiekas*). The dividend deposited with the Deposit and Consignation Office which was not claimed within thirty years, will accrue to the Belgian State.

4.4.4 Rights regarding liquidation

If, as a result of losses, the Company's net assets are less than 50% of its share capital, the directors must submit the question of dissolving the Company and any other possible steps to the shareholders' meeting for consideration. In accordance with article 633 of the Belgian Company Code, the shareholders will deliberate on these matters at a shareholders' meeting. The board of directors must justify its proposals in a special report to the shareholders' meeting. If the board of directors proposes that the Company's activities be continued, it must detail the measures that it proposes taking to regulate the Company's financial situation. The shareholders must convene at a shareholders' meeting within 2 months after the loss is noted, or should have been noted under legal or statutory provisions, to discuss dissolving the Company and any other measures listed on the agenda.

If, as a result of losses, the Company's net assets are less than 25% of the Company's share capital, the shareholders' meeting may approve the Company's dissolution. For such approval, 25% of the votes cast must be in favour of dissolution.

Pursuant to article 634 of the Belgian Company Code, if the Company's net assets are less than the legal minimum, an interested party may ask the court to dissolve the Company. The court may grant the Company a stay to allow it to remedy its situation.

If the Company is to be dissolved for any reason, the liquidation will be carried out by one or more liquidators appointed by the shareholders' meeting, or failing such appointment, by the board of directors acting as a liquidation committee. Any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid up capital of the shares not yet reimbursed. Any remaining balance shall be equally distributed amongst all the shareholders. If the net proceeds are insufficient to reimburse all the shares, the liquidators shall first reimburse those shares paid up to a greater extent to equalise them with the shares paid up to a lesser extent, or shall call for an additional payment by the holders of shares paid up to a lesser extent.

4.4.5 Changes to the share capital

(a) Changes to the share capital decided by the shareholders

Under Belgian company law, the Company may increase or decrease its share capital by decision of the Company's shareholders' meeting, taken with a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of the Company is present or represented.

(b) Authorized capital

The general shareholders' meeting of the Company may authorise the board of directors to increase the Company's share capital. The board of directors can use its powers under the authorised capital for a renewable period of maximum 5 years. The amount of the authorised capital cannot exceed the amount of the issued share capital of the Company.

On 12 October 2006 the extraordinary shareholders' meeting of the Company will have authorised the board of directors to increase the Company's share capital in one or more transactions by a maximum amount which will equal the Company's capital after Closing.

This authorisation to the board of directors may also be renewed. This maximum amount will automatically be increased or decreased, so that it corresponds with the amount of the share capital after every increase or decrease of the capital.

This increase can more specifically occur by subscription in cash, by contribution in kind within the restrictions of the law, or by incorporation of disposable or non-disposable reserves, issue premiums, with or without issuing new shares, preferential or not, with or without voting rights.

The capital increase within the limits of the authorised capital may also occur by issue of convertible bonds or subscription rights, in accordance with the provisions of article 583 and following of the Belgian Company Code.

The board of directors is further authorised, for a period of maximum three years from the publication in the Annexes to the Belgian Official Gazette of the decision of the extraordinary shareholders' meeting, to increase the subscribed share capital once or several times by contribution in cash with limitation or declaration of inapplicability of the right of first refusal of the shareholders, within the restrictions of the law, in case of a public takeover offer, and after the Company has received the communication as defined in article 607 of the Belgian Company Code.

The board of directors is authorised to limit or declare inapplicable the right of first refusal granted by law to the shareholders, if in doing so it is acting in the best interests of the Company and in accordance with the conditions as defined in article 595 and following of the Belgian Company Code. The board is also authorised to limit or declare inapplicable the rights of first refusal to the profit of one or more persons that are not members of the personnel of the company or its subsidiary, and to create a right of first refusal for a period of 10 days in favor of the shareholders. This explicit power does not restrict the powers of the board of directors to, within the limits of the authorised capital, embark on other capital increases than those explicitly meant by article 607 of the Belgian Company Code.

When issuing securities within the limits of the authorised capital, the board of directors has, pursuant to a decision taken in accordance with the provisions of article 560 of the Belgian Company Code, within the limits of the Belgian Company Code, the authorisation of the shareholders' meeting to change the respective rights of existing types of shares and securities irrespective of whether they represent share capital.

As a result of a capital increase performed within the limits of the authorised capital, the board of directors is authorised to request payment of an issue premium. This issue premium must be booked in the account of disposable reserves, which may only be limited or removed by a shareholders' resolution taken at the shareholders' meeting in accordance with the provisions on amendments to the articles of association.

The power of the board of directors to increase the subscribed capital, may not be used (i) to increase the capital by primarily the contribution in kind reserved for a shareholder of the company who possesses securities of the company to which more than 10 % of the voting rights are attached, in accordance with article 606 of the Belgian Company Code, (ii) for the issue of shares without par value whereby the subscription is primarily reserved to one or more persons who are not personnel of the Company or its subsidiaries.

The exercise of the above-mentioned authorisation to the board of directors shall be subject to the approval by a special majority of 2/3 of the present or validly represented members of the board of directors and an ordinary majority of the present or validly represented independent directors.

4.4.6 Preferential subscription right

In accordance with article 592 and 593 of the Belgian Company Code the Company's articles of association give shareholders preferential subscription rights to subscribe on a *pro rata* basis for any issue of new shares subscribed for in cash, convertible bonds or warrants. These preferential subscription rights are transferable during the subscription period and within the limits of the transferability of the securities to which they relate. They can be exercised during a period determined by the shareholders' meeting, with a legal minimum of 15 days.

In accordance with article 596 and following of the Belgian Company Code, the shareholders' meeting may restrict or withdraw the preferential subscription rights, subject to the quorum and voting requirements required for any amendment to the articles of association, and subject to special reporting requirements. Shareholders may also authorise the board of directors to restrict or withdraw the preferential subscription rights when issuing securities within the framework of the Company's authorised capital. See section 4.4.5(b) above.

On 12 October 2006, the extraordinary shareholders' meeting of the Company will authorise the board of directors to restrict or withdraw the shareholders' preferential subscription rights in connection with capital increases of an aggregate amount of up to € 7.5 Mio, decided by the board of directors within the framework of the authorised capital. The board of directors' powers within the framework of the authorised capital have been described in 4.4.5 'Changes to the share capital'.

4.5 Form and transferability of the Shares of the Company

The Company may issue dematerialised shares, either by a capital increase or by the conversion of existing registered shares into dematerialised shares. Each shareholder may by written request, at its own cost, ask the board of directors for conversion of its shares, either into registered shares or into dematerialised shares.

The Offered Shares will take the form of bearer shares.

The articles of association of the Company provide that the shares are freely transferable.

4.6 Purchase and sale of own shares

In accordance with article 620 of the Belgian Company Code, the Company may not acquire its own shares without prior shareholder authorisation or in other limited circumstances and in any case subject to a maximum of 10% of the Company's share capital.

In principle, the offer by a company to purchase its own shares must be extended to all shareholders unless the shares are purchased on the stock exchange. Within certain limits, the shareholders may in advance grant the board of directors authorisation to repurchase and/or transfer the Company's shares. The authorisations must be approved by an affirmative vote of the holders of 80% of the votes cast at a shareholders' meeting where the shares representing at least 50% of the Company's share capital are present or represented. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The voting rights attached to shares held by the Company itself are suspended.

A transitional statutory provision authorising the Company, for a period of 3 years, to purchase its own shares in case of imminent serious harm to the Company in accordance with article 620, §1, al. 3, 4 and 5 of the Belgian Company Code, will be inserted in the Company's articles of association.

The board of directors shall be authorised to acquire a maximum number of own shares that in the aggregate represents no more than 10 % of the issued capital, at a price which must be higher than 90%, but lower than 110% of the price at which such shares were quoted on the stock exchange on the day preceding the day of the purchase or exchange. This authorisation will be valid for 18 months from publication of the authorisation in the annexes to the Belgian Official Gazette. The authorisation is also valid for the acquisition of shares in the Company by one of its direct subsidiaries pursuant to article 627 of the Belgian Company Code.

The board of directors is authorised to sell all the Company's shares, at a price it determines, on a regulated stock exchange or in the framework of its remuneration policy to employees, directors or consultants of the company. This authorisation is not limited in time. The authorisation is also valid for the sale of the Company's shares by one of its direct subsidiaries, as defined in article 627 of the Belgian Company Code.

5 WARRANT PLANS

The Company issued 60,000 warrants and 47,289 warrants (before share split) pursuant to warrant plan 1 and warrant plan 2, of which respectively 26,447 and 39,626 are outstanding. Subject to the completion of the Offering, the Company will issue warrants pursuant to warrant plan 3 (see Chapter III, 4.2 'Other outstanding financial instruments').

The holders of the Warrants will upon exercise of their Warrants, be subject to the lock-up of six months from the listing date as will be included in the articles of association.

6 SHAREHOLDERS[16]

6.1 Shareholders prior to the Offering

The shares of the Company prior to completion of the Offering are held as follows (excluding Warrants and before share split):

Name	Address	Number of Shares	%
Founders and Management		196,401	40.6%
Business Angels		32,741	6.8%
Rendex NV	Straalstraat 2, B-2170 Merksem	72,684	15.0%
Rendex ICT NV	Straalstraat 2, B-2170 Merksem	42,220	8.7%
Mercator Verzekeringen NV	Desguinlei 100, 2018 Antwerpen	69,893	14.4%
Securex Leven	Genèvestraat 4, B-1140 Evere	56,294	11.6%
Group Securex VZW	Genèvestraat 4, B-1140 Evere	14,073	2.9%
Total		**484,306**	**100%**

6.2 Selling Shareholders

The Selling Shareholders that have granted the Over-allotment Shares are Rendex NV, Rendex ICT NV and Mercator Verzekeringen NV. They intend to sell for a maximum amount of 15 per cent of the Base Offering for a maximum amount of € 1.125 million pro rata their current shareholding in the Company (see table above).

16 *See also Chapter IV, 6 'Shares and Warrants held by directors and the executive management'.*

6.3 Shareholders[17] following exercise of the Warrants but before completion of the Offering.

The table below details the expected ownership assuming exercise of the Warrants under Warrant plan 1 and 2 but prior to the full placement of the Base Offering and before the sale of the Existing Shares by the Selling Shareholders:

Name	Number of Shares	%
Founders and Management [a]	244,401 [b]	44%
Business Angels	32,741	6%
Rendex NV	72,684	13%
Rendex ICT NV	42,220	8%
Mercator Verzekeringen NV	69,893	13%
Securex Leven	56,294	10%
Group Securex VZW	14,073	3%
Other warrantholders	18,073 [c]	3%
Total	**550,379**	**100%**

(a) The shares and warrants held by Joris Allaert (working under an employment agreement), were included under the section "Founders & Management".
(b) Pursuant to the issue of 48,000 Warrants. See also Chapter III, 4.2 'Other outstanding financial instruments' and Chapter IV, 6 'Shares and Warrants held by directors and the executive management'.
(c) Pursuant to the issue of 18,073 Warrants. See also Chapter III, 4.2 'Other outstanding financial instruments'.

6.4 Shareholders after the completion of the Offering

The expected share ownership after the completion of the Offering, assuming full placement of the Base Offering, full exercise of the Over-allotment Option but excluding the exercise of Warrants will be published as mentioned in Chapter I, 5.2 'Publications with regard to the Offering' together with the Subscription Price.

7 NOTIFICATION OF IMPORTANT PARTICIPATIONS

Issuers of financial instruments that are allowed to trading on Alternext Brussels are in principle not submitted to legislation on disclosure of important participations as established by the Law of 2 March 1989.

In accordance with article 515 of the Belgian Company Code, the articles of association of the Company will however impose disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfers, the total number of voting rights directly or indirectly held by such individual or entity, alone or in concert with others increases above or falls below a threshold of 3%, 5% or any multiple of 5% of the total number of voting rights attached to the Company's securities. Accordingly, articles 1 §1, 1 §3, 1 §4, 2, 3, 4, §1 and 5 of the Law of 2 March 1989 are applicable.

A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose this fact to the Company. This notification must be effected within 2 business days after the transaction concerned.

17 For information about the shareholders see appendix 1: 'Glossary related to the Offering'

When the participation of a shareholder reaches 20%, the notification must also indicate in which strategy the acquisition or transfer concerned fits, as well as the number of securities acquired during a period of 12 months prior to the notification and in which manner such securities were acquired. Such notification is also required if an individual or an entity acquires or transfers control (either direct or indirect, either *de jure* or *de facto*) on a company that possesses 3% of the voting rights of the Company.

Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability.

Articles 516, 534 and 545 of the Belgian Company Code are applicable (as included in the articles of association).

8 PUBLIC TAKEOVER BIDS

Pursuant to the Law of 2 March 1989 concerning the disclosure of large shareholdings in companies listed on the stock exchange and regulating public bids, as amended (*Wet op de openbaarmaking van belangrijke deelnemingen in ter beurze genoteerde vennootschappen en tot reglementering van de openbare overnameaanbiedingen*), and to the Royal Decree of 8 November 1989 concerning public take over bids and changes in control of companies (*Koninklijk Besluit op de openbare overnameaanbiedingen en de wijzigingen in de controle op vennootschappen*), as amended, public take over bids for outstanding voting securities issued by a public company (including any securities giving right to subscription to, acquisition of or conversion into such voting securities) are subject to the supervision of the CBFA and may not commence prior to the approval by the CBFA of an offer prospectus. If the takeover bid results in the acquisition of 90% or more of the voting securities, the takeover bid must be reopened to allow any remaining shareholders to sell their securities at the bid price.

A person intending to acquire, alone or in concert with others, a joint or exclusive controlling interest in a public company, must notify the CBFA at least 5 banking days prior to the acquisition. The acquisition of a controlling interest is currently defined as an acquisition of voting securities or rights to acquire voting securities giving the purchaser the legal or de facto ability to decisively influence the appointment of a majority of the members of a company's board of directors or the orientation of a company's policy.

If the acquirer of a controlling interest pays a premium over the market value of the securities, it must make a public takeover bid or issue a standing order (*koershandhaving/engagement de maintien de cours*) for all of the Company's remaining voting securities (or rights to acquire voting securities). The consideration offered to the remaining security holders must equal the highest price paid to the seller or sellers of the controlling interest during the preceding 12 months.

The Company's ability to issue shares in the framework of its authorised capital with or without deviation from the preferential subscription rights and to acquire its own shares (see in this Chapter the sections 4.4.5 'Changes to the share capital' and 4.6 'Purchase and sale of own shares') as well as the nomination rights for the board of directors (see Chapter IV.2 'Board of directors'), may adversely affect a take over bid for securities of the Company.

9 SQUEEZE-OUT

Pursuant to the Law of 2 March 1989 concerning the disclosure of large shareholdings in companies listed on the stock exchange and regulating public bids, as amended (*Wet op de openbaarmaking van belangrijke deelnemingen in ter beurze genoteerde vennootschappen en tot reglementering van de openbare overnameaanbiedingen*), and to the Royal Decree of 8 November 1989 concerning public take over bids and changes in control of companies (*Koninklijk Besluit op de openbare overnameaanbiedingen en de wijzigingen in de controle op vennootschappen*), as amended, a person, acting alone or in concert, who owns 95% of the securities conferring voting rights in a public company; can acquire the totality of the securities conferring voting rights in that company pursuant to a squeeze-out offer.

The shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of such procedure. At the end of the offer, the company is no longer deemed to be a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

A simplified squeeze-out procedure is applicable if pursuant to a public takeover offer in cash and provided that the bidder has reserved the right to do so in the Prospectus, the bidder owns at least 95% of the target securities and has acquired 66% of the securities it did not hold prior to the launch of the offer. In that event, the bidder may reopen its offer at the same conditions for 15 days as from the date of the publication of the results of the offer in order to launch a squeeze-out offer on the remaining securities.

10 MARKET ABUSE

Pursuant to the Law of 2 August 2002 on the supervision of the financial sector and financial services (article 25bis, §2) and the articles 13 and 14 of the Royal Decree of 5 March 2006, which convert the European legislation in Belgian law, all persons who have leading functions with the issuer of financial instruments and all other persons having a close relationship with these persons, must notify all transactions with specific categories of instruments to the CBFA.

In accordance with article 15 of the decree, the transactions, when the above mentioned declaration is complete, are published on the website of the CBFA after opening hours of the stock exchange and are indicated in an overview table. This table only includes the data in relation to the above mentioned decree: the data of the declaring person and the justification items are solely for internal use of the CBFA and are not published.

CHAPTER IV:

CORPORATE GOVERNANCE

1 GENERAL

This chapter summarises the rules and principles by which the corporate governance of the Company is organised pursuant to Belgian company law and the Company's articles of association.

It is based on the Company's articles of association, as will be amended by the extraordinary shareholders' meeting on 12 October 2006, and on the Company's corporate governance charter. Both will become effective upon the closing of the Offering.

The Company's corporate governance charter will mainly be adopted in accordance with the recommendations set out in the Belgian Code for Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee. In principle, the Company is not subject to the Code, which only applies to companies listed on a regulated market.

Corporate governance has been defined in the Code as a set of rules and behaviours according to which companies are managed and controlled.

The Company's board of directors generally intends to comply with the Belgian Code for Corporate Governance.

The board of directors of the Company will adopt its corporate governance charter after completion of the Offering and will review it from time to time and make such changes, as it deems necessary and appropriate.

The charter will be made available free of charge on the Company's website (www.porthus.com) and at the registered office of the Company after completion of the Offering. In its annual report for the financial year ending 30 June 2007, the board of directors will also devote a specific chapter to corporate governance, describing the Company's corporate governance practices during its accounting year 2006/2007.

The board of directors intends to set up a remuneration committee and an audit committee. Due to the size of the Company, the board of directors does not plan to set up a nomination committee nor a management committee (in accordance with article 524bis of the Belgian Company Code). The articles of Association do however provide the possibility to establish a management committee.

2 BOARD OF DIRECTORS

2.1 General provisions

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

The board of directors of the Company is composed of a minimum of 5 and a maximum of 8 members.

If a legal entity is appointed director, this entity must appoint a fixed representative in accordance with the applicable provisions of the Belgian Company Code, which representative consequently exercises the director's mandate on behalf of and for the account of this legal entity.

Upon completion of the Offering, at least half of the members of the board will be non-executive directors and at least two directors will be independent directors within the meaning of article 524 of the Belgian Company Code (see Chapter IV, 2.3 'Independent directors').

The directors are elected at general shareholders' meetings for a renewable term of four years maximum. Resigning directors may be re-appointed. Directors may be dismissed or suspended by the general shareholders' meeting at all times. If a directorship becomes vacant before the expiry of its term, the remaining directors will have the right to temporarily appoint a new director to fill the vacancy until the shareholders resolve at a shareholders' meeting to appoint a new director. This item must be put on the agenda of the next shareholders' meeting. The new director completes the term of the director whose mandate becomes vacant.

A meeting of the board of directors is validly constituted if there is a quorum, consisting of at least half of the members present in person or represented at the meeting. If this quorum is not present, a new board meeting may be convened to deliberate and decide on the matters on the agenda of the board meeting for which a quorum was not present. In any event, the board of directors may only validly proceed if at least two directors are present or represented. Meetings of the board of directors are convened by the chairman of the board or by at least two directors whenever the interests of the Company so require.

The chairman of the board of directors has the casting vote on matters submitted to the board of directors.

The restated articles of association will further provide for the following rights in respect of the nomination of directors: (i) Rendex NV and Rendex ICT NV will have the right to appoint one director as long as together they hold at least 53,274 shares (pre share split) in the Company and (ii) Luc Burgelman, Peter Hinssen, Frank Hamerlinck, Securex Leven, Group Securex VZW and affiliated companies will have together the right to appoint two, resp. one director(s) as long as together they hold at least 25%, resp. 10% of the shares of the Company.

2.2 Chairman

The board of directors appoints one of its non-executive members as chairman of the board.

The chairman is responsible for the leadership of the board of directors and for the efficiency of the board of directors in all its aspects. The chairman must take the necessary measures to develop a climate of trust within the board of directors, which promotes open discussion, constructive dissent and support for the board's decisions. The chairman should promote effective interaction between the board of directors and the executive management. He or she should establish a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

Within the board of directors the chairman is primarily responsible for:

- setting the agenda of the meetings of the board of directors, after consultation with the CEO;
- ensuring that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed;
- ensuring that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings, and that all directors receive the same information;
- chairing the meetings of the board of directors and ensuring that the board operates and takes decisions as a collegial body;

- monitoring the implementation of decisions taken and determining whether further consultation within the board of directors with regard to the implementation is necessary;
- ensuring a regular review of the corporate structure and the corporate governance of the Company and assessing whether their operation is satisfactory;
- ensuring that newly appointed directors receive an appropriate introduction;
- leading the nomination process of directors, in consultation with the remuneration committee, and ensuring that the board of directors appoints Committee members and chairmen; and
- being accessible to the directors, the members of the executive management and the head of the internal audit function to discuss issues relating to the management of the Company;

The board of directors may decide to entrust the chairman with additional responsibilities.

With regard to shareholders and third parties, the chairman is mainly responsible for chairing the general meeting and ensuring that relevant questions from shareholders are answered.

2.3 Independent directors

A director can only be considered an independent director if he/she meets the criteria set out in article 524 of the Belgian Company Code, which can be summarised as follows:

- an independent director may not have held a position as a director, a member of the management committee or a higher management position in the Company or an affiliate during the two-year period preceding his or her election to the board of directors;
- an independent director may not own shares representing 10 % or more of the total share capital of the Company or of a particular class of shares. If he/she owns less than 10 %: (i) such shares, together with other Company shares held by companies controlled by the director concerned may not equal or exceed 10 % or (ii) the disposal of such shares or the exercise of the rights attached thereto may not be subject to any contractual arrangement or unilateral undertaking from the independent directors;
- an independent director may not have a close family member, meaning a spouse or partner or relative up to the second degree, holding a key position or a financial interest as described above; and
- an independent director may not maintain any relationship with a company which would jeopardise his/her independent judgment.
- In considering a director's independence, the criteria set out in the Belgian Code of Corporate Governance will also be taken into consideration. The board of directors will disclose in its annual report which directors it considers to be independent directors. If a director does not meet the criteria set out in the Belgian Code of Corporate Governance, the board of directors will set out its reasons for nevertheless considering this director as an independent director within the meaning of the Belgian Code of Corporate Governance. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

2.4 Composition of the board of directors

Upon completion of the Offering, the board of directors will consist of 6 members.
These members are:

Name and position	Term*	Professional address
Luc Burgelman, CEO	4	Pauwstraat 132, 9080 Lochristi
Peter Hinssen, Chairman	4	Galerijpad.1, 9630 St-Maria-Latem
Hilaire Saenen	4	Rauwstraat 22, 2431 Laakdal
Stijn Bijnens	4	Philipssite 5, 3001 Leuven
Rendex NV, represented by Paul Devree	4	Straalstraat 2, 2170 Merksem
Geert Noels	1+3	Sint-Goedeleplein 19, 1000 Brussel

**The term of the mandates of the directors will end immediately after the annual shareholders' meeting held in the year set out next to the director's name.*

Hilaire Saenen, Stijn Bijnens and Geert Noels are considered to be independent directors. Peter Hinssen will be the chairman of the board of directors of the Company.

The curriculum vitae's of the members of the board of directors are given below:

Peter Hinssen – Chairman of the Board and co-founder of Porthus, born 23 August 1969. Peter Hinssen holds a Master's degree in Telecommunications and Electronical Engineering from the State University of Ghent, Belgium. After graduating he joined Alcatel Telecom working in the Multimedia Research Centre. He was involved in the design and implementation of an Interactive Television Server, based on high-speed ATM networks, for a Video-On-Demand system. Peter Hinssen was later involved in the Interactive Television Trials for the Bermuda Telephone Company and British Telecom. In the beginning of 1995, Peter Hinssen left Alcatel and founded e-COM Interactive, one of the leading internet and e-commerce consultancy firms in Belgium, based in Ghent. He was responsible for the implementation of large-scale internet, e-commerce projects, and information systems for companies such as DHL Worldwide Express, S.W.I.F.T., ING, Alcatel, SONY Europe, Belgacom, and Volvo. In 1998, Alcatel acquired the majority of the shares in e-COM, and the company was renamed Alcatel e-COM. Peter Hinssen remained as CEO, responsible for both the local and international operations. In 1999, Alcatel e-COM itself acquired Net It Be, and grew to more than 300 employees. In 1999 he worked at Alcatel headquarters in Paris as Vice-President responsible for marketing and business development of Alcatel Telecom Software and Services. Today, he is the chairman of Porthus, and founder of A-cross communications. Since 2000, he has been an Entrepreneur in Residence with the firm of McKinsey & Company.

Peter Hinssen is the managing partner of A-cross NV and a manager of Newton Engineering BVBA.

Luc Burgelman - Chief Executive Officer, born 11 January 1968 and member of the Company's board of directors. He is co-founder of Porthus and is responsible for strategic planning and execution. Luc Burgelman holds a Master degree in Civil Engineering, a Master of Informatics, both from the University of Ghent and an MBA from the Flanders Business School in Antwerp. Before his appointment as CEO in 2001, Burgelman held the CFO position and was responsible for sales. Prior to co-founding Porthus in 1999, Burgelman held a variety of management responsibilities in quality and operations at Corus, combining business and IT knowledge and experience.

Paul de Vrée – Director, born 3 March 1944. Paul de Vrée holds a MSc degree in Engineering from Louvain University. In 1998 Paul de Vrée founded the venture capital fund Rendex. In 1980, he started his venture capital experience as an advisor to Advent in London and pioneered venture capital in Belgium when in 1982 he set up Advent Management Belgium together with Sofina and Advent International. Paul de Vrée started his professional activities at the pharmaceutical division of AKZO Nobel where after postings in Spain, Italy and the United States, he was appointed Group Vice-

President Marketing and Sales of Organon Teknika. Paul de Vrée co-founded ICOS Vision Systems and Xeikon International and guided the companies to their Nasdaq quotation. Today, Paul De Vrée is managing partner of Rendex Partners CVBA and he serves on the board of several companies, including ICOS, Delia Systems SA and The Cotton Group.

During the past five years, Paul De Vrée held mandates as a board representative of the investment fund Rendex NV in the following companies (besides the companies mentioned above): Numeca, Transics and Sibeco.

Hilaire Saenen – Director, born 16 May 1956. Hilaire Saenen holds a Master degree in mathematics and information technology. Hilaire Saenen started as project leader of various IT projects at Agfa Gevaert and was sales consultant at Software AG, responsible for sales in Flanders. He held the position of technical field manager at Dataprocess Belgium, a subsidiary of Volmac, later Cap Sogeti. He later became managing director responsible for all sales and delivery operations. In 1989, Saenen founded Cimad Consultants, a systems integrator and services company specialised in the areas of computer integrated manufacturing and financial administration. In 1995 Cimad Consultants was acquired by IBM. Hilaire Saenen was also co-founder of Evisor (1998), an IT services company specialised in the implementation of overall integrated internet applications within large organisations. In 2001, Evisor was acquired by Price Waterhouse Coopers. Since 1999, Hilaire Saenen is active as investor and/or board member of several software and service companies. Actual investments include Möbius Business Redesign (consultancy and software products for business process optimisation), Tinc Associates (products and services for shipping and air navigation), Voice Insight (voice control software) and Ubench International (collaborative software solutions for vehicle life cycle management). Hilaire Saenen is independent board member of Amplexor (content management solutions) and Entelec Control Systems (building management solutions).

Hilaire Saenen actually holds mandates in the following companies: Entelec Control Systems NV, Möbius Business redesign NV, Tinc Associates NV, Voice-Insight NV, Ubench International NV and Amplexor NV.

During the past five years, Hilaire Saenen held mandates in the following companies: TIE Belgium NV, Evisor NV, Atrecordings NV and Yezzzcar NV. These mandates are currently terminated.

Stijn Bijnens – Director, born 31 December 1968, holds a Masters Degree in Computer Science from KULeuven. He is Chief Executive Officer and a member of the board of directors of Ubizen. Ubizen is a public company listed on Euronext. Stijn Bijnens has been widely recognized for his outstanding business and management skills, and was named Manager of the Year 1999 in Belgium by Trends Magazine. He also received the DataNews Award of Excellence for a Startup Company. As a researcher at the Department of Computer Science at KULeuven, Belgium's largest university, and at Trinity College in Dublin, Ireland from 1992 through 1995, he investigated network security and object oriented distributed systems. His research background has been instrumental in Ubizen's growth and success. In addition to leading Ubizen, Sijn Bijnens is also co-founder and Chairman of the Board for GlobalSign NV.

Apart from his director mandates at Ubizen NV and GlobalSign NV, Stijn Bijnens currently is a director of LRM NV, Livios NV and R2I NV.

During the past five years, Mr Bijnens held a mandate of director in the following companies: Luminus NV, De Post NV, Ethimed NV, Leda Technologies NV, Luciad NV, MediaMine NV and VentureBay NV.

Geert Noels, born 5 September 1967 – Geert Noels is Chief Economist and Partner of Petercam. Mr. Noels started his career as auditor and consultant at Coopers & Lybrand in 1990. He became economic advisor for the Flemish Economic Association (VEV) in 1992 and was detached to McKinsey & Cie for the development of the "Strategic Plan for Flanders" in 1993. Geert Noels joined Petercam in 1994 as an economist; was promoted chief economist in 1997 and chief strategist in 1999. He was appointed Executive Director in 2001 and partner at Petercam in 2003.

Mr. Noels is a frequent speaker, guest lecturer and author of publications on a wide range of financial and economical topics, behavior of financial markets and asset management. Geert Noels is President of the FEB/VBO (employers' association) economic council, board member of Metena (the Think Tank of VKW-Flemish employers) and member of the Jury of "Enterprise of the Year" and Trends' Manager of the Year. In addition, Noels is a member of the Board of Icos Vision Systems. He writes a column in Dutch and French for the business weekly Trends/Tendances.

Geert Noels holds a degree in Applied Economics (HHS/UFSIA Antwerp) with a specialization in econometrics and ICT-sciences (Magna Cum Laude) and a Masters Degree (MBA - KU Leuven) (Cum Laude).

2.4.1 Litigation statement concerning directors

At the Date of this Prospectus, none of the directors of the Company for at least the previous five years:

- has any convictions in relation to fraudulent offences;
- has, save as set out below[18], held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

3 COMMITTEES WITHIN THE BOARD OF DIRECTORS

3.1 General

The board of directors may set up specialised committees to analyse specific issues and advise the board of directors on those issues. These committees merely have an advisory role and the actual decision-making remains the responsibility of the board of directors. The board of directors determines the terms of reference of each committee with respect to the organisation, procedures, policies and activities of the committee.

The board of directors will establish an audit committee and a remuneration committee and does not currently anticipate setting up any other committees as it deems that the size of the Company does not justify such additional committees.

18 Paul De Vrée has held a mandate as board representative for the investment fund Rendex NV in the following liquidated companies: Acunia NV and Lesire. Stijn Bijnens was a director of Leda Technologies NV, which went bankrupt in April 2003 and was a director up to December 2002 in MediaMine NV, which went bankrupt in May 2003.

3.2 Audit committee

3.2.1 The role of the audit committee

The audit committee of the Company shall consist of at least three directors, all of which are independent directors. The audit committee assists the board of directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense.

The audit committee will report regularly to the board of directors on the exercise of its duties and on any matters in respect of which the audit committee considers that action or improvement is needed, and may make recommendations as to the necessary steps to be taken.

3.2.2 The duties of the audit committee

It is entrusted with the development of a long-term audit program encompassing all activities of the Company and is, in particular, entrusted with the oversight of:

- Financial reporting

The audit committee monitors the integrity of the financial information provided by the Company: the audit committee ensures that the financial reporting provides a true, honest and clear picture of the situation and the prospects of the Company, both on an individual and on a consolidated basis. The audit committee assesses the correctness, completeness and consistency of the financial information.

This task also includes the review of periodic information before this information is made public and the review of the relevance and consistency of the accounting standards used, the impact of new accounting rules, the treatment of "balancing items" in the financial statements, prognoses, the work of the internal auditor and of the external auditor, etc.

The audit committee discusses significant financial reporting issues both with the CEO and with the external auditor.

- Internal controls and risk management

At least once a year, the audit committee must review the internal control and risk management systems set up by the CEO. It must ensure that the main risks are properly identified, managed and disclosed.

Internal control also includes review and approval of the statements included in the annual report on internal control and risk management as well as review of the specific arrangements made by which staff members of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters (whistle-blowers' order). The audit committee must ensure that this arrangement is brought to the notice of all staff members of the Company and its subsidiaries. If deemed necessary, the audit committee must make arrangements for independent investigation and appropriate follow-up of these matters in proportion to their alleged seriousness.

- Internal audit

The audit committee must annually review the need for or the preservation of the internal audit function.

If an independent audit function has been set up, the audit committee must ensure that the available resources and skills are adapted to the Company's nature, size and complexity.

The audit committee must approve the appointment and removal of the head of internal audit, as well as the work programme and the budget allocated to internal audit. It must review the effectiveness of the internal audit function, having regard to the complementary role of the internal and external audit functions.

The audit committee must be provided with internal audit reports or a periodic summary of such reports.

The audit committee must discuss the performance of internal audit, the risk coverage and the quality of internal controls and risk management with the head of internal audit at least twice a year.

The chairman of the audit committee must be available at all times to the head of the internal audit function to discuss issues relating to the Company's internal audit.

- External audit

The audit committee makes recommendations to the board of directors on the selection, appointment and reappointment of the external auditor and on the terms of his or her engagement. These recommendations must be submitted to the shareholders' meeting.

The audit committee must monitor the external auditor's independence, in particular in view of the provisions of the Belgian Company Code and the Royal Decree of 4 April 2003. For that purpose, the external auditor provides the audit committee with a report describing all relationships between the independent external auditor and the Company and the group. The audit committee must review the effectiveness of the external audit, taking into account the relevant legal and professional standards.

The audit committee must monitor the external auditor's work programme and review the effectiveness of the external audit process and the responsiveness of the management to the recommendations made by the external auditor in his or her management letter.

The audit committee must ensure that the audit and the audit report cover the group as a whole.

The audit committee must determine the manner in which the external auditor is involved in the content and the publication of financial information on the Company other than the financial statements.

The audit committee must assist the board of directors in the development of a specific policy for the engagement of the external auditor for non-audit services, taking into account the specific provisions of the Belgian Company Code and the application of this policy.

The audit committee must investigate the issues giving rise to the resignation of the external auditor and may make recommendations as to any required action.

The audit committee is the principal contact point for the head of the internal audit function and the external auditor.

3.2.3 Composition of the audit committee

The board of directors shall establish the composition of the audit committee at its first meeting after the closing of the Offering.

3.3 Remuneration committee

3.3.1 The role of the remuneration committee

The remuneration committee of the Company will consist of at least three members, all of which are non-executive directors and the majority of which are independent directors. The remuneration committee makes recommendations to the board of directors on the remuneration policy of the Company and the remuneration of board members and members of the executive management.

3.3.2 The duties of the remuneration committee

The remuneration committee has the following duties:

- making and evaluating proposals to the board of directors on the remuneration policy for non-executive directors as well as the proposals to be submitted to the shareholders;
- making and evaluation proposals to the board of directors on the remuneration policy for the executive management, at least with regard to
  - the main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
  - the key elements of the remuneration, including (i) the relative importance of each component of the remuneration, (ii) the performance criteria applicable to the variable elements and (iii) the fringe benefits;
- making recommendations on the individual remuneration of directors and of the members of the executive management, including, depending on the situation, on bonuses and long-term incentives - whether or not stock-related - in the form of stock options or other financial instruments; and
- at least once a year, discussing with the CEO the operation and performance of the executive management. The CEO should not be present at the discussion of his or her own evaluation;

3.3.3 Composition of the remuneration committee

The board of directors shall establish the composition of the remuneration committee at its first meeting after the closing of the Offering.

3.4 Chief executive officer and executive management

3.4.1 General provisions

The CEO is responsible for the day-to-day management of the Company. The CEO also exercises the specific management powers delegated by the board of directors to the CEO. These powers cannot relate to the general policy of the Company or any other actions that are reserved to the board of directors on the basis of legal provisions or the articles of association or the corporate governance charter of the Company.

Luc Burgelman is the chief executive officer (CEO) of the Company under a management agreement (entered into on 25 April 2000) for an indefinite period of time.

The members of the executive management are appointed by the CEO. Upon completion of the Offering, the executive management will consist of 5 members.

3.4.2 The duties of the executive management

The executive management, chaired by the CEO, has the following tasks:

- It manages the Company by:
  - proposing, developing, implementing and monitoring the company strategy, taking into account the values of the Company, its risk profile and key policies;
  - supervising compliance with the legislation and regulations that apply to the Company;
  - supporting the CEO in the daily management of the Company and with the performance of its other duties;

  - organising, managing and monitoring supporting functions, including those relating to human resources, legal, compliance and fiscal affairs, internal and external reporting and communication with investors.
- reporting to the board on the implementation of the policies in general and in particular providing a balanced and understandable assessment of the Company's financial situation, and providing information to the board that is necessary to enable it to carry out its duties;
- investigating, drawing up and developing policy proposals and strategic or structural projects to be presented to the Board for approval;
- drawing up complete, timely, reliable and accurate financial statements of the Company in accordance with the accounting standards and policies of the Company as well as assuming the responsibility for the financial statements drawn up in this manner;

3.4.3 The composition of the executive management

The executive management consists of Luc Burgelman (Founder and Chief Executive Officer), Frank Hamerlinck (Founder, Chief Operations and Technology Officer), Joris Allaert (Chief Financial Officer), Christophe Longueville (Vice-President Sales & Marketing) and Jean Verheyen (Vice-President Business development). The curriculum vitae's of the members of the executive management team can be found below:

Luc Burgelman: Chief Executive Officer, born 11 January 1968

Luc Burgelman is Chief Executive Officer and co-founder of Porthus and also a member of the company's board of directors. Burgelman is responsible for strategic planning and execution. Before his appointment as CEO in 2001, Burgelman held the CFO position and was responsible for sales. Prior to co-founding Porthus in 1999, Burgelman held a variety of management responsibilities in quality and operations at Corus, combining business and IT knowledge and experience.

Burgelman holds a Master degree in Civil Engineering, a Master of Informatics, both from the University of Ghent and an MBA from the Flanders Business School in Antwerp.

Frank Hamerlinck : Chief Operations Officer and Chief Technology Officer, born 22 December 1969

In his role as Chief Technology Officer, Frank Hamerlinck is responsible for shaping Porthus' overall services offering and defining the technology agenda. Hamerlinck steers all research and development investments and defines the corporate technology strategy. As Chief Operations Officer, Hamerlinck manages Porthus' global business operations. Before co-founding Porthus in 1999 and assuming his dual role of COO and CTO, Hamerlinck spent several years at Volvo where he was responsible for the management of Volvo's desktop- and open systems services for Western Europe.

Hamerlinck holds a Master degree in Civil Engineering from the University of Ghent.

Joris Allaert: Chief Financial Officer, born 5 April 1959

Joris Allaert is the company's Chief Financial Officer, a position he has held since 2001. Allaert is responsible for Porthus' overall financial activities and heads the finance and legal divisions. Previously, Allaert worked in IT management at Commercial Union and at the Delaware unit of Deloitte & Touche, primarily focusing on ERP related consultancy.

Allaert holds a Master degree in Mathematics and Informatics from the University of Ghent.

Christophe Longueville: Vice President of Sales and Marketing, born 14 December 1968

Christophe Longueville was appointed Vice President of Sales & Marketing when he joined Porthus in 2004. Longueville is responsible for global direct and indirect sales and drives all corporate and product marketing initiatives. Longueville brings more than ten years of commercial and management experience to Porthus. Prior to joining the company, Longueville was Field Operations Manager and Sales Director at SAP Belux. He held positions as corporate banker at BBL and ING and senior account executive for the financial industry at Belgacom.

Longueville holds a Master degree in Civil Engineering in Electro technology and holds a Master Degree in Finance from K.U. Leuven.

Christophe Longueville is a manager of Quirino BVBA.

Jean Verheyen: Vice President of Business Development, born 26 March 1970

When joining Porthus in 2000, Jean Verheyen was responsible for sales & marketing. Verheyen was then promoted to Business Unit Manager, Consolidated Outsourcing & Application Delivery. He was appointed Vice President of Business Development in 2005. In this role, Verheyen directs global new business development initiatives, which include both M&A activities as well as new investments. Before joining Porthus, Verheyen held sales positions at Xerox.

Verheyen holds a Master degree in Physical Education and a Master in Applied Economic Sciences from K.U. Leuven, an Executive Master in Business Administration from the Flanders Business school in Antwerp.

Jean Verheyen is a manager of Apolloon BVBA and AtelierPro BVBA.

3.4.4 Litigation statement concerning members of the executive management

At the Date of this Prospectus, none of members of the executive management of the Company for at least the previous five years:

- has any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

4 REMUNERATION OF DIRECTORS

The Company's current remuneration policy for the independent directors (except the Chairman) is as follows: € 5,000 per year plus (i) € 1,000 per board of directors and (ii) € 500 per meeting of a committee set up by the board of directors (with a maximum of € 15,000 per year). The Chairman's fixed remuneration as board member will be € 30,000 per year.

The non-independent directors will not be remunerated pursuant to the exercise of their mandate as director.

5 REMUNERATION OF EXECUTIVE MANAGEMENT

The direct or indirect remuneration for the members of the executive management, including the CEO, during the previous financial year amounted to € 770,386.45. € 5,000 was paid by the Company for post-employment benefits.

6 SHARES AND WARRANTS HELD BY DIRECTORS AND THE EXECUTIVE MANAGEMENT

The table below provides an overview of the shares and warrants held directly or indirectly by the directors at the Date of this Prospectus[19].

Name and position	Shares	Warrants
Peter Hinssen Chairman	45,779	12,000 (a)
Luc Burgelman	45,779	12,000 (b)
Rendex NV	72,684	0
Hilaire Saenen	0	0
Stijn Bijnens	8,825	0
Geert Noels	0	0
Joris Allaert	6,987	6,000 (c)
Frank Hamerlinck	35,252	12,000 (d)
Christophe Longueville	20,000	0
Jean Verheyen	16,500	6,000 (e)

(a) 12,000 warrants granted under Warrant plan 2.
(b) 1,000 warrants granted under Warrant plan 1 and 11,000 warrants granted under Warrant plan 2.
(c) 1,091 warrants granted under Warrant plan 1 and 4,909 warrants granted under Warrant plan 2.
(d) 12,000 warrants granted under Warrant plan 2.
(e) 3,000 warrants granted under Warrant plan 1 and 3,000 warrants under Warrant plan 2.

7 THE STATUTORY AUDITOR

The statutory auditor of the Company is BDO Atrio Bedrijfsrevisoren CVBA, a company incorporated under Belgian law, having its registered office at Guldensporenpark 14 Blok B, Merelbeke represented by Koen De Brabander and Lieven Van Brussel. BDO Atrio Bedrijfsrevisoren CVBA shall be elected as statutory auditor of the Company for a term of three years ending at the annual shareholders' meeting approving the annual accounts per 30 June 2009.

8 DIRECTORS' TRANSACTIONS AND TRANSACTIONS WITH AFFILIATED COMPANIES. CONFLICTS OF INTEREST OF DIRECTORS AND EXECUTIVE MANAGEMENT

8.1 Conflicts of interest of directors and executive management

Article 523 of the Belgian Company Code contains special provisions, which must be complied with whenever a director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the board of directors.

19 Pre-share split.

According to article 523, § 1 of the Belgian Company Code, the director having a direct or indirect conflicting interest of a patrimonial nature shall notify the other directors thereof prior to a decision of the board of directors relating to such conflicting interest. His/her statement and the grounds justifying the aforementioned conflict of interest must be recorded in the minutes of the board of directors meeting at which such decision is taken.

With a view to its publication in the annual report, the board of directors must describe in the minutes the nature of the contemplated decision or the transaction and shall account for the decision taken. The minutes shall also mention the patrimonial consequences thereof for the Company. The annual report must contain the aforementioned minutes in their entirety.

If the Company has appointed one or more statutory auditors, the director concerned shall also inform such auditor of his/her conflicting interest. The report of the statutory auditors must contain a separate description of the patrimonial consequences for the Company of the decisions of the board of directors in respect of which there is a conflicting interest.

If the Company makes or has made a public offer, the director concerned may not participate in the deliberations or voting of the board of directors on such decisions or transactions in respect of which there is a conflicting interest.

In case of non-compliance with the foregoing, the Company may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach (article 523, §2 Belgian Company Code).

Article 523, §1 of the Belgian Company Code does not apply:

- if the decision or transaction within the authority of the board of directors relates to decisions or transactions between companies of which one holds, directly or indirectly, at least 95 % of the voting securities issued by the other or between companies of which at least 95 % of the voting securities issued by each of them are held by another company (article 523, §3, al. 1, Belgian Company Code); or
- if the decision of the board of directors relates to customary transactions which take place on conditions and with collateral customary for similar market transactions (article 523, §3, al. 2, Belgian Company Code).

Currently, the directors have no conflicts of interest within the meaning of article 523 and 524ter of the Belgian Company Code. No such conflicts of interest are envisaged to occur in the foreseeable future, except with decisions relating to management agreements and the issuing of Warrants.

8.2 Transactions with affiliates

Article 524 of the Belgian Company Code which will apply to the Company following completion of the Offering provides for a special procedure to be followed when the Company's decisions or transactions concern relationships between the Company, on the one hand, and any of its affiliated companies within the meaning of article 6 of the Belgian Company Code (other than subsidiaries) of the Company, on the other hand. The procedure contained in article 524 must also be followed for decisions or transactions that concern relationships between the Company's subsidiaries and affiliated companies of such subsidiaries within the meaning of article 6 of the Belgian Company Code (other than subsidiaries of the subsidiaries). Such a procedure does not apply to decisions or transactions that are entered into in the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed 1 % of the Company's consolidated net assets.

Prior to a decision or transaction to which article 524 applies, a committee of three independent members of the board of directors, assisted by one or more independent experts, must give an assessment thereof, describing the nature of the decision or operation, identifying advantages and disadvantages for the Company and its shareholders and its financial impact, and determining whether or not the decision or transaction is manifestly detrimental in light of the Company's policies. The committee's assessment must be submitted in writing to the board of directors, which then makes a decision in light of the committee's recommendation. The board of directors may deviate from the committee's recommendation, but, if it does, it must justify the reasons for such a deviation. The committee's assessment must be published, together with an excerpt of the minutes of the board of directors' conclusions, in the Company's annual report.

9 RELATIONS WITH AFFILIATED COMPANIES

On 27 February 2004, Desk Solutions NV has entered into a € 100,000.00 subordinated loan agreement (as borrower) with Securex Invest SA (as lender) for a duration of 5 years at an interest rate of EURIBOR + 2%.

On 27 February 2004, Desk Solutions NV further entered into a € 150,000.00 subscription agreement of convertible bonds with Securex Invest SA which grants Securex Invest SA the right to subscribe to 500 B-shares of Desk Solutions NV upon conversion. This agreement was entered into for a duration of 5 years at an interest rate of EURIBOR + 2%.

On 22 December 2000, the Company entered into an agreement with VZW Sociaal Secretariaat Securex relating to the provision of services with regard to the development, supply, hosting, operating and monitoring of the 'Magistral Service' application (payroll processing tool). This agreement completed its initial term on 31 December 2003 and was automatically renewed for subsequent periods of one year ever since.

10 RELATIONS WITH SIGNIFICANT SHAREHOLDERS

The Company has entered into management agreements with the current shareholders who are directly or indirectly active in the Company.

Since 1 July 2001 the Company has entered into a consultancy agreement with Newton Engineering BVBA (the management company of Peter Hinssen, Chairman of the Board). Under this agreement Newton Engineering BVBA is available on an ad hoc basis. The consultancy fee is determined on a project basis.

CHAPTER V:

PORTHUS' ACTIVITIES

1 COMPANY PROFILE

1.1 Company description

Porthus is an OnDemand IT solution provider, enabling organizations to manage their complex business processes across company boundaries. The Company leverages innovative technologies and solutions to enable its customers to interact and conduct business with their clients, employees, public authorities and business partners in a reliable, cost-effective and secure way.

In addition to its own developed applications, Porthus also offers third-party applications, but only in the context of a project, not as a separate business. All its applications centrally hosted and managed are directly accessible through the internet and offer users full flexibility because they can use the software "on demand". Furthermore, the Company also concludes maintenance agreements in relation with the above products and services.

Porthus offers added value services and solutions to organizations in the following target industries: retail, telecom, utility, logistics and media.

Porthus delivers its B2B OnDemand solutions to over 500 companies covering customer locations throughout Europe and beyond (Belgium, Luxembourg, the Netherlands, France, Slovakia) as well as the Middle East. Porthus customers include mainly large organizations and multinationals

At 15 September 2006, Porthus engaged 109,7 full-time equivalents (including temporary staff) of which 24 FTE in Slovakia. The Company, has offices in Belgium, has an operations center in Slovakia and has recently established a subsidiary in the Netherlands

1.2 Company history

The Company was founded as EurASP in 1999 and was re-named to Porthus in 2002. Since its inception, Porthus has focused on providing IT solutions based on internet technologies. Porthus evolved from a generic application services company to a B2B OnDemand solutions provider.

Key historical milestones

1999	Porthus is founded by Peter Hinssen, Luc Burgelman and Frank Hamerlinck.
2000	Porthus provides application services to Securex, one of Belgium's leading HR service providers. In April 2000, Rendex and Mercator joined as Porthus shareholders.
2001	Porthus provides the ASP-enabling of major accountancy offices and accounting software vendors (e.g. BDO Accountants, C-Logic, Solid Data, TopAccount). In March 2001, Securex joined as Porthus shareholder.
2002	EurASP becomes Porthus.
2003	Porthus develops the www.vrtnieuws.net news portal. Porthus provides managed services and hosting to www.proxis.be Porthus acquires TIE Belgium, a key player in B2B integration.
2004	Porthus launches Desk Solutions, offering integrated software solutions for SME customers. Porthus opens offices in Slovakia. Porthus wins Number Portability Contract in Belgium.
2005	Porthus launches Porthus.net for Logistics, providing European electronic custom's declarations on the Porthus.net platform. Porthus launches Porthus.net for the Retail, Utility, Telecom and Logistics sector. Porthus starts operations of the Number Portability platform in Belgium.
2006	Porthus wins Number Portability contract in Oman.

2 THE MARKET

2.1 General Market Trends

2.1.1 The OnDemand solutions Market

Companies more and more rely on sophisticated software applications to run their businesses but many organizations are not satisfied with the return on their investments. Developing new business applications updating them and assuring the continued operation has taken them more effort, time and money than they had anticipated. The market of OnDemand solutions addresses this concern whereby, software applications are hosted by the OnDemand solution provider and accessed by the customers through internet and consumed on a per transaction- or per user basis ('OnDemand model').

Over the last years, the adoption of the OnDemand model has steadily grown. In the early days, the OnDemand model suffered from the lack of infrastructure (bandwidth) necessary to allow remote access to software services, and the lack of proper application software that was capable of running in an OnDemand model.

This has changed significantly over the last years, and the industry has seen an uplift since 2003. Since then, OnDemand business models have become profitable and strong players have emerged, such as salesforce.com.

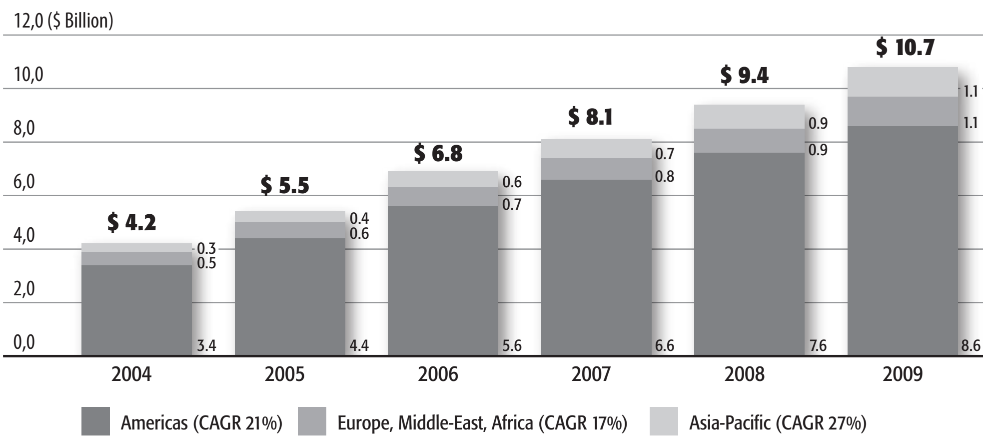
Under the influence of new players such as Google, the software industry has seen that traditional players, such as Microsoft and Oracle, are all moving in the same direction, and are rapidly putting their software into a service offering environment.

The OnDemand model is following the expected adoption pattern of new technology, and is now becoming a standard option for accessing software functionality.

Industry analysts, such as Forrester[20] predict a major shift towards an OnDemand model, by providing better cost control, easier customization, less administration and ease of management in an OnDemand offering.

The research firm of IDC[21] found that worldwide spending on OnDemand solutions increased by 117% from 2003 to 2005, becoming a $5.5 billion market in 2005. From 2006 to 2009, IDC predicts the OnDemand market to grow at an annual compound rate of 21% until it reaches $10.7 billion in 2009. These predictions confirm the benefits of an immediate deployment of applications, and the benefits of using a subscription-based, pay-as-you-go model.

ONDEMAND MARKET GROWTH



Source: IDC

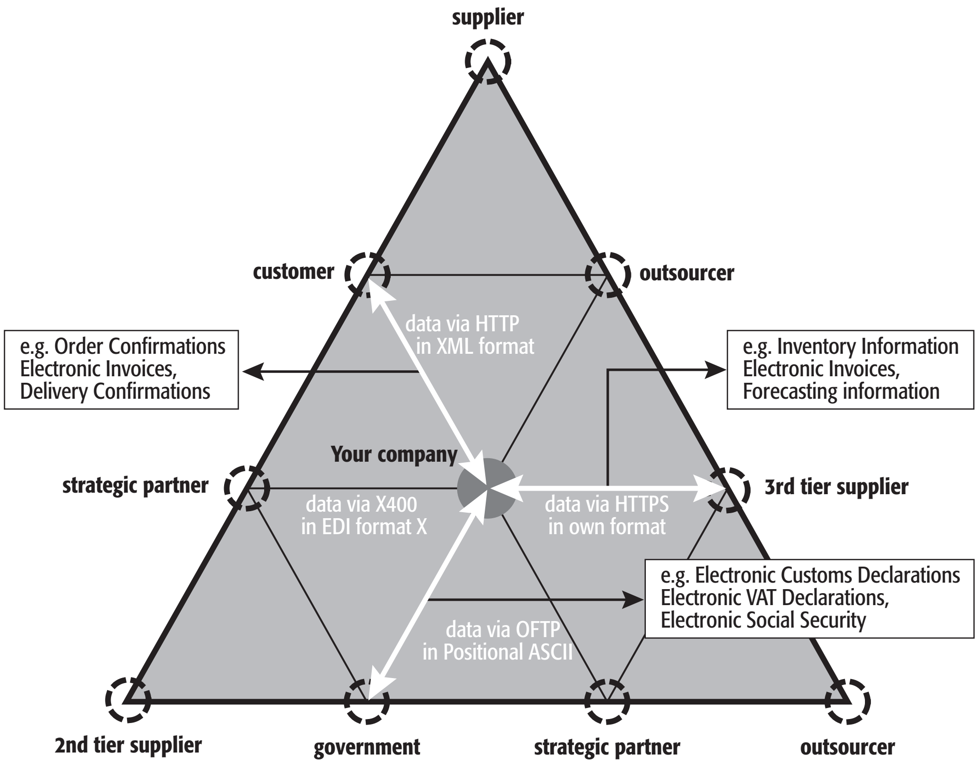
2.1.2 The OnDemand B2B Market

In today's complex B2B environments, companies are constantly confronted with more and more intense B2B communication, of an ever increasing complexity (see graph below). Companies must maintain flexible and secure communications and transactions with various types of business partners and are faced with an abundance of different protocols, different networking standards, different networks, and multiple interfaces and multiple points of failure. In such complex environments, OnDemand solutions, tailored to meet the needs of specific industries, can be a great differentiator. It can be the difference that enables one company to easily adapt for change and succeed while others fail.

20 *Source: Forrester - September 27, 2004, Best Practices "Hosted Versus Licensed Software: Cost And Implementation Tradeoffs"*

21 *Source: OnDemand – from niche to mainstream by Merrill Lynch – 9 June 2006.*

The graph below illustrates the complexity of the communication in a B2B environment.



It is estimated that only about 30% of the current information exchange in a B2B context is performed via Electronic Messaging[22], which means that there is an untapped market potential of 70% of the B2B market, representing a massive 49 billion transactions per year.

Regulatory efforts, such as the effort of the European Union to move towards electronic customs declarations further underpin the growth of the market for electronic messaging in a B2B context.

2.2 General Technological Trends

2.2.1 Software-as-a-Service Technology Model

Although unthinkable a couple of years ago, it now seems probable that most software capabilities will be delivered and consumed as services. This is mainly due to enormous efforts over the last years in the area of Web Services. Web Services allow applications to exchange information over simple internet-based standard protocols. XML[23] technology lies at the core of Web Services, which allows it to be used in a very flexible way.

Many of the challenges presented in business problems, relate to interoperability challenges between different systems. These include high integration costs, lack of industry standards, and high deployment costs. Web Services have the potential of addressing many of these issues.

22 *Source: Datamonitor - The Future of EDI, October 2003.*

23 *XML: Extensible Markup Language (XML) is a general-purpose markup language for creating special-purpose markup languages, capable of describing many different kinds of data.*

The Tower Group[24] sees a massive adoption, and large scale emergence of Web Services for internal and external integration, coinciding with the uptake of B2B services and electronic messaging.

In a recent Accenture[25] study on the increasing importance of Web Services technology in integration and messaging, the most important reasons for using Web Services technology is improved efficiency, cost reduction and improved customer service.

2.2.2 Technological Trends in B2B

In the B2B integration context, a progressive shift is seen from manual to electronic messaging. At the same time, there is an increasing shift from 'old-technology' messaging systems (based on EDI[26] technology) towards new internet-based messaging standards (based on XML technology).

The new XML based messaging systems technology can provide greater flexibility, reduced costs, and more efficiency in quickly integrating partners and suppliers. The EDI market grows at a Compound Annual Growth Rate (CAGR) of 8% per year, while the new XML based market grows at a CAGR of 28% per year[27].

2.3 Porthus Technological Positioning

Porthus, as an OnDemand solutions provider, has built its technological foundations on the basis of the most recent internet-based standards, with a strong emphasis on the use of XML technology, and the use of Web Services technology.

The Porthus.net platform (see 3.2.2(d) 'Managed Services' further in this chapter), is both capable of handling the (older) EDI based protocols and messaging requirements, as well as the (newer) XML based protocols and messaging formats.

3 PORTHUS SOLUTIONS

Porthus is positioned as an OnDemand solution Provider, offering software as a service, with a focus on applying this in a B2B integration context.

Porthus' solutions' are built upon the technological strengths of the SaaS model in a complex business integration domain. In the coming years, electronic messaging is expected to grow substantially in this environment.

Today, Porthus has a strong basis in the Benelux, and is expanding abroad in order to better service its customers. The Company aims at becoming a European player in the field of B2B integration and communication.

The management considers the following items as Porthus's most important competitive strengths:

- Porthus has a strong focus on the B2B market

Porthus provides tailored solutions for key markets in B2B, and is well positioned to take advantage of the surge in B2B electronic messaging. The key focus will remain in the identified key markets that Porthus operates in today.

24 TowerGroup is a UK research and consulting firm focused on the global financial services industry.
25 Source: Accenture: Web Services: 'IT Efficiency Today … Powerful Business Solutions Tomorrow'.
26 EDI: Electronic Data Interchange.
27 Source: Datamonitor - The Future of EDI, October 2003.

- Porthus technology is based on state-of-the-art internet standards

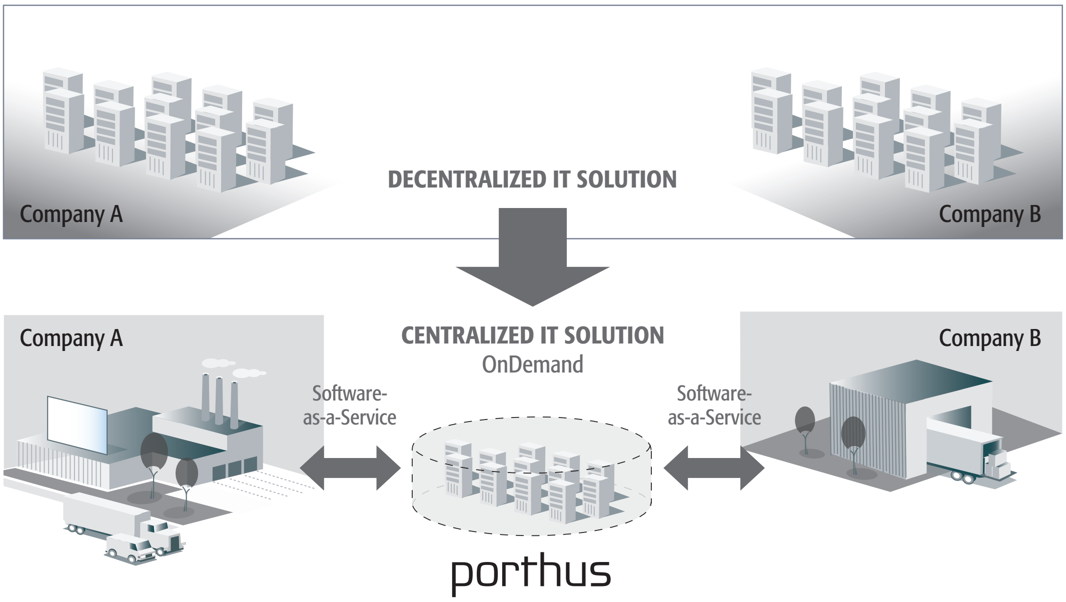
Porthus.net is based on XML technology but at the same time, allows connectivity to older standards such as EDI. Porthus.net also incorporates Web Services technology. Most of the Company's competitors (even in the US) have a clear background in EDI, and have difficulty in switching over to XML-based technology.

- Porthus is a 'triple play' Application Service Provider

Porthus combines IT Service capabilities based on Porthus.net, with software assets such as Porthus.net Integration Server (see 3.2.3) and Porthus.net for Logistics (see 9.1.2 'Current Porthus.net for Logistics Solutions') and with know-how on Business Process Outsourcing like the specific B2B market solutions for retail, utility, telecom, logistics and media.

3.1 Software-as-a-Service Technology Model

Porthus delivers its OnDemand solutions, based on the Software-as-a-Service technology model, i.e. delivering integrated software solutions on the basis of a SLA (Service Level Agreement).



Instead of companies having to purchase software, and implement solutions in their own IT environment and on their own premises, Porthus provides a centrally hosted and managed platform, allowing customers to access software remotely. In other words, Porthus offers the access to the Software-as–a-Service.

The advantages for the customers of such a centralized offering: cost reduction, reduced complexity of IT systems, fewer IT Staff, increased security and increased fault-tolerance.

The main markets that Porthus addresses are primarily in the domain of B2B, where Porthus provides a central hub for connecting and integrating customers and suppliers. In today's business environment, organizations want to establish tight links with their partners and customers so that data can move quickly and efficiently. Partners want to be able to trade electronically, tying for example the 'order-fulfilment-invoice' flow or 'vendor managed inventory' process electronically beyond the boundaries of enterprises.

3.2 Company Services

Porthus provides a full range of services, ranging from analysis, consulting, project management, over implementation, installation, project configuration, custom development, to training, support and helpdesk.

As part of a typical customer project, Porthus offers a combination of different service types as listed below. The proportion of these services may vary from one customer to another and from one project to another.[28]

3.2.1 Professional Services

Porthus helps customers to build and integrate solutions, and to customize applications. This is typically done by supplying professional services to customers on a time/material basis, or on a project basis.

In order to integrate and customize the customers' solutions and environments, Porthus has developed a proven approach that reduces risk, accelerates delivery, and ensures quality.

The offering includes:

(a) Consulting Services

Porthus' consulting services include business consultancy, functional analysis, technical analysis and consulting on ICT architectures. Each of these includes extensive service offerings. For example, consulting includes analysis of customer requirements, analysis of the existing technical architecture, fit gap analysis and analysis and modelling of expected return-on-investment.

(b) Integration Services

With a wide range of expertise and proven experience in different applications, hardware and environments, for services such as installation, configuration and integration, Porthus delivers tangible solutions. Proven implementation skills and project management capabilities will maximize impact, minimize administration and simplify the deployment of the solution.

(c) Program & Project Management Services

Porthus offers program management and project management depending upon the size and scope of a project. In both cases, Porthus employs the PMI[29] practices for project management and has own certified staff in these matters. Project management is used for smaller implementations, while the more elaborate program management is used for large and complex projects. These projects typically involve pan-European or multiple deployments and/or sub-projects.

(d) Development Services

i.e. implementation, installation, project configuration for custom development

(e) Training Services

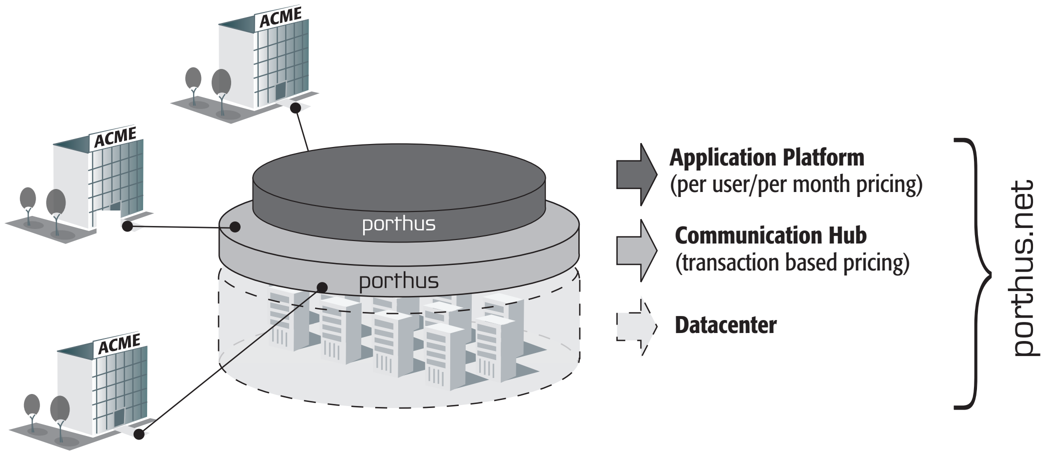
The Company offers a full range of educational services to the end-users or at the "train-the-trainer" level.

28 The overview of the services is for the good understanding of the reader only and should therefore not be reflected in the financial statements in Chapter VII.
29 Project Management Institute (PMI®)

3.2.2 Managed Services

As an OnDemand solution provider, Porthus hosts and manages software on a central platform, and provides this as a service to its customers. This service is typically priced on a per user or a per transaction basis. These services are collectively referred to as Porthus' Managed Services.

The core solution that Porthus provides is the Porthus.net platform, which is tailored to specific needs and demands of various industries. The structure of the Porthus.net platform is shown in the illustration below.



(a) Basic infrastructure

Porthus operates a number of different data centers to host a portfolio of diverse applications that is offered to its customers. The different data centers are aggregated as one virtual data center, which Porthus operates as a fault-tolerant and secure infrastructure. Porthus provides permanent monitoring of all infrastructure, communications and applications. This monitoring is handled by an operations team based in Namestovo, Slovakia.

(b) Communications infrastructure

On top of the data center infrastructure, Porthus has developed an infrastructure allowing organizations to communicate with their customers, partners and suppliers, regardless the communication protocol. Porthus manages all the information exchange between businesses and therefore functions as a B2B operator.

(c) Applications

On top of this communication infrastructure, Porthus provides a portfolio of applications to users ranging from standard Microsoft applications, to very specific applications such as Vendor Managed Inventory systems, or specific applications for electronic customs declarations. See also section 3.2.3.

(d) Porthus.net

The combination of the data center capabilities, the communications infrastructure, and the application delivery platform on top, is what is called Porthus.net. Porthus.net allows Porthus to offer hosted solutions to its customer that combine communications offering with application service delivery capabilities. Porthus.net is a generic B2B integration platform in Europe, with industry-specific templates. Advantages for customers are amongst others the ability to quickly outsource their B2B operations and the creation of a transparent eSupply chain.

With regard to the communications hub, the pricing mechanism is based on the number of transactions executed by the customer. Clients making use of Porthus' application service delivery are charged on a 'per user / per month' basis. The Porthus.net platform currently handles over 2 million transactions per month, all over Europe.

(e) Helpdesk

In order to permanently support customers in the use of Porthus.net, the Company operates a helpdesk for ongoing customer support. Every Porthus customer has access to the helpdesk for technical advice, requests or concerning problems encountered with the products installed. Porthus has a team of certified engineers, providing permanent customer support in first line support services. In a second line support organization the Porthus product specialists are permanently available as well.

(f) Porthus.net applications

(I) Porthus.net for central outsourcing

Many companies face challenges of ever growing ICT complexity and therefore the difficulty of keeping the ICT budget under control.

'Porthus Central Outsourcing' is built on top of the generic Porthus.net solution and aims to offer an answer to these challenges. The ICT infrastructure of a customer is optimized and migrated to a centralized environment using standard technology. Customers are accessing their applications remotely anytime, anywhere with a large range of devices, instead of running their applications locally.

The ultimate goal is to make the IT infrastructure of an organisation more transparent, more flexible and above all easier to manage. The relationship between Porthus and its customer is managed by a Service Level Agreement (SLA).

The result for the customer is an increased level of financial predictability: a monthly fee per end-user makes budgeting and forecasting ICT costs easier. This 'Utility Based Pricing' stands for a total cost of ownership, covering central & local infrastructure, infrastructure management, service desk, local support, WAN and licenses. The offering for Central Outsourcing concentrates on six aspects: consolidation strategy and architecture, back office consolidation, front-end standardization, application delivery implementation, infrastructure management set-up and end-user support

Based upon the ITIL[30] best practices, Porthus implements Infrastructure Management turning the ICT offering into a 'Service'. ICT solutions are offered to the end-users based upon Service Level Agreements outlining availability, performance and security management.

The ICT consolidation can be realized within the data center of the customer, or the customer can decide to move all applications to a Porthus data center. In the latter scenario, the customers benefit from a state-of-the-art data center facility, providing best practice security and continuity facilities. In the Porthus data center, the customers can also benefit from the shared infrastructure platform Porthus.net, providing shared applications, database, storage, security and management.

30 *ITIL: ITIL® (the IT Infrastructure Library) is the most widely accepted approach to IT service management in the world. ITIL® provides a cohesive set of best practice, drawn from the public and private sectors internationally. It is supported by a comprehensive qualifications scheme, accredited training organisations, and implementation and assessment tools. The best practice processes promoted in ITIL® support and are supported by, the British Standards Institution's standard for IT service Management (BS15000).*

(II) Porthus.net industry templates

In its key B2B target markets, Porthus has built industry templates on top of the Porthus.net generic platform, tailored to the specific needs of these markets.

These industry-specific solutions have been developed in close cooperation with Porthus' customers. Porthus' approach of establishing long-term partnerships with its customers has contributed to the development of these solutions. Examples of these industry solutions are Porthus.net for Retail, and Porthus.net for Logistics

(A) Porthus.net for Retail

Porthus has developed specific solutions for retail that connect distributors, wholesalers and dealers in the retail sector, offering applications ranging from stock and inventory control, to electronic invoicing.

In addition to operating the B2B communications, Porthus provides logistical applications such as Vendor Managed Inventory (VMI) as a value added service, delivered as a software service.

Porthus.net for Retail offers a multitude of advantages, including:

- lower cost through supporting only one interface between the customer and Porthus, instead of multiple interface solutions with all of the trading partners;
- one message format to the trading partners for orders, dispatch advices, invoices, timesheets, transit declaration,… instead of multiple;
- one communication channel to all trading partners instead of multiple.

In addition, a solid growth path is put in place for future B2B integration because of the flexibility and scale of the platform. The use of Porthus.net allows customers to quickly activate and integrate new business partners. Moreover, the customer can implement, new message types faster. Specific business solutions such as Vendor Managed Inventory can also be easier activated and implemented once the customer is connected to the Porthus.net platform.

(B) Porthus.net for electronic custom declarations: Porthus.net for Logistics

In the European Union, significant regulatory changes have impacted the landscape of customs declarations. The trend within Europe is to simplify customs procedures by moving towards electronic filing and communication. Ultimately, one can expect automated systems for all import, export, storage, processing and transport procedures across the European Union (and beyond). Companies with significant international trade volumes will need a solution to deal with customs declarations related processes. The automation process began with the New Computerised Transit System ("NCTS"); other new procedures are at various stages of roll-out. Businesses are required to communicate with customs authorities and file declarations electronically.

In order to provide the specific market for Electronic Custom Declarations with a tailor-made answer, Porthus is working closely with Deloitte and KSD Software relating to the commercialisation of a new data exchange system called Porthus.net for Logistics, using Porthus.net as central OnDemand application and declaration platform (see also 5. R&D section in this chapter).

Porthus.net for Logistics is planned to be both a compliance (for filing declarations) and a communication tool (for exchanging information with customs authorities). Porthus.net for Logistics will support electronic filing and communication with customs and excise authorities, to meet the requirements of various European and national initiatives:

NCTS, customs paperless, Excise Movement and Control System ("EMCS"), Customs Export System ("CES").

Porthus.net for Logistics will combine the expertise of Deloitte relating to customs and business systems, and the expertise of Porthus with regard to B2B messaging, EDIFACT conversion and communication, with the know-how of KSD Software with regard to conversion module applications.

3.2.3 Software

Porthus builds its own software solutions such as specific messaging and communications software that is offered and sold to customers. Porthus uses specific components (modules) of partner software in its solutions (e.g. Microsoft, KSD Software) in combination with own-developed software.

Along with the software license contracts Porthus provides maintenance contracts on its software solutions.

Porthus' proprietary Porthus.net Integration Server offers a complete B2B Integration platform delivering the exchange and transformation infrastructure required to connect to the partners of the Porthus.net platform.

3.2.4 Reselling

Porthus also resells third-party hardware and software. However, Porthus only sells these products in the context of a project and does not consider the reselling of third-party products as core business.

Based on the period over which services are delivered, Porthus qualifies the revenues as project-based revenues (*i.e.* licenses or professional services delivered over a period of less than 12 months) or recurring revenues (*i.e.* professional services, managed services and maintenance services delivered over a period of more than 12 months).

3.3 One-stop-solution approach

Managing a solution lifecycle has become a complex process, requiring expert knowledge and experience. Without the right processes, methodologies and technology, timely interaction between design, development, integration and support teams can be a major obstacle. Porthus will, in close cooperation with the customer, develop a strategic plan and assists in its implementation. Porthus maintains and manages the systems and if necessary, fine-tune the solution to meet ever changing market conditions and requirements.

Typically, an average integration phase for an average project will take anytime between one up to six months. Porthus closes service contracts for managed services with an average contractual term of 3 to 5 years. In general such a contract can consist of fixed services, usage based services, maintenance, support and helpdesk services.

Given the one-stop-shop approach and the multiple benefits this offers to the Porthus customer, Porthus aims at establishing a long-term trusted partnership, rather than a common customer-supplier relationship.

3.4 Industries

In order to address complex B2B integration needs, more and more companies outsource all or part of the management of their business processes. Porthus provides a Managed Service offering in the following main industry segments:

3.4.1 Retail market

Porthus provides solutions for the retail market by connecting suppliers, distributors and wholesalers, and by providing specific applications such as vendor managed inventory, supply chain collaboration, Point-of-sales data integration, ….

3.4.2 Telecom, Utility market

Porthus provides solutions for the utility & telecom sector by connecting the different partners and stakeholders of the utility and telecom markets, and by providing specific solutions such as Number Portability in the telecom sector.

3.4.3 Logistics market

Porthus provides solutions for the logistics market by connecting the various partners of a logistics process, and by providing specific solutions such as electronic customs declarations.

3.4.4 Media

Porthus builds and operates a central media hub, that connects different stakeholders in the media industry (media broadcasters, media production houses, etc..), and provides specific solutions such as electronic archiving and media storage solutions to these partners.

4 SOLUTION REFERENCES

The Porthus customer base has grown in the last years to more than 500 customers today. The customer base is spread over the different industries that Porthus is active in:

4.1 Retail

Porthus has a strong offering in the retail sector, with the Porthus.net for retail offering (see section 3.2.2(f)(II)(A)).

Solution reference: One of the world's largest apparel suppliers

Profile: Customer X is one of the world's largest apparel suppliers and present in more than 100 countries.

Customer Strategy: The corporate strategy of customer X EMEA implies an intensive information exchange between customers, partners and subcontractors. The increasing volatility in the apparel retail market has significantly increased the need for better, faster and more intense communication between these partners.

Porthus' offering: Porthus connects customer X in Europe to more than 120 distributors, wholesalers and dealers for transactions ranging from stock and inventory control, to electronic invoicing.

customer X has selected Porthus in a first phase as a partner to perform the business analysis of this information exchange, by the professional services team of Porthus. During the next phase, Porthus designed the optimal ICT architecture to support these processes.

The solution for customer X was developed on the Porthus shared B2B integration platform Porthus. net. Porthus is responsible for mapping of the various external formats towards the single customer X format and the full management of the outsourced customer X B2B integration platform. This involves day-to-day operations, new message creation, partner support, and partner certification. Currently Porthus handles over 50.000 transactions per month for customer X.

Benefits: The main benefits for customer X are cost reduction for customer X and its partners, full integration of complex applications, just-in-time deliveries, less paper and fax communication and less human errors.

4.2 Telecom – Number Portability

The Telecom sector is an extremely competitive industry. Telecom operators try to attract and keep consumers with different types of promotions. Rules have been put in place by governments across Europe enabling consumers to keep their mobile or fixed number when changing from one operator to another. This process is called Number Portability. Local number portability (LNP) is the ability to take an existing telephone number assigned by a local exchange carrier (LEC) or a mobile phone provider, and reassign it to another LEC or other telephony provider.

Porthus has developed an offering for the telecom sector, i.e. Porthus.net for Telecom. This offering is used to tackle the complex problem of Number Portability. Porthus currently has two NP projects ongoing, one in Belgium and one in the Sultanate of Oman.

Client reference: number portability platform in Belgium

Profile: Porthus has been awarded a contract, by the "VZW voor nummeroverdraagbaarheid in België" (or NPA), for the implementation and management of the Number Portability service, starting in November 2005, for a period of 5 years.

Customer Strategy: The Number Portability organization in Belgium has a need for a system that allows subscribers to keep their existing mobile phone number or fixed phone number if and when they decide to switch to another mobile or telecom operator.

Porthus Offering: Porthus, as the leader of a consortium, has designed, developed, implemented and delivered a new 3rd generation 'Common Reference Database Centre' (CRDC) in the context of Number Portability in Belgium, based on Porthus.net. This common reference database keeps the history and current status of the number locations for the entire Belgian numbering plan, and supports the fixed and mobile number portability processes between telecom operators. The system processes on average 2 million messages per month.

4.3 Media

The digitalisation in the media and entertainment industry is evolving at a rapid pace. Not only is the relationship with the end consumer becoming more and more interactive (e.g. interactive television), also the entire back-end processes of broadcasters and media production companies are changing.

Porthus is active both in the field of designing and implementing specific centralised solutions for this industry such as media storage solutions, but also in applying its expertise in B2B communication in this sector, to allow different partners to collaborate and exchange information with more speed and higher reliability.

Client reference: VRT

Profile: VRT is the Flemish Radio and Television Broadcasting Company ("Vlaamse Radio- en Televisieomroep") a public sector public limited company. VRT is the public broadcaster of the Flemish community in Belgium.

Customer Strategy: The VRT is rapidly going through a wave of digitalisation, and has the ambition to move from a tape-based broadcasting company towards a digital file-based broadcaster by the year 2010. At the same time, the Flemish government set out the goal to establish a media-ASP which will allow other partners in the Flemish audio-visual community to share the services and facilities of the public broadcaster.

Porthus' offering: VRT started in 2001 with a project to optimize the collaboration and communication with/between program-workers, technical co-workers, journalists and business partners. VRT engaged Porthus to implement and manage these projects. The first phase was focused on the design of the architecture and implentation of pilot projects, together with VRT. In 2003, the first VRT employees were migrated (in a phased approach) by Porthus to their own virtual workplace, running in a data center within the VRT-premises in Brussels.

In 2005, IBM and Porthus signed a framework contract with the VRT for four years. As part of this agreement, IBM and Porthus will supply a storage solution which will form the central hub of the Digital Media Factory (DMF) of the VRT. The combination of the storage solution and the application suites on top can provide each member of staff of the VRT with the possibility of calling up and processing up to 200 terabytes of media material via their work stations – more than 8000 hours or 333 days of non-stop video. For the VRT this is a first step towards providing its staff with a centrally integrated range of media material.

5 RESEARCH & DEVELOPMENT

Porthus continuously invested in research and development of new innovative solutions. Research & development activities were developed on two levels: internally and through partnering with other industrial parties. Financing of the research activities is done both with internal financial resources and through grants from independent institutions.

5.1 Internal R&D

Porthus has invested in its Research & Development Department for the development of the Porthus.net platform. This platform, based on Microsoft BizTalk technology, was developed to be used in a multi-company, multi-user, multi-country and multi-protocol environment that is required for the international Software-as-a-Service offered by the Company.

5.2 R&D with industrial partners

5.2.1 ECustoms Research & Development

In 2005, Porthus was granted an **IWT[31] research grant[32]** for the further development of the Porthus.net for Logistics solution. The development of the European solution will carry on until the end of 2006.

5.2.2 FIPA-project

Porthus is an active partner of the IBBT[33], where Porthus teams up in research with IBM, VideoPromotion and the VRT, in the FIPA project.

The FIPA-project[34] is an IBBT project aiming at the development of an architecture based on internet Protocol to share storage and computing power on single or multiple sites. Application areas are digital media production or eMedia, eSecurity, eHealth, etc.

These areas are faced with the challenges of storing and processing massive amounts of multimedia digital data online, in a way that this data can be managed and retrieved in a

31 Instituut voor de aanmoediging van innovatie door Wetenschap & Technologie in Vlaanderen (IWT) (Institute for the Encouragement of Innovation through Science and Technology in Flanders
32 See also Chapter VI: 'Management's discussion and analysis of financial condition and results of operations'.
33 IBBT: Interdisciplinair instituut voor BreedBand Technologie (IBBT) (Interdisciplinary Institute for Broadband Technology)
34 FIPA stands for File-based Integrated Production Architecture

reliable and secure manner and with a high performance. This means that apart from the storage, processing and management of the data, also the accessibility is a crucial architectural issue, especially since more and more companies tend to share their data with business partners, external workers, …

The project aims to design and build a proof of concept of an IP-based storage environment, capable of storing, securing and accessing large amounts of data.

5.3 Corporate technology strategy

Porthus' corporate technology strategy is aimed at building solutions that offer customers innovative, reliable and secure solutions. The technology choices are driven by the opportunities to leverage technology investments on the long term and the flexibility of the technology to adapt to changing market needs. Major key guidelines in developing solutions and in selecting technology are:

- Porthus' will use open internet standards such as XML, increasing compatibility between different hardware and software components. As such, Porthus offers open solutions allowing easy interaction with existing applications and processes.
- Porthus solutions add functionality to existing technology building blocks. For this existing technology, Porthus has strategic technology partnerships with market leaders such as Microsoft.

6 PORTHUS GO-TO-MARKET AND MARKETING STRATEGY

6.1 Porthus brand

Porthus is positioned in the market as a young and dynamic company that has an innovative combination of design, delivery and operating expertise in the delivery of its solutions. Porthus creates general awareness of its brand and solutions through careful advertising, sponsoring and networking activities.

Porthus believes that frequent communication is crucial and therefore informs its customers of Porthus' evolution (strategy, customer successes, new solutions, people, and technology update) through quarterly newsletters.

6.2 Sales & marketing strategy

Porthus approaches both SME's and large organizations, but with different sales models. Multinationals and corporate enterprises are primarily addressed through a direct sales model, while the services towards small and mid-sized companies are sold through Desk Solutions, a subsidiary of Porthus.

6.2.1 Direct & indirect sales model

Currently Porthus primarily focuses on a direct sales approach. In a long term perspective, the Company has the ambition to extend some Professional Services efforts to its business partners. This will allow the Company to focus on Managed Services and Software, and cap the internal headcount for Professional Services by focusing on specialized consulting. This evolution towards a 'partner-model' for Professional Services will be realized beyond the current three-year horizon.

6.2.2 Desk Solutions – sales through subsidiary

Small businesses require standardized solutions that can be delivered by the Company on a high volume basis. Therefore, Porthus targets SME's through its subsidiary Desk Solutions by offering packaged application solutions. Desk Solution's primary aim is to integrate business-specific applications and to offer these applications in a comprehensive services model, including user assistance to the desktop. Porthus believes in the potential of a stand-alone subsidiary selling Managed Services to the SME market and investigates opportunities in support of growth of Desk Solutions if and when such opportunities present themselves.

Desk Solutions' core offering consists of:

(a) AccountDesk:

AccountDesk is an open platform desktop solution which comprises an integrated set of instruments for the bookkeeper and the fiduciary, optimising business processes and keeping track of the latest technological and legal developments (e.g. e-Invoicing, e-Archiving, etc). Desk Solutions wants to be the ultimate online partner of the accountant and the bookkeeper.

(b) BusinessDesk:

BusinessDesk offers solutions specifically designed for small companies, guaranteeing a secure access to a specific set of standard applications (productivity tools), from everywhere, at anytime via the internet.

7 PORTHUS PARTNERSHIPS

Porthus has concluded various partnerships, both in the domain of technology to strengthen the technological proposition of Porthus, as well as industrial partnerships that help Porthus in the development of its go-to-market strategy.

7.1 Technology partnerships

7.1.1 Microsoft

Porthus partners with Microsoft with regard to Windows Servers and the .net Framework since these are leading platforms. Porthus is a Gold Partner for Advanced Infrastructure Solutions, Information Worker Solutions and Integrated eBusiness Solutions. At this level Porthus is guaranteed account engagement from Microsoft, along with other top-level benefits such as a priority listing in the Microsoft Resource Directory.

7.1.2 Citrix

Porthus is a prime Citrix implementation partner in the Belux and a Citrix Gold CSN partner. The Gold status within the Citrix Solutions Network (CSN) is only given to value added resellers and systems integrators, with a strategic focus on delivering Access Infrastructure Solutions. Porthus also meets all certification requirements set by Citrix.

7.2 Industry partnerships

7.2.1 Desk Solutions' partners

Desk Solutions is the Porthus offering for the SME market. This market is addressed via partnerships, with for example Securex and Belgacom.

7.2.2 Porthus.net for Logistics partners

For the implementation of Porthus.net for Logistics, Porthus works closely with Deloitte. Porthus will provide the information technology expertise and operations, while Deloitte will provide the consulting professional services for tackling the complex customs regulatory issues.

An additional partner for the Porthus.net for Logistics solution is KSD Software. This partner will deliver a number of software modules for the implementation of the solution.

8 PORTHUS COMPETITIVE LANDSCAPE

8.1 Local competition

In Belgium, the Company identifies few Application Service Providers with the same broad range of specialized services as Porthus. A company with a similar offering in the domain of Managed Services is Dedigate. This company provides hosting, Managed Services and Software as a Service offerings for business applications such as ERP and CRM systems. Dedigate was acquired by Terremark Worldwide, Inc in August of 2005.

In the domain of B2B integration services, a local company that has a similar offering to Porthus is CertiPost. CertiPost is a joint venture between Belgacom and the Belgian Post.

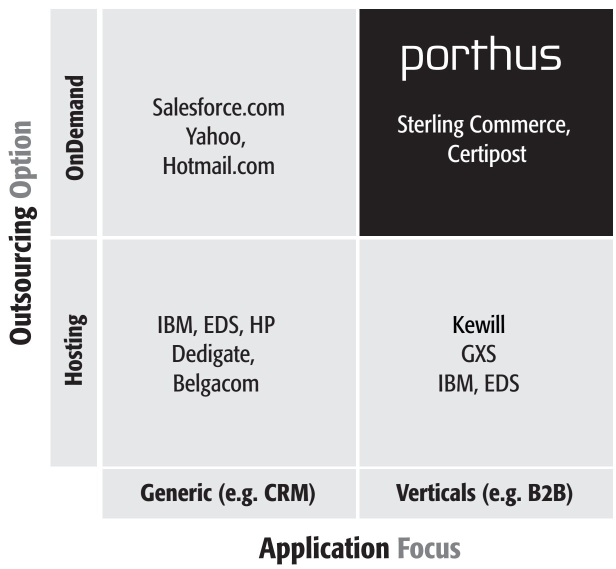
8.2 European competition

In Europe, there are more players. However, few players offer their services on a European scale, which results in a fragmented European landscape. Most countries have a number of local players with a strong position in their local market, both in the domain of Software as a Service, and in the field of B2B integration.

Companies such as Influe in France, still largely depend on the home market, while companies such as Seeburger in Germany and Kewill in the UK have taken specific niche-product offerings on a European level.

US companies are active in the European market for larger projects. However they have a limited presence in Europe. One of them is Sterling Commerce, which is a wholly owned subsidiary of AT&T.

8.3 Overview competitive landscape



9 DEVELOPMENT OPPORTUNITIES

9.1 Porthus and the market for electronic customs declarations

9.1.1 Customs situation in Europe

The European Commission and the European Parliament have recently adopted drastic amendments to the Community Customs Code. Some of them have already been inserted in the Community Customs Code (CCC), others have been submitted to the Parliament by the Commission for approval.

One of the amendments already in the CCC is the realization of e-Customs within the coming years. The customs' authorities of the 25 Member States have committed themselves to link their customs' IT systems. Electronic declarations will be the standard while paper-based declarations will gradually disappear.

At the same time, the Belgian customs' authorities currently develop a totally new system for electronic declarations, in line with the initiatives of the European Commission. This system – PLDA – replaces the existing SADBEL. Implementation of the first phase of PLDA is planned for September 2006.

The launching of PLDA in Belgium will mean the implementation of the new document structures as regulated by the European Commission. Companies having developed in the past their own software in view of producing these documents on their own IT systems, will have to reprogram their software.

9.1.2 Current Porthus.net for Logistics Solutions

Porthus started the development of Porthus.net for Logistics in 2005. Porthus.net for Logistics will consist of a number of modules covering import declarations, export declarations and the issuing of electronic messages upon departure and upon arrival of goods in the light of the NCTS[35].

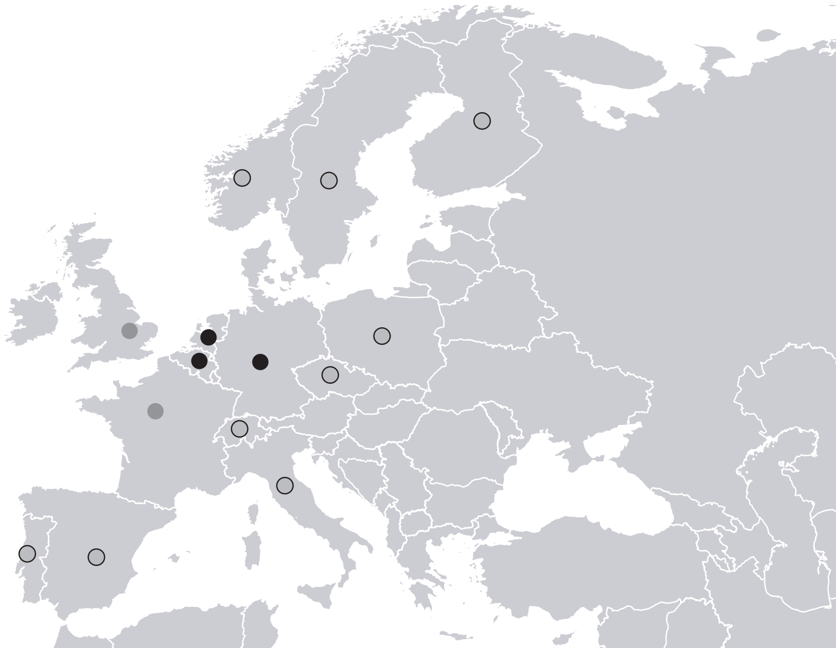
The system is modular, meaning that customers only need to install those modules that are relevant for their business.

Porthus.net for Logistics will be a multinational system able to communicate with various customs administrations in the European Union. Indeed, it will not only cover conversion of data with the Belgian PLDA, but also with other systems such as SAGITTA (The Netherlands), DELTA (France), ATLAS (Germany) and CHIEF (United Kingdom). Clients will be able to use the system in several languages such as Dutch, French and English.

9.1.3 Future developments for Porthus.net for Logistics

Porthus plans to roll out the Porthus.net for Logistics solution in all member states. Therefore, the Company pursues certification of Porthus.net for Logistics in the countries indicated on the below map.

35 New Computerised Transit System, a European wide system, based upon electronic declaration and processing, designed to provide better management and control of customs, involving all EU Member States and the EFTA countries, 29 countries in all.



The further development of Porthus.net for Logistics and its roll-out in the EU-member states, is one of the Company's key challenges in the years ahead.

Porthus has the potential to make Porthus.net for Logistics the market solution for electronic communications with the authorities regarding customs and customs clearance.

9.2 Porthus and the market for Retail data synchronization

9.2.1 Retail data synchronisation

The retail and consumer packaged goods (CPG) industry is looking to further optimize its supply chain by maintaining clean and synchronized product information. In this process, the role of the Uniform Code Council's UCCnet and exchanges like the World-wide Retail Exchange (WWRE) becomes significant. The path to global data synchronization is rewarding if the processes are clearly understood and implemented properly.

According to a recent AT Kearney study, over $40 billion (3.5% of total retail sales) is lost each year, owing to supply chain inefficiencies. Moreover, at least 30% of all data in retail catalogues is known to be in error, with each error costing $60 to $80 to correct. On top of that, more than 60% of all invoices generated have errors, with 43% of all invoices resulting in deductions, often taking between $40 and $400 per invoice to reconcile.

These financial implications have compelled retailers and CPG majors to take data synchronization initiatives. Apart from the above facts, it is quite evident that item synchronization is the key to future supply chain initiatives like radio frequency identification (RFID[36]).

9.2.2 Retail data synchronisation developments at Porthus

Item synchronization is the cornerstone of an effective supply chain capability. It offers real benefits and return on investment (ROI). It reduces transaction errors, deductions, and improves the efficiency of the sales force and customer service by eliminating the time they spend on error resolution and pushing information out to customers.

There are two major components in getting the item data synchronized: internal synchronization and external synchronization.

36 Radio Frequency Identification (RFID) is an automatic identification method, relying on storing and remotely retrieving data using devices called RFID tags or transponders

Internal synchronization involves bringing about the necessary internal changes in a retailer or CPG company's systems to ensure that they have a singular view of correct product information at any time. Proper planning aided by technology such as e-business and application integration (EAI) help achieve internal integration.

External data synchronization involves synchronizing the product information within the organization, with trading partners, via a B2B communication hub.

Porthus is further developing its offering of Porthus.net for retail to anticipate the Retail Data Synchronisation needs of its customers, and will continue to invest in new functionality for ensuring item synchronisation.

9.3 Porthus' ambition

Porthus has the ambition to further leverage the combination of its know-how of the 'Software as a Service' model, and its expertise of the various B2B markets in which the Company is active. Porthus will continue to invest in its long-term customer relationships to maintain and expand the specific industry-knowledge the Company has acquired over the years.

Porthus can also leverage the technological transition from old technology (EDI) to internet-based messaging technology (XML), and benefit from the growth in electronic messaging between companies.

Porthus will continue to develop value added software services for the retail, utility, telecom, logistics and media markets, but wants to expand its current offering both in volume (users, transactions, messages) as well as geographically:

- Porthus investigates opportunities to expand the critical mass of its customer portfolio in the corporate market. The OnDemand model allows the solutions developed for the corporate market to be offered in the SME market. Therefore Porthus will also investigate opportunities to expand its SME customer portfolio.
- The long term ambition is to become the reference OnDemand solution Provider in Europe, with a focus on Benelux, UK, Central Europa, Germany, France and the Scandinavian countries. The geographical roll-out will in general be based on the principle of "follow the customer", and will be implemented through acquisition and investments, and by investing in sales capabilities to capture increasing opportunities in strategic industries.

10 PORTHUS ORGANIZATION

10.1 Porthus organization

The Executive Management team is headed by the CEO (see Chapter IV, 'Corporate Governance').

Business development is managed by a Vice President Business Development, with a focus on local as well as international business development for Porthus.

Sales & Marketing is combined, and is managed by a Vice President Sales & Marketing, who is responsible for global Sales & Marketing activities.

The Chief Operating Officer (COO) coordinates and manages the heart of the company, comprised of Professional Services and Managed Services. Within Professional Services there is a Solutions Director, responsible for a team of solution specialists, and a Consulting Director, who manages all consulting activities for Porthus. The Managed Services unit is run by a Managed Services Director. Both Professional Services and Managed Services are also active in Porthus Slovakia.

Finance & Legal is managed by the Chief Financial Officer (CFO) of the company, and all Human Resources matters are managed by the HR Manager.

Porthus Slovakia has a manager in Slovakia who oversees all operations in the Porthus daughter, and Desk Solutions is equally managed by a dedicated manager.

10.2 Porthus Human Resources

10.2.1 General

Porthus employs highly educated employees, typically with an engineering or IT background.

The average age of the staff at 15 September 2006 is 33, the average seniority with Porthus is on average 2,9 years.

At 15 September 2006, Porthus engaged 109,7 full-time equivalents (including temporary staff) of which 24 FTE in Slovakia. The evolution over the last 3 financial years is as follows:

Evolution of the FTE as per 30 June (Consolidated)	2004	2005	2006
Professional Services	28.8	37.8	42
Managed Services	17	23	39.9
R&D	2	3	4.5
General & Administrative	7.8	9	10
Sales & Marketing	4	4	4
TOTAL	**59.6**	**76.8**	**100.4**

10.2.2 Human Resources Strategy

Porthus rrecognizes the importance of recruiting, developing and retaining outstanding people. The Company empowers its employees to maximize their potential and contribution. Porthus believes that employees at all levels must understand their contribution to achieving the company's priorities by focusing their energy and enthusiasm in the right direction and by having clear performance objectives.

In order to achieve a high level of performance and involvement of all employees, Porthus introduced the Perform@Porthus (P@P) program. P@P is a competence based tool developed to promote the yearly process of Performance Appraisal and Development Agreement. The Performance Appraisal and the Development Agreement are 2 processes, which are crucial to implement Porthus' performance and remuneration strategy. This allows the Company to have a better and more focused overview of the talents and capabilities of its human resources. By defining the required competencies based on the Porthus business objectives, employees can work in a more satisfying, efficient and effective way and it allows the Company to better focus the development efforts and needs. This should eventually result in a competitive advantage for Porthus, in combination with clear personal growth perspectives for its employees.

10.2.3 Executive Management Team

The Executive Management Team consists of Luc Burgelman (founder and chief executive officer), Frank Hamerlinck (founder, chief operations and technology officer), Joris Allaert (chief financial officer), Christophe Longueville (Vice-President Sales & Marketing) and Jean Verheyen (Vice-President Business development). The curriculum vitae's of the members of the executive management team can be found in Chapter IV, 3.4 'Chief Executive Officer and executive management'.

CHAPTER VI:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All financial information that is presented in this chapter is based on audited and consolidated results for Porthus on June 30th 2006, June 30th 2005, June 30th 2004 and financial years ended before then.

The financial information is presented according to IFRS.

The following discussions and analysis should be read in conjunction with (i) the section entitled "Selected key financials" and (ii) the Company's audited consolidated financial statements, including the notes to those financial statements included in this Prospectus. Certain statements in this section are "forward-looking" statements and should be read in conjunction with the disclaimer "Forward-Looking information". In 2006, for the first time, the Company prepared its consolidated financial statements in accordance with IFRS. The 2004 and 2005 accounts, originally prepared in accordance with Belgian GAAP, have been restated and audited for comparison purposes.

The forecasts in this chapter were made without taking into account the net proceeds of the Offering, and are therefore "pre money".

All data and forecasts are created without taking potential investments (and the related growth) into account that will be financed with the additional cash generated through this Offering.

1 OVERVIEW

During the first year of operations the Company focused its services primarily towards small to medium sized customers (SME customers), by delivering generic ICT services. Due to the market conditions in 2001, the Company decided to leverage its competence and infrastructure in services towards the corporate end of the market. During a period of two to three years Porthus evolved from a generic service provider towards an OnDemand solution provider delivering added value services for specific vertical markets.

Today, Porthus has a clear focus on delivering solutions for B2B. This means that Porthus helps companies in their connectivity to customers, partners, suppliers and government, and manages the flow of information between these partners. Customers can outsource their complex applications and interactions to Porthus, allowing them to benefit from the Porthus offerings in a utility based pricing model (e.g. per transaction, per user, etc.).

Since its foundation in 1999 Porthus has grown organically and by one acquisition (TIE Belgium, in 2003). At 15 September 2006, Porthus engaged 109.7 full-time equivalents (including temporary staff) of which 24 FTE in Slovakia. The Company realized net revenues[37] of € 8.9 Mio in 2005 (June 30th) and € 10.7 Mio in 2006 (June 30th), combined with a profit of € 149K in 2005 and € 216K in 2006.

Today, Porthus is delivering its services in Belgium, Slovakia, the Netherlands, France and the Middle East, with more than 10% from its revenues generated by customers outside Belgium. On 11/08/2006 the board of directors of Porthus decided to found a subsidiary Porthus B.V. in the Netherlands.

37 Net Revenue: the total consolidated revenue whereby the revenue realized on reselling is represented net of its cost of sales

This chapter explains the dynamics of the business model of Porthus as an OnDemand service provider. Over the past years the Company has grown significantly, with an average growth of Net Revenue of 23%. This is shown in section 3.2 on Sales. This section also demonstrates the solidity of the current customer base, resulting in high loyalty of our customers. The financials also show an important increase in margin, as a result from the fact that the sales of the OnDemand solutions (Managed Services and Software) is becoming a more significant part of the total revenues year after year. Margins increase since these services are a leverage of initial investments and are more scalable than Professional Services (see section 3.3 on Gross Profit).

The management illustrates that this positive evolution can continue towards the future, as a consequence of the fact that these core activities will become an even more substantial part of the revenues, in the business plan provided in section 6.

2 FACTORS AFFECTING RESULTS OF OPERATIONS

The evolution of the business of Porthus is affected by a number of factors. This section describes these factors and other assumptions forming the basis of the business plan of the Company and should be read together with the risk factors at the beginning of this Prospectus.

2.1 Internal factors

Internal factors are elements affecting the result of operations that can be influenced by decisions of and actions by the board of directors.

The evolution from a generic hosting service provider towards industry specific solutions with more added value towards customers, results in extra revenues through license and maintenance income on top of the managed services. This is shown in the evolution of the revenues over the past 3 years. The business plan further assumes growth of licenses and maintenance for the future.

The current set of solutions allows Porthus to deliver its solutions in all European countries. The business plan is based on an international growth starting with the Netherlands and UK. The business development within these countries was initiated early in 2006 and services to customers in these countries are already being delivered today. The business plan expects revenues from operational activities outside Belgium and Slovakia from the current financial year onwards.

The business plan foresees synergies between the different countries, due to the scalability of the Porthus.Net solutions platform. The evolution of the operational margins will be affected by the results of internal R&D projects with the goal to create centrally managed and scalable solutions for the European market.

In 2003 the Company acquired TIE Belgium NV, a Company specialized in EDI and B2B integration. Due to the acquisition Porthus strengthened its position in the retail industry and general B2B market. In 2005 the Company founded a subsidiary in Slovakia. At this moment all monitoring and operations is provided by this central operational unit on a 24/7 basis. Following the acquisition and the creation of Porthus Slovakia, Porthus gave priority to fully integrate these companies and build a professional international group structure. At present, management considers the integration phase to be completed and is considering new acquisitions to further expand within the European market.

2.2 External factors

External factors are elements affecting the result of operations that are beyond any decisions or actions taken by the board of directors.

- Positive evolution of the integrated electronic B2B communication market.

The B2B communication market is undergoing a major shift. Electronic communication between companies has taken place for many years, primarily due to the success of EDI (Electronic Data Interchange) since more than 15 years. EDI was however a quite costly and complex set of formats and protocols, and recently the evolutions towards internet standards (such as XML) have given rise to lower cost mechanisms and technologies to exchange information between companies.

It is estimated that almost 70% of all interactions between companies still involve manual processing (by paper, fax, …) and that only 30% of all interactions happen fully automated[38]. It is expected that in the next years, a substantial portion of this manual processing will be replaced by fully automated B2B electronic transactions.

- Governmental regulations on electronic commerce, integration and technology

Porthus is active in the field of electronic customs declarations. The European Union has imposed a strict timeline (from now until over 2010) for the adoption of electronic mechanisms for customs declarations within the European Union. These types of regulations help to propel the market for electronic customs declarations into a higher gear.

Government regulations can greatly affect the speed at which markets become mature, and thus for Porthus to respond to this growing market demand.

- Macro-economical environment

The ability of Porthus to realize its business plan can be impacted by the overall economical environment which typically affects IT budgets, potentially leading to pressure on the selling prices. Furthermore, the cost of debt is impacted due to higher or lower interest rates.

The forecast in the financial plan was made based on stable interest rates, comparable with interest rates currently applicable in the market.

The business plan was based on stable selling prices for the period 2007 – 2009. It is the strategy of Porthus to keep its competitive position (advantage) by providing solutions with high added value.

38 Source: Datamonitor - The Future of EDI, October 2003

3 RESULTS OF OPERATIONS

3.1 Overview

The table below shows the consolidated profit and loss statement over the past 3 financial years.

€'000	2006	2005	2004
Net Revenue [(a)]	**10,707**	**8,899**	**7,050**
Sale of Managed Services	4,764	3,295	3,567
Sale of Professional Services	4,883	4,727	2,877
Sale of software	834	471	174
Reselling and other (net of cost)	226	406	432
Net Cost of Sales [(b)]	**6,753**	**5,707**	**4,718**
Gross Profit	**3,954**	**3,192**	**2,332**
	36.9%	35.9%	33.1%
General & Administrative expense	2,088	1,790	1,417
Selling expense	1,289	902	667
R&D expense	330	245	266
Amortization of customer portfolio Tie	(102)	(101)	(60)
Consolidation goodwill			(47)
Profit from operations (EBITA) [(c)(d)]	**349**	**356**	**89**
Financial result	(86)	(86)	(62)
Net income (pre tax/amortization of customer portfolio Tie and consolidation goodwill)	**263**	**270**	**27**
Amortization of customer portfolio Tie	102	101	60
Consolidation goodwill			47
Tax expense	(55)	20	11
Profit for the year	**216**	**149**	**(91)**
EBITDA [(e)]	**944**	**1,011**	**701**

(a) As reselling is not part of the core business activities of the Company, the revenue realized on reselling is represented here net of its cost of sales.
(b) The net cost of sales is the cost of sales as published in the financial statements reduced by the cost of sales of the reselling activities as detailed in note 7 to the financial statements.
(c) The goodwill recognized under Belgian Gaap on the acquisition of TIE Belgium NV, was according to the IFRS 3 partially allocated to the intangible asset constituted by the customer portfolio of TIE Belgium NV. In order to provide a genuine view on the results of the operational activities of the Company, the amortization of this intangible asset is shown separately as well as the amortization on the consolidation goodwill which was accounted for in 2004 according to the rules imposed by IFRS 3.
(d) EBITA : earnings before interest and taxes and amortization of the intangible asset constituted by the customer portfolio of Tie Belgium NV and the amortization of the consolidation goodwill.
(e) EBITDA : earnings before interest, taxes, depreciations and amortizations. EBITDA is therefore equal to EBITA increased by the amortizations (other than the amortization of the customer portfolio of TIE and of the consolidation goodwill) and the depreciations as detailed in section 3.5

3.2 Sales

The services Porthus delivers to its customers can consist of:

- **Managed Services:** Porthus hosts and manages software on a central platform, and provides this in an OnDemand model. This service is typically provided on a per user/per month pricing basis, or on a per transaction basis.
- **Professional Services**: Porthus assists organizations to build and integrate solutions and to customize applications. This is typically done by supplying Professional Services on a time/ material basis, or on a project basis.
- **Software:** Porthus builds and maintains proprietary software solutions, such as specific messaging and communications software or integrates third party software into its solutions.
- **Reselling:** Porthus resells third-party products, but only as part of a project.

The accounting policy relating to the recognition of revenue is detailed in the financial statements.

The table below shows the evolution and the breakdown of the consolidated revenue for the financial years 2004-2006:

€'000	2006 IFRS	2005 IFRS	2004 IFRS
Net Revenue	**10,707**	**8,899**	**7,050**
managed services	4,764	3,295	3,567
professional services	4,883	4,727	2,877
software	834	471	174
reselling and other (net of cost)	226	406	432

Porthus has shown a consistent track record in growth, despite difficult market conditions. Over the observed period, Porthus has realized an annual average growth of 23%.

Revenues of Professional Services is headcount driven, meaning that the revenues evolve according to the number of consultants available. This service is less strategic than Managed Services and Software, but since Professional Services is an enabler for the other activities it is considered a core activity of the Company. The strong growth from 2004 to 2005 of the revenues in Professional Services is mainly due to the implementation of a number of larger projects (e.g. number portability).

In 2006 the revenues in Managed Services have increased with 44.6% compared with 2005. This is mainly the consequence of the go-live of the operational phase of a number of new projects (e.g. number portability) and the launch of the new Porthus.net messaging platform.

Today the ratio of Managed Services over Professional Services is about 100%, compared to only 70% in 2005.

The growth in Software revenues is clearly an indication of the implementation of the strategy to grow towards becoming an industry specific service provider and to deliver industry specific solutions. These revenues contain both license and maintenance revenues.

The observed drop in net revenue from Reselling & other activities (being the margin realized on the reselling activities) between 2005 and 2006 is due to the fact that during 2006 an exceptional high volume of hardware and software was resold as part of the implementation of a number of larger projects. On this reselling of hardware and software smaller margins were realized as compared to the reselling of third party services which was the predominant component of reselling activities during 2005.

As explained above the Reselling is not considered as a core activity of Porthus. The Reselling revenues are not budgeted (targeted) in the business plan, but are realized during the implementation of a project and are customer specific.

3.2.1 Acquisitions

In 2003 the Company acquired TIE Belgium NV. TIE Belgium counted 15 employees and was a company specialized in EDI and B2B integration. Due to the acquisition Porthus strengthened its position in the retail market. The business plan also assumes further integration of the customers on the Porthus.net platform and additional services for these markets. In 2003 the revenues of TIE Belgium amounted to € 1.3 Mio.

3.2.2 Business cycles and project nature

New implementation projects still present an important part of the net revenues (45.6% in 2006). Since this type of services is headcount driven, the revenues experience seasonal effects. Therefore, revenues are typically lower in the months of July, August, December and January. Hence, the operational margin shows the same cycle, since most of the underlying costs (wages and costs relating to staff benefits) are fixed.

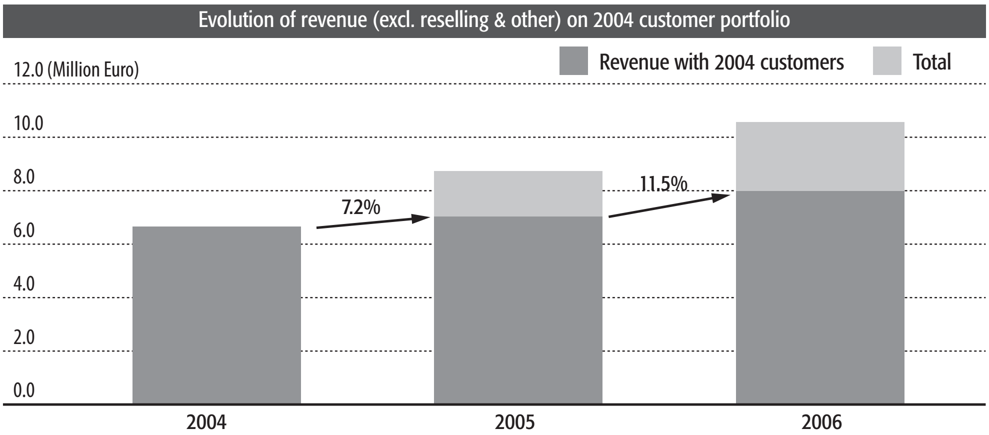
3.2.3 Typical Customer projects

As explained in Chapter V.4 'Solution references' a typical customer project can consist of different phases. Most new projects start in the design phase of the customer solution, where Porthus can deliver its consulting services. In a second phase, once the customer solution is identified, the customer purchases the specific software components and integration services (including training, project mgt, etc.) and, if necessary, dedicated hardware or software components will be delivered (Reselling). Finally, the customer enters into a Managed Services agreement, including fixed services, usage based services, maintenance, support and helpdesk services.

Every new project, be it with an existing customer or with a new customer, goes through the same cycle of services.

Typically, an average integration phase for an average project will take anytime between one up to six months. Porthus closes service contracts for Managed Services with a standard contractual term of 3 to 5 years.

Therefore, the relationship between Porthus and its customers is considered to be a long-term trusted partnership, rather than a common customer-supplier relationship, resulting in high customer loyalty, as shown in the graph below. This graph shows the evolution of the customer base over the past 3 years. The illustration indicates the loyalty of the customer by the fact that the revenues (excluding Reselling) of the total customer base of financial year 2004 increase in 2005 and further in 2006. Within a timeframe of 3 years the customer portfolio from 2004 still represents 75% of the total revenues.



3.2.4 Recurring Revenue

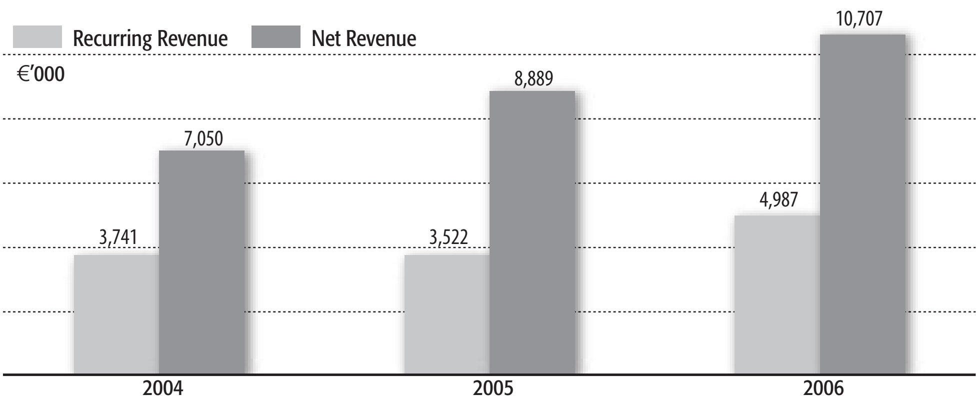
In general the services are delivered to the customers within a framework of long term contractual agreements for a standard initial period of 3 to 5 years. Typically, part of the revenues become recurring over the years.

These recurring revenues provide a solid base for the implementation of the business plan. The long term agreements with our customers also result into the fast(er) growth of the Company. The part of the revenues that can be considered as recurring income consists of:

- Managed Services: 100% of the Managed Services income is considered as recurring
- Software: Maintenance contracts on software (standard 20% of license income)

The management states that this is a conservative approach, since a number of Professional Services could also be considered as recurring revenue. Typical examples are Professional Services performed within the framework of a long-term agreement with customers or related to a managed services contract (note also that all billable services within a Managed Services contract that are performed on a time and materials basis are considered as Professional Services).

With the Managed Services offering Porthus is building up a significant recurring revenue base. The graph below shows the evolution of the recurring part of the revenues over the years.



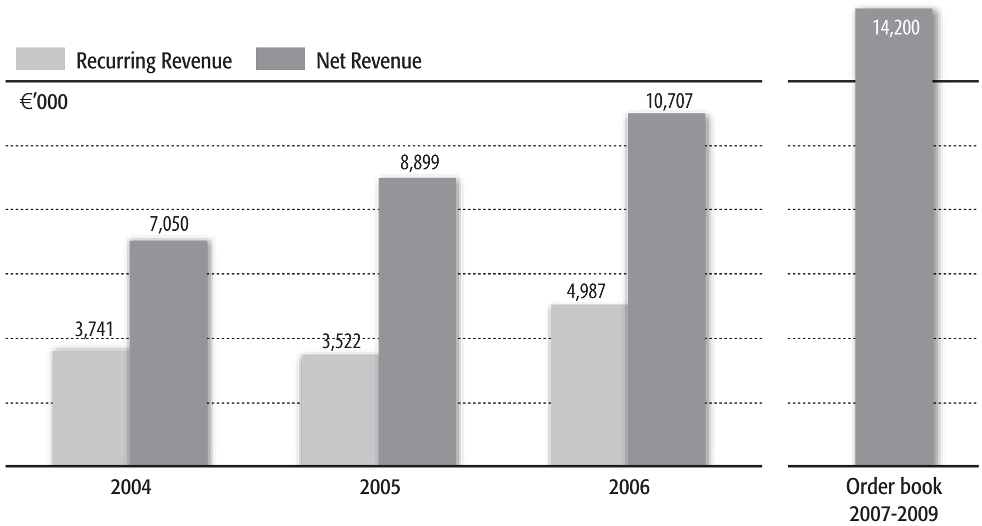
The recurring revenue basis drops by € 220K from 2004 to 2005: this is largely due to the strategic shift from simple hosting contracts (with less long-term value for customers) towards more OnDemand solutions (generating long-term term value for customers). In 2004 a number of hosting contracts were ended, and the OnDemand solutions did not generate enough Managed Services revenue yet. In 2006 the OnDemand Managed Services recurring revenue already amounted to € 4,987K, showing the full impact of the OnDemand solutions.

3.2.5 Order book (based on Recurring Revenue)

Based on the result of June 30th 2006, the current order book included contracts with a total consolidated net revenue value of € 14.2 Mio (excluding newly signed contracts for Software and not taking into account any Professional Services), based on the assumption that the average remaining term of the contracts is 2.5 years.

This means that the total size of the order book of recurring revenue on June 30th 2006 is equal to 1.3 times the yearly net revenue of the total financial year. This clearly proves that visibility on future revenues is one of the key characteristics of the OnDemand business model, as already mentioned in the business summary.

The evolution of the recurring revenue and order book is illustrated in the graph below. For further details about the budget for financial years 2007 – 2009, please see Chapter VI, 6 'Outlook'.



3.3 Gross Profit

The table below shows the evolution of the cost of sales and the gross profit

€'000	2006	2005	2004
Net Revenue	**10,707**	**8,899**	**7,050**
Net cost of sales	6,753	5,707	4,718
Gross profit	**3,954**	**3,192**	**2,332**
	36.9%	35.9%	33.1%

3.3.1 Net cost of sales

Cost of sales includes all costs which can be directly related to the different service lines:

- Managed Services related costs:
  - Staff costs (including wages, fees and fringe benefits both for employees and temporarily hired consultants)

- Infrastructure costs underlying the Porthus.net platform (such as depreciations of the tangible and intangible assets, support and maintenance costs, license costs, operational lease costs, data center related costs and data connectivity)

- Software related costs:
  - Purchase cost of both the license and the maintenance
- Professional Services:
  - Staff costs (including wages, fees and fringe benefits both for employees and temporarily hired consultants)
  - Travel and lodge costs which can be directly allocated to professional services

3.3.2 Evolution of Gross Profit

The growth of revenue has been stronger than the growth of the direct costs leading to a constant improvement from the gross profit margin increased from 33.1% in 2004 to 36.9% in 2006.

This positive evolution is mainly due to:

- Increasing part of Managed Services and Software in the total revenues of the Company.
- The scalability of the solutions, resulting in lower marginal costs
- A continuous focus on optimization of costs and usage of resources

3.4 Operating expenses

Other operating expenses include all costs that are not directly related to the cost of selling the services. These costs are listed in the table below.

€'000	2006	2005	2004
General & administrative expenses	2,088	1,790	1,417
% of net revenue	19.5%	20.1%	20.1%
Selling costs	1,289	902	667
% of net revenue	12.0%	10.1%	9.5%
R&D costs	330	245	266
% of net revenue	3.1%	2.8%	3.8%
Total	**3,707**	**2,937**	**2,350**

3.4.1 General and Administrative expenses

Since the start of its international activities, Porthus has created a shared service center for legal services, HR related services, administration, finance and accounting and overall corporate management services.

All costs related to the new business development, such as Porthus Slovakia and Desk Solutions are included in the G&A costs.

These costs also contain all costs related the offices of the Company such as rental costs and the depreciations related to the tangible and intangible assets which can be imputed directly to the office environment.

The depreciation of the intangible asset consisting of the customer portfolio of TIE Belgium NV is also contained within these costs.

Despite the strong growth and the internationalization, Porthus has managed to slightly lower the relative part of these expenses.

3.4.2 Selling costs

Sales and Marketing costs consist of all selling costs such as:

- Staff and management related costs
- Marketing costs

3.4.3 Research and Development

Development activities can be separated into two different categories of activities:

- **Customer specific developments**: These developments are mainly performed within the framework of a project and can be integrated into Porthus solutions. They are not specifically marketed as products and therefore, the associated costs are not activated and are considered direct costs to the Professional Services activities. Nevertheless, these developments are a key element in Porthus' ability to deliver the right solutions to its customers and can be considered as a competitive advantage.

- **Solutions**: own solutions that can be generated as generic components from custom specific developments through internal development projects, or can be solutions that are completely developed internally.

Research is performed within the scope of both the market solutions and the operations platform, supporting all different service lines (except reselling).

Grants are recognized as a deduction of the R&D costs.

During 2006 the Company has obtained a grant of the IWT to support its research and development efforts in the customs line of service. This grant amounts to a maximum of € 624K and is paid in 5 installments over a period of 24 months (which started on 1 October 2005). The maximum amount which will be granted to the Company will depend on the actual size of the development as compared to the budgeted effort on which the amount of the grant was based. € 124.3K of this grant was recognized during 2006.

3.5 Depreciations & Amortizations

Since Porthus reports its operating costs according to their function, depreciations and amortizations are part of the functional cost categories described above.

This section details the depreciation and amortization cost separately.

€'000	2006	2005	2004
Tangible assets	374	419	477
Intangible assets			
Development	46	31	2
Customer portfolio of TIE Belgium	102	101	60
other intangibles	140	139	132
Goodwill			47
Provisions for liabilities and charges	15	(8)	0
Amounts written off	20	74	1
Total	**697**	**756**	**719**

(a) Tangible Fixed Assets

The observed reduction of depreciations is the result of

- The increased scalability of the environment
- The reduction of the price/performance ratio of computer hardware

(b) Intangible Fixed Assets

(I) Development Costs

In 2004 and 2005 the Company has developed software and solutions to enhance its Porthus.net offering. These costs have been capitalised and are amortized over 5 years.

(II) Customer Portfolio & goodwill

According to the IFRS 3, the initial goodwill as recognized under Belgian GAAP on the acquisition of TIE Belgium in November 2003, was allocated to the intangible asset consisting of the fair value of the customer portfolio of TIE Belgium, which was valuated at € 510K. This asset is amortized over 5 years.

The remaining balance of the initial goodwill was, according to the IFRS 3, which stipulates that the amortization of goodwill must cease as from the first accounting year following 31/03/2004, further amortized until the end of financial year 2004 after which date the goodwill was no longer amortized.

(c) Provisions for liabilities and charges

In 2006, the provision was increased due to a claim relating to a suggested unlawful hiring of an employee.

In 2005, the provision was decreased by € 8K following the settling of a claim relating to the dismissal of a former employee of TIE Belgium.

(d) Amounts written off

All amounts written off relate to trade receivables. In 2005, the amount written off was due to the bankruptcy of one customer.

3.6 Profit from operations (EBITA)

€'000	2006	2005	2004
Profit from operations (EBITA)	**349**	**356**	**89**

In 2006, Porthus was able to keep the profit from operations at the same level as in 2005 despite the additional costs (such as R&D and selling costs) related to the fact that the Company invested in new activities because of the current window of opportunity for expansions in the B2B services market (e.g. international roll out). The business development costs, as a part of General & Administrative costs, are estimated at € 250K in 2006.

Furthermore, the EBITA for 2006 was negatively impacted by a cost, to be considered as non-recurring, of € 154K related to rework necessitated following the unsatisfactory work of a subcontractor during the implementation of a major project.

3.7 Financial Result

€'000	2006	2005	2004
Finance income			
Interest received	9	10	17
Other finance income	37	20	12
	46	*30*	*29*
Finance expense			
Bank borrowings	52	64	30
Finance leases	55	43	53
Other finance expense	25	9	8
	132	*116*	*91*
	(86)	**(86)**	**(62)**

The Company finances most of its investments through financial leasing which allows it to match the charge of the investments to the revenue stream. This is important since the services are typically paid on a monthly basis whereas the investments have to be done during the implementation phase. In addition, the use of leasing allows Porthus to efficiently handle assets that are at the end of their lifecycle.

Exchange rate difference explain both the significant higher "other finance income" and "finance expense" due to the increased volume of business done in Slovakia.

3.8 Taxes

The management refers to note 9 of the financial statements for the details of the tax expenses and to section 4.1.3 on 'Deferred tax asset'.

3.9 Net Result

The net result on June 30th 2006 amounted to € 216K against € 149K in 2005 and € (91)K in 2004, despite the fact that the Company is investing in new activities (e.g. international roll out), because of the current window of opportunity for expansions in the B2B services market and the additional costs related to these investments.

4 BALANCE SHEET

€'000		2006	2005	2004
ASSETS				
Non-current assets				
	Property, plant and equipment	623	754	577
	Intangible assets	1,155	1,167	1,158
	Deferred tax assets	712	657	677
	Total non-current assets	**2,490**	**2,578**	**2,412**
Current assets				
	Work in progress	192	220	
	Trade and other receivables	4,890	3,046	1,748
	Cash and cash equivalents	1,072	586	1,561
	Total current assets	**6,154**	**3,852**	**3,309**
Total assets		**8,644**	**6,430**	**5,721**
LIABILITIES				
Equity				
	Share capital	5,393	5,393	5,393
	Uncalled capital	(19)	(19)	(19)
	Warrant Reserve	108	81	40
	Retained Earnings	(3,297)	(3,513)	(3,662)
	Total Equity	**2,185**	**1,942**	**1,752**
Current liabilities				
	Bank overdraft			2
	Trade and other payables	4,651	2,530	2,574
	Other financial liabilities	987	926	764
	Total current liabilities	**5,638**	**3,456**	**3,340**
Non-current liabilities				
	Financial liabilities	794	1,019	608
	Provisions	27	13	21
	Total non-current liabilities	**821**	**1,032**	**629**
Total liabilities		**8,644**	**6,430**	**5,721**

4.1 Non-Current Assets

4.1.1 Tangible assets

(a) Overview

€'000	2006	2005	2004
Net carrying value Start of accounting year	754	577	679
Investments	252	649	375
Disposals	(9)	(53)	
Depreciation of the year	(374)	(419)	(477)
Total	**623**	**754**	**577**

(b) Investments

Investments relating to the operational environment such as servers and network equipment constitute the most important investment. The level of investments depends largely on the mix of managed services business and the specific customer case.

In 2005, an investment of about € 400K was made to further enhance the operational environment and to implement the datacenter in Slovakia.

The observed disposal in 2005 relates to leasehold related investments made in the former offices of Porthus which were written off following the move to the current headquarters.

4.1.2 Intangible assets

(a) Overview net carrying value

€'000	2006	2005	2004
Consolidation Goodwill	357	357	357
Customer Portfolio Tie Belgium	247	349	450
Development	150	196	42
Software and other	401	265	309
Total	**1,155**	**1,167**	**1,158**

(b) Comments

The goodwill results from the purchase of TIE Belgium NV in 2003 and constitutes the balance between the initial goodwill recognized under Belgian GAAP and the allocation, according to the IFRS accounting norms, of the initial goodwill to the intangible asset which constitutes the customer portfolio of TIE Belgium.

According to IFRS, goodwill can no longer be amortized whereas the customer portfolio-asset is amortized over a period of 5 years.

In 2004 and 2005 the Company has developed proprietary software and solutions to enhance its Porthus.net offering. These costs, totaling € 229K, have been capitalised and are amortized over 5 years.

Software licenses underlying the operational environment of Porthus have substantially increased over 2006 as a result of the acquisition of the necessary licenses for the further development of the solutions for the B2B market.

4.1.3 Deferred Taxes

In 2003, the Company recognized deferred tax assets based on its tax losses carried forward to the extent that it is probable that future taxable profits will be available in the foreseeable future and which the Company will be able to use to offset profits realized.

Following a revision of the outlook in 2006, the deferred tax assets were increased by € 273K.

4.2 Current Assets

4.2.1 Work in progress

The work in progress Asset relates to projects for which exceptionally the implementation cost of the project is repaid during the operational phase of the project.

In 2005, the cost of the manpower involved in the implementation projects, valued at € 220K, was recognized as work in progress according to the percentage of completion method progress. This work in progress is written off in line with the recognition of the managed services revenue generated by these projects.

4.2.2 Trade and Other Receivables

€'000	2006	2005	2004
Trade debtors (net)	4,013	2,292	1,650
Accrued income	537	565	22
Deferred charges and other debtors	340	189	76
	4,890	**3,046**	**1,748**

(a) Trade Receivables

The observed evolution of the trade receivables reflects the growth of the business over the last three years.

For 2006, the balance is biased by approximately € 500K which is outstanding for more than 90 days. This receivable is related to the reselling of hardware and software in a large project but is balanced by a payable of approximately the same amount (as mentioned beforehand, the margins on this reselling are low). Analysis of 2006 reveals that by the end of the financial year, 90% of the invoices issued during the year were paid or not overdue yet (within 30 days after the issuance of the invoice). The average payment term was below 60 days.

The Company endeavors to use direct debt collecting on small recurrent contracts.

(b) Accrued Income

Since the customers are often facing tight deadlines imposed by their business for the implementation of their projects, it is not usual in IT related projects that the services are performed in parallel with the settling of the administrative procedures underlying the invoicing.

(c) Deferred charges

For the maintenance and support of its operational environment, Porthus concluded maintenance and support contracts which are typically charged in advance for a period of one year. The part of this charge which is not related to a particular financial year is deferred according to the matching principle.

4.3 Trade Debt and Other Liabilities

4.3.1 Overview

€'000	2006	2005	2004
Trade creditors	3,164	1,419	1,200
Other tax and social security taxes	440	301	191
Remuneration and other accruals	555	511	417
Deferred income	451	244	286
Accrued charges and other creditors	41	55	480
	4,651	**2,530**	**2,574**

4.3.2 Trade Debt

The balance of the trade creditors follows in essence the growth of the Company and represents on average 15% of the total revenues.

For 2006, the balance is biased by approximately € 500K which is outstanding for more than 90 days but which is linked to a similar receivable (see section 4.2.2.).

4.3.3 Other Creditors

The evolution between 2004 and 2005 is explained by the fact that, by the end of 2004, Porthus had a liability of € 480K towards Tie Holding BV for the balance of the payment following the purchase of TIE Belgium. This liability was converted on 1/7/2004 into a bank loan (see financial debt overview).

4.3.4 Advanced receipts (Deferred Income) and Other current liabilities (Accrued Charges)

Deferred income is recognized on all income which cannot be considered as earned during the year. This is typically the case for maintenance and support contracts which are usually charged to the customer in advance for the year. The observed increase in 2006 is due to the deferral of a part of a grant paid in 2006 but which could not yet be offset against the cost.

4.4 Liquidity and Capital Resources

4.4.1 Share Capital

There were no changes in share capital over the period 2004-2006.

4.4.2 Financial Debt

In order to finance the strong growth, Porthus currently calls upon external financing in the following way:

- Business Development

The purchase of Tie Belgium in 2003 has been partially financed through a bank loan of € 478K reimbursable over 48 months starting from 1 July 2004 and with a fixed yearly interest rate of 4.33%.

In 2004, Securex Invest NV granted a subordinated loan of € 250K, of which € 150K is convertible, to Desk Solutions NV to support its development of the PME market. This loan is repayable in full in 2009. The yearly interest rate is 2% increased by the EURIBOR rate on 12 months.

A subordinated convertible loan of € 495K granted in 2000 was fully reimbursed in the period 2005-2006.

- Operational activities

Porthus finances most of its investments through financial leasing which allows it to match the charge of the investments onto the revenue stream. This is important since our services are typically charged to the customers on a monthly basis whereas the bulk of the investments have to be done during the implementation phase. In addition, the use of leasing allows us to efficiently handle assets which are at the end of their lifecycle.

The evolution of the observation period is as follows:

€'000	2006	2005	2004
Balance at the start of the accounting year	721.0	469.0	397.7
New leases	349.0	631.7	391.8
Reimbursement	(389.0)	(379.7)	(320.5)
Balance	681.0	721.0	469.0

In 2005, an important investment of € 400K was made in the enhancement of the operational infrastructure and the implementation of the datacenter in Slovakia which explains the peak in the new underwritten leases.

On two occasions, external financing through bank loans has been used to finance the implementation phase of projects.

This resulted in a total underwriting of € 350K in 2005 (at a fixed interest rate of 4.32%) and an additional € 200K (at a fixed interest rate of 3.69%) in 2006. € 350K is repayable over a period of 12 months ending in February 2007.

The balance is repayable over a period of 3 years.

This financing is thus covered by income from the operations which is secured through contracts of which the term is in line with the term of the underlying financing.

- Financing related to remuneration

The 13th month and holiday pay are typically financed through bank loans over a period of 12 months (with an average fixed yearly interest rate of 3.75%) in order to smooth the charge on the cash flow of these staff benefits.

At the end of 2006, the balance of this type of financing was € 263K.

The breakdown of the total debt between the current and non-current part of the debt is shown in the table below:

€'000		2006	2005	2004
Current liabilities				
	Business Development	119	284	356
	Operational Activities	605	551	276
	Remuneration related	263	91	132
	Total current liabilities	**987**	**926**	**764**
Non-current liabilities				
	Business Development	380	499	415
	Operational Activities	414	520	193
	Remuneration related			
	Total non-current liabilities	**794**	**1,019**	**608**
Total financial debt		**1,781**	**1,945**	**1,372**
	Business Development	499	783	771
	Operational Activities	1,019	1,071	469
	Remuneration related	263	91	132

4.5 Cash flow statement

€'000	2006	2005	2004
Cash Flow from operating activities			
Net earnings	**216**	**149**	**(91)**
Adjustments to reconcile net earnings to net cash provided by operating activities:	751	955	860
Changes in operating assets and liabilities net of effects from acquisitions:	203	(1,721)	803
Net cash provided by/ (used in) operating activities	**1,170**	**(617)**	**1,572**
Cash flow from investing activities	**(171)**	**(297)**	**(969)**
Cash flow from financing activities	**(513)**	**(61)**	**(83)**
Net increase (decrease) in cash and cash equivalents	**486**	**(975)**	**520**
Cash and cash equivalents at beginning of year	**586**	**1,561**	**1,041**
Cash and cash equivalents at end of year	**1,072**	**586**	**1,561**

In 2005 a number of large projects (such as the implementation of number portability) required an important financing resulting from the difference between the period in which the work was performed and the contractually agreed invoicing scheme. This explains the use of cash in the operating activities. These financing needs were partially addressed by using external financing sources (bank loans) and partially by using own funds resulting in a strong decrease of cash reserves by the end of 2005.

As the payment milestones in those projects were realized, the working capital invested in these projects was gradually recovered during 2006.

The use of cash to finance investments in 2004 relates to purchase of TIE Belgium NV.

During 2006, the repayment of long term debt remained at about the same level as in 2005 but considerable less new debts were underwritten (€ 555K in 2006 against € 983K in 2005) resulting in an overall decrease of the indebtedness.

5 RECENT DEVELOPMENTS

The operational activities in Slovakia run the full monitoring and operational services since April 2006. Since then, the 24/7 operational services are performed from 1 single site for all datacenters.

Over the last 6 months the first customer projects for customs solutions in The Netherlands have started, in a collaboration with KSD Software and Deloitte. In a partnership with Microsoft Middle-East a number portability solution was sold to Omani Qatari Telecomminications (Oman).

On 11 August 2006 the board of directors of Porthus decided to found a subsidiary Porthus B.V. in the Netherlands.

6 OUTLOOK

6.1 Further outlook

The Company expects growth to continue primarily in European countries such as NL, UK, Germany and France, and in Eastern Europe.

The Company is confident in its ability to achieve its 2007 budget and anticipates a growth in gross profit in the range of 15% and 20% for the full year 2007. The centrally managed software platform, which has been set up over the last couple of years, is now fully operational and provides a great deal of added value towards customers, and at the same time provides a significant economy of scale effect for the Company. This effect is becoming more and more apparent, while the perceived added value for the customers provide as a continued customer loyalty effect.

Porthus today realizes 75% of its yearly revenues with its existing customer base, thanks to new projects and recurring business (maintenance, extra transactions/users and business functionalities). This recurring business currently represents 45% of the net revenues, and the goal of the management is to reach up to 60% of the net revenue in the years to come.

By focusing on projects and solutions with high value-added services, and an efficient cost control, the management expects significant growth of EBITDA by 2009. The targeted EBITDA margin is above 15%.

Porthus envisages growth through acquisitions or new subsidiaries in various European countries where it has little or no direct presence. The board of directors of the Company envisages to incorporate new subsidiaries in a number of European countries.

The Company is convinced that its European deployment strategy, will allow its multinational customers to gain significant benefits from the centralized service in the majority of western European countries. The management considers this as a strong competitive advantage. Finally, Porthus continues to invest in the acquisition of competences in tomorrow’s technologies and solutions and the establishment of its Competence Centers.

The sections below give a more detailed explanation.

6.2 Porthus short term focus / Use of proceeds

Porthus ambitions to further strengthen its position in targeted industries (see Chapter 5.3.4 Industries) which it has identified as being strategic growth areas. Therefore the Company needs to make certain strategic investments in order to stay ahead of its competitors and to further develop into a leading OnDemand market participant in Europe. Management has identified three areas of investment in the short to medium-term with clear strategic focus in order to reach these goals:

- Research & Development: Invest in OnDemand solutions portfolio by developing innovative solutions based on the SaaS model such as the Porthus customs development project (Porthus.net for Logistics) (see Chapter V, 9.1 'Porthus and the market for electronic customs declarations') and the Porthus retail data synchronization project (see Chapter V, 9.2 'Porthus and the market for Retail data synchronization'), followed by "Make or Buy" decisions in developing new solutions, supported through M&A activities.

  The funding of these investments is estimated at 40 to 45% of the proceeds
- Growth: Reach and expand critical mass of the offering through:
  - Targeted customer acquisition through M&A activities
  - Further expand geographical reach. First of all continue the investments in the Netherlands and the UK and later on with focus France, Central Europe and Germany. The geographical roll-out will in general be based on the principle of "follow the customer", and will be implemented through acquisition and investments in new and existing subsidiaries, and by investing in sales capabilities to capture increasing opportunities in strategic industries.

  The funding of these investments is estimated at 40 to 45% of the proceeds
- Repayment of debt & Working Capital: Fund general corporate purposes such as working capital and the repayment of certain debt obligations estimated at 10 to 20% of the proceeds.

6.3 Outlook financial years 2006 – 2009

The forecasts were made without taking into account the net proceeds of the Offering, and are therefore "pre money".

All data and forecasts are created without taking into account the investments (and the related growth) that will be financed with the additional cash generated through this Offering.

In order to realize the mission of Porthus to become a leading European player for innovative OnDemand B2B solutions, it requires the selection and implementation of the correct strategy. This strategy, according to the management of the Company, is based on the following cornerstones:

- Invest in strategic service lines:
  - Managed Services
  - Software solutions – focus on industry specific solutions
- Focus on the recurring business model
- Focus on EBIT(A) margins
- Continued investment in R&D

Managed services, combined with the revenues from proprietary software developments are the essence of the product strategy of Porthus. This combination provides the Company with the long term customer partnerships, and increases the barrier to entry for competitors.

Professional services is an enabler for the other service lines, but because the revenue from Professional Services is headcount driven, they cannot provide the economy of scale effect and are therefore of less strategic importance than Managed Services and Software. Professional Services are important however, since they are an insurance for the sale process and can provide a faster buildup of cash flow for the Company. In a long term perspective, Porthus has the ambition to move the Professional Services to business partners of the Company. This will allow Porthus to focus on the Managed Services and Software, and cap the internal headcount for Professional Services by focusing on specialized consulting. This evolution towards a 'partner-model' for Professional Services will be realized beyond the current three-year horizon.

The following table illustrates the pre-money business plan, according to the management expectations.

Consolidated Profit&Loss €'000	**2004 actual**	**2005 actual**	**2006 actual**	**2007 (e)**	**2008 (e)**	**2009 (e)**
Revenue	7,638	9,890	15,918	15,769	17,737	20,107
Net Revenue	**7,050**	**8,899**	**10,707**	**14,250**	**16,217**	**18,587**
managed services	3,567	3,295	4,764	6,332	7,627	9,192
professional services	2,877	4,727	4,883	6,093	6,398	6,718
software	174	471	834	1,745	2,112	2,597
reselling&other (net of cost)	432	406	226	80	80	80
Net Cost of Sales	**4,718**	**5,707**	**6,753**	**9,164**	**9,869**	**10,959**
Gross profit	**2,332**	**3,192**	**3,954**	**5,086**	**6,348**	**7,628**
	33.1%	35.9%	36.9%	35.7%	39.1%	41.0%
Corporate costs	**2,243**	**2,836**	**3,605**	**4,279**	**5,219**	**5,866**
EBITA	**89**	**356**	**349**	**807**	**1,129**	**1,762**
	1.3%	4.0%	3.3%	5.7%	7.0%	9.5%
Financial result	**(62)**	**(86)**	**(86)**	**(89)**	**(76)**	**(67)**
Net income (pre tax/excl. Amort. of Customer Portfolio Tie)	**27**	**270**	**263**	**718**	**1,053**	**1,695**
	0.4%	3.0%	2.5%	5.0%	6.5%	9.1%
EBITDA	**701**	**1,011**	**944**	**1,500**	**1,801**	**2,451**
	9.9%	11.4%	8.8%	10.5%	11.1%	13.2%

The above business plan is based on the expected market growth by independent research organizations on the one hand and on assumptions by the Porthus management on the other hand.

From 2006 to 2009, IDC predicts the OnDemand market to grow at an annual compound rate of 21% until it reaches $10.7 billion in 2009 (see Chapter V, 2 'The Market').

In addition to the projected growth indications by independent organizations, the management feels confident that the combination of the skills, know-how, the product portfolio, the position in the market and the current customer portfolio, provides a strong growth potential.

The growth in margin is based on the assumption that the part of Managed Services and Software will increase in the product mix. Since the Porthus.net solutions are developed by the Porthus R&D teams on a scalable solutions platform, the marginal costs of Managed Services and Software are significantly lower than the marginal costs of Professional Services. This will result in a positive evolution of the profit margins over 2007 – 2009.

The forecast is detailed below. The internal and external factors affecting results of operations (chapter VI.2: 'Factors affecting results of operations') should also be taken into account.

6.3.1 Sales

The management has budgeted a revenue growth of 20% (on average) on an annual basis over a period of 5 years (2005 -2009).

This growth in revenue is based on assumptions on market growth, provided by indepent research organizations (see Chapter V, 2 'The Market'), and on assumptions made by the management.

The management has based its assumptions in the business plan on the actual order book and on the fact that the market for OnDemand services is growing.

First of all, the forecasted revenue is based on the current order book. Next to that the management assumes additional sales to come from existing customers (new OnDemand services or more usage) and from sales of new projects with new customers. The sales of new projects is estimated to remain at the same level over the period 2007 – 2008.

Further comments:

(a) Acquisitions
None included.

(b) Recurring Revenue

With Managed Services Porthus is building up a significant recurring revenue base, which is expected to be € 9 Mio by 2009.

Today the ratio Managed Services over Professional Services is about 100%. It is the goal of the management to reach 150% by 2009.

6.3.2 Gross Profit

The Gross Profit margin has evolved from less than 35% in 2004 to 36% in 2006 and is expected to grow to 41% in 2009. This positive evolution is mainly due to:

- Increasing part of Managed Services and Software in the total revenues of the Company.
- The scalability of the solutions, resulting in lower marginal costs
- Optimization of costs and usage of resources

It is important to notice that in the current business plan, the gross-profit margin for software is approximately 40%. This is because of the fact that currently the option was taken to source in specific software components in our solutions from a third party, instead of a fully own development. This has of course repercussions on the evolution of the Gross Profit margin. In 2007 the GP margin drops slightly to 35.7%, due to the amount of external components in the Porthus.net for customs, resulting in a higher direct cost for Software.

6.3.3 Corporate Cost

Corporate costs include all costs that are not directly related to the cost of selling the services. As explained above these costs are: General and Administration, Sales and Marketing, Research and Development (including Grants).

The development of industry specific solutions is important to be able to deliver the right value added services. Therefore, there will be continuous investments in research and development for our solutions.

The development of new products is often conducted in full cooperation with our customers. These developments are not specifically marketed as such, and therefore the costs are not activated, but are primarily taken into account in the COGS of Professional Services. These developments are often turned into more generic components by internal R&D, and then added to the customer portfolio.

Product development becomes more important for Porthus into the future. That is why the R&D costs will evolve towards 8% of Net Revenues in the future.

6.3.4 EBIT(D)A Margin

The Business plan clearly illustrates the leverage effect of the OnDemand solutions, in the significant expected growth of both EBITA and EBITDA margins.

6.4 Auditor's declaration on the methodology used for the business plan 2006 - 2010

Report of the Statutory Auditor on the agreed procedures with respect to the projected financial information for Porthus NV

To the members of the board of directors,

At your request and in application of Regulation EU nr. 809/2004, we have made the underlying report on the projected financial information of Porthus NV as mentioned in Chapter VI of this Prospectus.

The above mentioned projections and significant underlying assumptions have been made under your responsibility and in accordance with the provisions of regulation EU nr 809/2004.

On the basis of our work, we are requested to express an opinion, in accordance with the provisions of appendix I, point 13.2 of regulation EU nr 809/2004, on the appropriateness of those projections.

These include an assessment of procedures put in place by management, to prepare such projections as well as the conduct of certain controls to ascertain that the accounting principles applied comply with those used to prepare the historical financial information of Porthus NV and its subsidiaries. Our procedures include obtaining information, explanations and disclosures which we deem necessary to allow us to ascertain, with a reasonable degree of certainty, that the projections have been prepared adequately on the basis of the above mentioned assumptions. We stress the fact that these projections are uncertain by nature and as a result the actual results may significantly differ from these projections and therefore we do not express an opinion on the achievability of these projections.

In our opinion:

- the projections have been adequately prepared on the basis of the assumptions mentioned;
- the accounting principles used to prepare the projections are in conformity with the valuation principles applied by Porthus NV and its subsidiaries in its consolidated financial statements at June 30, 2006, which have been prepared in accordance with International Financial Reporting Standards as adopted in the EU.

This report has been prepared for use only with respect to the intended capital increase through a public offering of shares on Alternext and may not be used for any other purpose or by any other party.

4 October 2006

BDO Atrio Bedrijfsrevisoren Burg CVBA

Represented by

Koen De Brabander   Lieven Van Brussel

CHAPTER VII:

FINANCIAL INFORMATION

1 CONSOLIDATED ANNUAL ACCOUNTS

1.1 Income statement

€'000	Note	2006	2005	2004
Revenue	3	15,918	9,890	7,638
Cost of sales	3	11,964	6,698	5,306
Gross Profit		**3,954**	**3,192**	**2,332**
Selling, general and administrative, R&D expenses		3,707	2,937	2,350
Profit (loss) from operations	**4**	**247**	**255**	**(18)**
Finance cost	**8**	132	116	91
Finance Income	**8**	46	30	29
Profit (loss) before tax		**161**	**169**	**(80)**
Tax expense	9	(55)	20	11
Profit (loss) for the year		**216**	**149**	**(91)**
Earnings (loss) per share	**10**			
- Basic (euros)		0.45	0.31	(0.19)
- Diluted (euros)		0.45	0.31	(0.19)

1.2 Balance sheet

€'000		Note	2006	2005	2004
ASSETS					
Non-current assets					
	Property, plant and equipment	11	623	754	577
	Intangible assets	12	1,155	1,167	1,158
	Deferred tax assets	9	712	657	677
	Total non-current assets		**2,490**	**2,578**	**2,412**
Current assets					
	Work in progress		192	220	
	Trade and other receivables	14	4,890	3,046	1,748
	Cash and cash equivalents		1,072	586	1,561
	Total current assets		**6,154**	**3,852**	**3,309**
Total assets			**8,644**	**6,430**	**5,721**
LIABILITIES					
Current liabilities					
	Bank overdraft				2
	Trade and other payables	15	4,651	2,530	2,574
	Other financial liabilities	16	987	926	764
	Total current liabilities		**5,638**	**3,456**	**3,340**
Non-current liabilities					
	Financial liabilities	17	794	1,019	608
	Provisions		27	13	21
	Total non-current liabilities		**821**	**1,032**	**629**
Total liabilities			**6,459**	**4,488**	**3,969**
TOTAL NET ASSETS			**2,185**	**1,942**	**1,752**
EQUITY					
	Share capital	20	5,393	5,393	5,393
	Uncalled capital	20	(19)	(19)	(19)
	Warrant Reserve		108	81	40
	Retained Earnings		(3,297)	(3,513)	(3,662)
	First time adoption IFRS				
Total Equity			**2,185**	**1,942**	**1,752**

1.3 Cash flow statement

€'000	note	2006	2005	2004
Cash Flow from operating activities				
Net earnings		216	149	(91)
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	11, 12	662	690	719
Increase (decrease) in the allowance for bad debts		11	76	39
(Gain) / loss on disposal of fixed & intangible assets		1	53	
Deferred income taxes	9	(55)	20	11
Interest expense	8	132	116	91
Changes in operating assets and liabilities net of effects from acquisitions:				
Receivables		(1,855)	(1,374)	393
Inventory		28	(220)	
Accounts payable		1,597	(178)	136
Accrued expenses and other current liabilities		520	123	323
Provisions and other liabilities		14	(8)	(1)
Warranty reserve		27	41	40
Interest paid		(128)	(105)	(88)
Net cash provided by/ (used in) operating activities		**1,170**	**(617)**	**1,572**
Cash flow from investing activities				
Purchase of PP&E		(67)	(104)	(29)
Purchase of intangibles		(111)	(196)	(65)
Proceeds from disposal of PP&E / intangible assets		7	3	
Acquisition of subsidiary, net of cash acquired	23			(875)
Net cash provided by/ (used in) investing activities		(171)	(297)	(969)
Cash flow from financing activities				
Net borrowings (repayments) on overdrafts/short-term borrowing			(2)	(29)
Proceeds from long term debt		555	983	380
Repayments of long term debt		(1,068)	(1,042)	(434)
Net cash provided by/ (used in) financing activities		**(513)**	**(61)**	**(83)**
Net increase (decrease) in cash and cash equivalents		**486**	**(975)**	**520**
Cash and cash equivalents at beginning of year		**586**	**1,561**	**1,041**
Cash and cash equivalents at end of year		**1,072**	**586**	**1,561**

1.4 Consolidated statement of changes in shareholders' equity

€'000	Share capital	Warrant Reserves	Retained earnings	Total
Statement of changes in equity				
Balance at 30 June 2003	**5,374**		**(3,571)**	**1,803**
Profit for the year			(91)	(91)
Equity share options issued (warrants)		40		40
Balance at 30 June 2004	**5,374**	**40**	**(3,662)**	**1,752**
Balance at 30 June 2004	**5,374**	**40**	**(3,662)**	**1,752**
Profit for the year			149	149
Equity share options issued (warrants)		41		41
Balance at 30 June 2005	**5,374**	**81**	**(3,513)**	**1,942**
Balance at 30 June 2005	**5,374**	**81**	**(3,513)**	**1,942**
Profit/(loss) for the year			216	216
Equity share options issued (warrants)		27		27
Balance at 30 june 2006	**5,374**	**108**	**(3,297)**	**2,185**

2 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 - Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and with the EU regulations applicable to companies preparing their accounts under IFRS. This is the first time the company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with Belgian accounting standards. Details of how the transition from Belgian accounting standards to IFRSs has affected the group's reported financial position, financial performance and cash flows are given in note 2.

First-time adoption

In preparing these financial statements, the group has elected to apply the following transitional arrangements permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards':

- The carrying amount of capitalised goodwill at 30 June 2004 that arose on business combinations accounted for using the acquisition method under Belgian GAAP was frozen at this amount and tested for impairment at 1 July 2004. The carrying amount was adjusted for intangible assets that would have been required to be recognised in the acquiree's separate financial statements in accordance with IAS 38 'Intangible Assets', such as customer lists.

- Where the liability component of a compound financial instrument was not outstanding at 1 July 2003, the portion of equity representing the cumulative interest accreted on the liability component and the portion of equity representing the original equity component of the instrument have not been disclosed as separate components of equity.
- IFRS 2 'Share-based payments' has been applied to employee options granted after 7 November 2002 that had not vested by 1 January 2005.

Except as noted above, the following principal accounting policies have been applied consistently in the preparation of these financial statements:

Revenue

Revenue from services is recognised if the following conditions have been satisfied:

a. The amount of revenue can be measured reliably;
b. It is probable that the economic benefits associated with the transaction will flow to the entity;
c. The stage of completion of the transaction at the balance sheet date can be measured reliably;
d. The costs incurred for the transactions and the costs to complete the transaction can be measured reliably

Additionally, the following criteria must be met:

a. Managed Services

   The revenue from managed services is recognized according to the contractual provisioning.

b. Professional services

   Revenue from professional services, such as consultancy, project management and implementation, is recognized in the income statement according to the percentage of completion method in case of fixed price contracts. The stage of completion is measured in reference to the proportion of costs incurred to date over the estimated total costs for each project.. In case of projects implemented on a time &material basis, the revenue is recognized based on the actual time spent on the project.

c. Sale of Software licences

   Revenue from the sale of software on which the company either holds the property rights or either has been granted the right to distribute is recognized in the income statement when the software license agreement is accepted by the buyer and the significant risks and rewards of ownership have been transferred to the buyer.

d. Maintenance contracts

   Revenue from maintenance contracts is recognized on a straight-line basis over the term of the service contract.

e. Reselling

   Revenue from the reselling of services and goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants related to assets (such as for capital expenditure) are credited to deferred income and released to the income statement on a straight-line basis over the expected useful life of the relevant asset. Grants relating to income (such as R&D related) are recognized in the income statement over the period necessary to match them with the costs. They are recognized as a deduction of the R&D costs.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method other than disclosed above (see 'first-time adoption'). In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. The company has early adopted IFRS 3, Business Combinations in application of IFRS 1, First Time adoption of IFRS.

Goodwill & Other intangible assets

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

Other intangible assets include customer lists and capitalised development cost. These are recognised in accordance with the criteria under IAS 38 and IFRS 3.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually on June 30. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognised in the statement of recognised income and expense.

Foreign currency

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

On consolidation, the results of foreign operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of foreign operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Financial liabilities

The Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings, certain preference shares and the debt element of convertible debt issued by the group are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Convertible debt

The proceeds received on issue of the group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost (see above).

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

Share-based payments

Where warrants are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of warrants are modified before they vest, the increase in the fair value of the warrants, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is equal to the fair value of the assets or, if lower, the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights, in accordance with IFRS 3,§ 45. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development costs above are not met.

The significant intangibles recognised by the group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Software	3-5 years	Historical cost
Software in leasing	5 years	Historical cost
Development	5 years	Historical cost

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

All items of property, plant and equipment are carried at depreciated cost.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Office equipment	20% per annum straight line
Computer equipment	33% per annum straight line
Communication equipment	20-33% per annum straight line
Vehicles	20% per annum straight line
Leased hardware	33% per annum straight line
Investments rented building	11,11% per annum straight line

Work in progress

Work in progress is valued using the percentage of completion method.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Note 2 - First time adoption of International Financial Reporting Standards (IFRS)

Reconciliations and explanatory notes on how the transition to IFRS has effected profit and net assets previously reported under Belgian Generally Accepted Accounting Principles are given below:

Balance sheet reconciliation

	Subnote	July 1, 2003	June 30, 2004	June 30, 2005
Equity as per Belgian Gaap		1,207	1,198	1,257
Derecognition of intangibles	(a)	(24)	(26)	(15)
Adjustements to PP&E	(b)	(63)	(100)	(112)
Recognition of intangibles	(c)	97	142	317
Recognition of deferred tax assets		688	677	657
Recognition of liabilities	(d)	(102)	(139)	(162)
Equity as per IFRS		1,803	1,752	1,942

Explanations of the adjustments made to the BE GAAP balance sheets are as follows:

(a) *According to IFRS formation expenses are no longer capitalised.*
(b) *Bargain options on leased assets are capitalised and depreciated accordingly.*
(c) *Market research, concessions, trade marks and licenses are recognised as expense.*
Leased software is classified as an intangible asset.
(d) *Negative bank accounts are separately classified as bank overdraft under IFRS.*
Bargain options on leased assets are accounted for in the current and non-current financial liabilities.

Profit and loss account reconciliation

€'000	June 30, 2004	June 30, 2005
Net profit/(loss) as per Belgian Gaap	(9)	59
Adjustments to:		
Cost of sales	(37)	91
Selling, general and Administrative expenses	(73)	(23)
Finance costs	38	38
Finance income	1	4
Taxes	(11)	(20)
Net profit/(loss) as per IFRS	**(91)**	**149**
Impact on opening retained earnings	**(22)**	**(104)**

Explanations of the adjustments made to the BE GAAP income statement and impacting cost of sales, selling, general and administrative expenses and finance costs are as follows:

€'000	June 30, 2004	June 30, 2005
- Issued warrants	(40)	(41)
- Capitalisation of development costs	44	185
- Adjustment on employee benefits	(40)	(25)
- Depreciation of capitalised development costs	(2)	(31)
- Depreciation of fixed assets	13	28
- Depreciation of fair value customer portfolio	(60)	(102)
- Adjustment on depreciation of goodwill	13	92
- Finance income	1	4
	(71)	**110**

Cash flow statement for the year ended 30 June 2004

Under Belgian GAAP no cash flow statement presentation is required and none has been published in this respect.

Financial instruments (comparative information)

As indicated in note 1 'Accounting policies', the group has taken advantage of the transitional provisions in IFRS 1 not to present comparative information in accordance with IAS 32 'Financial Instruments: Presentation and Disclosure' and IAS 39 'Financial Instruments: Recognition and Measurement', but to retain the accounting applied in the 2004 financial statements when the group applied Belgian generally accepted accounting principles.

The effect of any adjustments to the income statement and statement of recognised income and expense that would make the information for the year to 30 June 2004 comply with IAS 32 and IAS 39 are immaterial to the Financial Statements.

Note 3 - Revenue and cost of sales

€'000	2006	2005	2004
Revenue consists of:			
Sale of managed services	4,764	3,295	3,567
Sale of professional services	4,883	4,727	2,877
Sale of software	834	471	174
Reselling and other	5,437	1,397	1,020
	15,918	**9,890**	**7,638**
Cost of sales consists of costs which can be directly imputed to the services sold :			
staff related costs (including temporary staff and cost of fringe benefits)	4,571	4,088	3,186
purchase of goods and services	6,998	2,170	1,685
depreciation of tangible and intangibles assets	395	440	435
	11,964	**6,698**	**5,306**
Gross profit	**3,954**	**3,192**	**2,332**

The cost of sales in 2006 includes a cost of € 154K, to be considered as non-recurring, related to rework performed as a result of inefficient work of a subcontractor during the implementation of a major project.

Note 4 - Profit from operations

€'000	2006	2005	2004
This has been arrived at after charging/crediting			
general & administrative expenses	2,088	1,790	1,417
selling costs	1,289	902	667
R&D costs	330	245	266
	3,707	**2,937**	**2,350**

During the fiscal year 2006, Porthus obtained a grant of which € 124.3K covered research costs made during the year

Note 5 - Staff costs

€'000	2006	2005	2004
Staff costs comprise:			
Wages and salaries	3,308	2,647	2,105
Interim	7	79	21
Share-based payment expense (see note 22)	26	41	40
Fringe benefits	103	89	61
Remuneration and other accruals	44	137	27
Social security contributions and other related taxes	925	783	634
other staff costs	37	31	3
	4,450	**3,808**	**2,909**

The group uses subcontactors of which the cost is not included in the above.

Note 6 - Segment information

The group operates in one business segment and has operations only in the EU region. Therefore no business or geographic segment information can be presented or is relevant.

Note 7 - Operating expenses by nature

The breakdown of the operating expenses is as follows :

€'000	2006	2005	2004
staff costs	4,450	3,808	2,909
cost of sales reselling & other	5,211	991	588
purchases of goods and services	5,312	4,081	3,440
depreciations, amortizations and provisions	697	756	719
tangible assets	374	419	477
intangible assets			
development	46	31	2
customer portfolio of Tie Belgium	102	101	60
other intangibles	140	139	132
Consolidation goodwill			47
Provisions for liabilities and charges	15	(8)	0
Amounts written off	20	74	1
Total	**15,670**	**9,636**	**7,656**

Note 8 - Finance income and expense

€'000	2006	2005	2004
Finance income			
Interest received	9	10	17
Other finance income	37	20	12
	46	30	29
Finance expense			
Bank borrowings	52	64	30
Finance leases	55	43	53
Other finance expense	25	9	8
	132	116	91
	(86)	**(86)**	**(62)**

Note 9 - Tax expense and deferred taxes

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Belgium applied to profits for the year are as follows:

€'000	2006	2005	2004
Profit before tax	161	169	(80)
Expected tax charge based on the standard rate of			
corporation tax in Belgium of 33,99% (2004 and 2005 – 33,99%)	(55)	(57)	27
Tax effect of expenses not deductible for tax purposes	(68)	(62)	(38)
Tax effect of utilisation of tax losses previously recognised (33,99%)	123	119	11
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-	-
Previously recognised deferred tax assets written off in the year (use of tax losses carried forward)	(218)	(20)	(11)
New deferred tax assets recognized based on business plan	273	-	-
Total tax charge	**55**	**(20)**	**(11)**

The company has recognised deferred tax assets based on its tax losses carried forward to the extent that it is probable that future taxable profits will be available in the foreseeable future and which the company will be able to use to offset profits realised.

No deferred tax assets were recognised on tax losses carried forward amounting to € 1,036K

June 30 , 2003 - Tax losses carried forward @ 33,99%	688
Utilisation of tax losses in 2004	(11)
Balance at June 30, 2004	677
Utilisation of tax losses in 2005	(20)
Balance at June 30, 2005	657
Utilisation of tax losses in 2006	(218)
increase of the deferred tax asset	273
Balance at June 30, 2006	712

Note 10 - Earnings per share

€'000	2006	2005	2004
Numerator			
Profit / (loss) for the year	216	149	(91)
Earnings used in basic EPS	216	149	(91)
Earnings used in diluted EPS	**216**	**149**	**(91)**
Denominator			
Weighted average number of shares used in basic and diluted EPS	484,306	484,306	484,306

Warrants have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (it has been assumed that the average share price equals or is lower that the exercise price, since the company is not yet listed, i.e. they are out-of-the-money) and therefore would not be advantageous for the holders to exercise those options.

Note 11 - Property, plant and equipment

€'000	Vehicles	Office & Comp Equipment	Leasehold improvement	Total
At 30 June 2004				
Cost or valuation	43	1,833	150	2,026
Accumulated depreciation	(21)	(1,360)	(68)	(1,449)
Net book value	**22**	**473**	**82**	**577**
At 30 June 2005				
Cost or valuation	43	2,222	79	2,344
Accumulated depreciation	(31)	(1,528)	(31)	(1,590)
Net book value	**12**	**694**	**48**	**754**
At 30 June 2006				
Cost or valuation	12	2,527	80	2,619
Accumulated depreciation	(12)	(1,944)	(40)	(1,996)
Net book value	**0**	**583**	**40**	**623**
Year ended 30 June 2004				
Opening net book value		584	95	679
Additions	30	342	3	375
Depreciation	(8)	(453)	(16)	(477)
Closing net book value	**22**	**473**	**82**	**577**
Year ended 30 June 2005				
Opening net book value	22	473	82	577
Additions		622	27	649
Disposals		(3)	(50)	(53)
Depreciation	(10)	(398)	(11)	(419)
Closing net book value	**12**	**694**	**48**	**754**
Year ended 30 June 2006				
Opening net book value	12	694	48	754
Additions		251	1	252
Disposals	(9)			(9)
Depreciation	(3)	(362)	(9)	(374)
Closing net book value	**0**	**583**	**40**	**623**

The group's property, plant and equipment are all valued at historical cost. The directors are in the opinion that market values do not significantly defer from historical cost at balance sheet date.

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases (see note 21):

€'000	2006	2005	2004
Computer equipment	467	600	366
	467	600	366

Note 12 - Intangible assets

€'000	Goodwill	Develop-ment costs	Customer portfolio	Software & Other	Total
At 30 June 2004					
Cost	404	44	510	641	1,599
Accumulated amortisation	(47)	(2)	(60)	(332)	(441)
Net book value	**357**	**42**	**450**	**309**	**1,158**
At 30 June 2005					
Cost	404	229	510	653	1,796
Accumulated amortisation	(47)	(33)	(161)	(388)	(629)
Net book value	**357**	**196**	**349**	**265**	**1,167**
At 30 june 2006					
Cost	404	229	510	929	2,072
Accumulated amortisation	(47)	(79)	(263)	(528)	(917)
Net book value	**357**	**150**	**247**	**401**	**1,155**

Year ended 30 June 2004					
Opening net book value				324	324
Additions					
- Internally developed		44			44
- Externally acquired				117	117
- Through business combinations	404		510		914
Disposals					0
Amortisation	(47)	(2)	(60)	(132)	(241)
Adj. amortization disposals					0
Reclassification tangible assets					
Closing net book value	**357**	**42**	**450**	**309**	**1,158**

(Continued) €'000	Goodwill	Develop-ment costs	Customer portfolio	Software & Other	Total
Year ended 30 June 2005					
Opening net book value	357	42	450	309	1,158
Additions					
- Internally developed		185			185
- Externally acquired				98	98
- Through business combinations					
Disposals				(3)	(3)
Amortisation		(31)	(101)	(139)	(271)
Adj. amortization on disposals					
Closing net book value	**357**	**196**	**349**	**265**	**1,167**
Year ended At 30 june 2006					
Opening net book value	357	196	349	265	1,167
Additions					
- Internally developed					
- Externally acquired				276	276
- Through business combinations					
Disposals					0
Amortisation		(46)	(102)	(140)	(288)
Adj. amortization disposals					0
Reclassification tangible assets					
Closing net book value	**357**	**150**	**247**	**401**	**1,155**

All assets have a finite useful economic life, except for goodwill which is infinite

Note 13 - Subsidiaries

The principal subsidiaries of PORTHUS NV, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of Incorporation	Date of incorporation or acquisition	Proportion of Ownership interest
Tie Belgium	Belgium	November 2003	99.99%
Desk Solutions	Belgium	February 2004	99.90%
Porthus Slovakia	Slovakia	May 2005	100%

Note 14 - Trade and other receivables

€'000	2006	2005	2004
Trade debtors (net)	4,013	2,292	1,650
Accrued income	537	565	22
Deferred charges and other debtors	340	189	76
	4,890	**3,046**	**1,748**

Note 15 - Trade and other payables - current

€'000	2006	2005	2004
Trade creditors	3,164	1,419	1,200
Other tax and social security taxes	440	301	191
Remuneration and other accruals	555	511	417
Deferred income	451	244	286
Accrued charges and other creditors	41	55	480
	4,651	**2,530**	**2,574**

Note 16 - Other financial liabilities - current

€'000	2006	2005	2004
Bank loans	653	427	157
Finance lease creditor (note 21)	334	334	276
Convertible debt	-	165	331
	987	**926**	**764**

See also note 19 on interest rates payable.

Bank loans are secured with a pledge on the commercial fund of the company for an amount of € 550 K. This includes trade receivables .

Note 17 - Non-current financial liabilities

€'000	2006	2005	2004
Bank loans	196	382	-
Convertible debt	150	150	150
Finance lease creditor (note 21)	348	387	193
Other non-current liabilities	100	100	265
	794	**1,019**	**608**

Note 18 - Financial instruments - Risk Management

The group is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board following recommendations from the Finance Director. The policy for each of the above risks is described in more detail below.

It is company policy not to enter into any type of speculative transactions or financial instruments such as shares, foreign currency, derivative financial instruments or other.

Fair value and cash flow interest rate risk

It is currently group policy that at least 70% of external group borrowings (excluding short-term overdraft facilities and finance lease payables) are agreed at fixed interest rates. This policy is managed by the group finance department. Local operations are not permitted to borrow long-term from external sources. Management is of the opinion that the group is not subject to exposure to material interest risks because of its policy to borrow at fixed interest rates.

Foreign currency risk

Foreign exchange risk is not considered material since the group currently mainly operates in the Euro zone and its transactions are in Euro or currencies pegged to the Euro.

It is furthermore the group policy to match incoming cash flows in foreign currency to outgoing cashflows in the same foreign currency. In case however that the total revenue realized in foreign currencies, would exceed 25% of the total revenue of the group, the company will use typical hedging transactions to manage and reduce its foreign currency risk.

Liquidity risk

The liquidity risk of each group entity is managed centrally by the group treasury function. Each operation has a facility line with group treasury, the amount of the facility line being based on budgets. The budgets are set locally and agreed by the board annually in advance, enabling the group's cash requirements to be anticipated. Where facilities of group entities need to be increased, approval must be sought from the group finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

Credit risk

Depending on the size of a transaction and the reputation of the customer in the market, the company will perform a formal credit check before entering into the transaction.

Management estimates there is currently no material credit risk taking into account the quality of its customers.

Note 19 - Financial liabilities – Numerical information

Maturity of financial liabilities

The carrying amounts of financial liabilities, all of which are exposed to cash flow or fair value interest rate risk, are repayable as follows:

€'000	2006	2005	2004
In less than one year	653	592	489
In more than one years but not more than five years	446	632	415
	1,099	**1,224**	**904**

Non-current financial liabilities include convertible debts amounting to 150 €'000 (2004 and 2005 - 150 €'000). The fair value of these is not materially different from their carrying value

€'000	Floating rate	Fixed rate	2006 total	2005 total	2004 total
	Euribor + 2%				
Expiry within 1 year	0	653	653	592	489
Expiry in more than 1 year	250	196	446	632	415
	250	**849**	**1,099**	**1,224**	**904**

The weighted average interest rate of fixed rate liabilities and the weighted average period for which they are fixed is as follows:

	Rate	Period	Rate	Period	Rate	Period
	2006	2006	2005	2005	2004	2004
	%	months	%	Months	%	months
Euro	4.08	15	5.53	28	7.2	24

The rate at which euro floating liabilities are payable is 2% (2005 and 2004 : 2%) above EURIBOR 12 months (3.512% on 30/06/2006; 2.082% on 30/06/2005; 2.426% on 30/06/2004)

Fair values

The book value and fair value of financial liabilities do not materially defer.

Borrowing facilities

The group has no undrawn committed borrowing facilities available at 30 june 2006

Note 20 - Share capital

Subscribed	2005	2005	2004	2004
	Number	€'000	Number	€'000
Ordinary shares without face value	484,306	5,374	484,306	5,374

A total of 51,443 shares have no voting rights.

Issued and not fully paid	2005	2005	2004	2004
	Number	€'000	Number	€'000
Ordinary shares without face value At beginning of the year and year-end	1,046	19	1,046	19

Subscribed	2006	2006	2005	2005
	Number	€'000	Number	€'000
Ordinary shares without face value	484,306	5,374	484,306	5,374

A total of 51,443 shares have no voting rights.

Issued and not fully paid	2006	2006	2005	2005
	Number	€'000	Number	€'000
Ordinary shares without face value At beginning of the year and year-end	1,046	19	1,046	19

Note 21 - Leases

Finance leases

The group leases the majority of its computer hard and software equipment (net carrying value k€ 714). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

€'000	Minimum lease payments 2006	Interest 2006	Present value 2006
Not later than one year	371	37	334
Later than one year and not later than five years	365	17	348
	736	**54**	**682**

€'000	Minimum lease payments 2005	Interest 2005	Present value 2005
Not later than one year	378	44	334
Later than one year and not later than five years	412	25	387
	790	**69**	**721**

€'000	Minimum lease payments 2004	Interest 2004	Present value 2004
Not later than one year	302	26	276
Later than one year and not later than five years	203	10	193
	505	**36**	**469**

The present value of future lease payments are as follows:

€'000	2006	2005	2004
Current liabilities	334	334	276
Non-current liabilities	348	387	193
	682	**721**	**469**

Operating leases - lessee

The group leases the majority of its vehicles and has rental contracts in place for its offices.

The total future of minimum lease payments are due as follows:

€'000	2006	2005	2004
Not later than one year	590	509	409
Later than one year	620	729	710
	1,210	1,238	1,119

Note 22 - Share-based payment[39 40]

The company operates two equity-settled share based remuneration schemes for employees. Certain employees are eligible to participate in the warrant scheme, the only vesting condition being that the individual remains an employee of the group over a certain period. Under the scheme, warrants vest over a period of five years from the date of grant.

	2005 Weighted average exercise	2005	2004 Weighted average exercise	2004
	price	**Number**	**price**	**Number**
Outstanding at beginning of the year	19.78	72,884	20.4	57,007
Forfeited/granted during the year		(548)		15,877
Outstanding at the end of the year	19.79	72,336	19.78	72,884

The exercise price of warrants outstanding at the end of the year ranged between € 25.29 and € 17.76 (2004 - € 25.29 and € 17.76) and their weighted average contractual life was 3.5 years (2004 – 4.6 years).

Of the total number of options outstanding at the end of the year, 55,993 (2004 – 53,343) had vested of which 55,493 (2004 – 55,541) were exercisable at the end of the year.

No options were exercised during the year (2004 – none).

39 Reference is made to Chapter III, 4.2 'Other outstanding financial instruments' for a detailed description of the warrant plans.
40 The impact of the warrant plans on the profit&loss statement is detailed in note 5.

	2006 Weighted average exercise	2006	2005 Weighted average exercise	2005
	price	Number	price	Number
Outstanding at beginning of the year (1/7))	19.79	72,336	19.78	72,884
Forfeited/granted during the year		(6,263)		(548)
Outstanding at 30/06	19.52	66,073	19.79	72,336

The exercise price of warrants outstanding at 30/06 ranged between 25.29 € and 17.76 € (2005 - € 25.29 and € 17.76) and their weighted average contractual life was 2.6 years (2005 – 3.5 years).

Of the total number of options outstanding at 30/06, 61,136 (2005 – 55,993) had vested of which 51,447 (2005 – 55,493) were exercisable at the end of the year.

No options were exercised during the year (2005 – none).

	Warrants granted in 2003
Stock Price	€ 17.760
Exercise Price	€ 17.760
Riskless Rate	4.18%
Life of Option (Years)	8.0
Annualized Standard Deviation	35.0%

The determination of the fair value of options granted during the year 2003 was done on the basis of the Black-Scholes model.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years of comparable companies in the industry since the company's shares are not publicly traded.

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

Note 23 - Acquisitions in prior periods

On November, 21 2003 the group acquired 100% of the voting equity instruments of Tie Belgium NV, a company whose principal activity is in line with the own activities.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Provisional Fair value of assets acquired	€'000	€'000
Property, plant and equipment	56	
Non-contractual customer lists and relationships	510	
Receivables	539	
Payables	(415)	
Provisions	(9)	
Leasing and Bank loans	(54	
Remuneration and social security	(124)	
Tax liability	(33)	
Consideration paid, net		**470**
Cash	790	
Costs of acquisition	84	
		874
Goodwill (note 12)		**404**

Note 24 - Commitments and contingencies

The group is not part of any material litigation nor has received any significant claims other than those provided for or mentioned in the footnotes to the financial statements.

Note 25 - Events after the balance sheet date

The company is further investigating, together with specialized institutions, the possibility of increasing the capital of the company. This in order to substantiate the capital structure of the company, and to provide a solid basis of the company towards further growth and expansion.

In order to develop its business activities, the board of directors of the company has decided on 11/8/2006 to create a subsidiary in the Netherlands.

Note 26 - Related parties

The group has identified following related parties :

1. **Subsidiaries**

   Tie Belgium NV, Desk Solutions NV and Porthus Slovakia s.r.o., with whom it has agreements to provide and receive certain operational and management services at arm's length or market conform conditions.

2. **Key Management Personnel**

   The group considers the members of the board of directors and the members of the executive management committee as key management personnel. During the accounting years 2004, 2005 and 2006, the directors were not compensated.

During 2006 the executive management consisted of Luc Burgelman (founder and chief executive officer), Frank Hamerlinck (founder, chief operations and technology officer), Joris Allaert (chief financial officer), Christophe Longueville (Vice-President Sales & Marketing) and Jean Verheyen (Vice-President Business development).

The remuneration of the executive management of Porthus NV in total is as follows:

€'000	2006	2005	2004 [(a)]
short term employee benefits	770	595	369
post-employment benefits	5	7	3
share-based payments	20	20	18
Total benefits	**795**	**622**	**390**
number of warrants granted during the period	-	-	-
number of warrants outstanding at the end of the period	48,000	50,284	50,284

(a) C. Longueville and Jean Verheyen joined the executive management on 1/4/2004 and 1/5/2004

There have been granted no loans or other guarantees to the executive management.

3. Significant shareholders

- On 22 December 2000, the Company entered into an agreement with VZW Sociaal Secretariaat Securex (a company related to a shareholder of Porthus NV) relating to the provision of services with regard to the development, supply, hosting, operating and monitoring of the 'Magistral Service' application (payroll processing tool). This agreement completed its initial term on 31 December 2003 and was automatically renewed for subsequent periods of one year ever since.

  The revenue realized on this agreement was :

€'000	2006	2005	2004
	735	688	621

  These services are rendered at arms' length or market price conditions.

- On 27 February 2004, Desk Solutions NV has entered into a EUR 100,000.00 subordinated loan agreement (as borrower) with Securex Invest SA (as lender) for a duration of 5 years at an interest rate of EURIBOR + 2%.

  On 27 February 2004, Desk Solutions NV further entered into a EUR 150,000.00 subscription agreement of convertibles bonds with Securex Invest SA which grants Securex Invest SA the right to subscribe to 500 B-shares of Desk Solutions NV upon conversion. This agreement was entered into for a duration of 5 years at an interest rate of EURIBOR + 2%.

- The Company has entered into management agreements with the current shareholders who are directly or indirectly active in the Company.

- Since 1 July 2001the Company has entered into a consultancy agreement with Newton Engineering bvba (the management company of Peter Hinssen, chairman of the board of directors). Under this agreement Newton Engineering bvba is available on an ad hoc basis. The consultancy fee is determined on a project basis.

3 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Auditor's report on the consolidated financial statements for the years ended 30 June 2006 , 30 June 2005 and 30 June 2004 of Porthus NV.

We have audited the consolidated financial statements of Porthus NV and subsidiaries (Porthus) for the years ended 30 June 2006, 2005 and 2004, prepared in accordance with International Financial Reporting Standards as adopted in the EU, and the legal and regulatory requirements applicable in Belgium, which show a balance sheet total of respectively 8,644 '000 EUR, 6,430 '000 EUR and 5,721 '000 EUR and a profit/(loss) for the year of respectively 216 '000 EUR, 149 '000EUR and (91) '000 EUR.

The preparation of the consolidated financial statements and the assessment of the information to be included in the consolidated directors' report, are the responsibility of the board of directors.

Our audit of the consolidated financial statements was carried out in accordance with the auditing standards applicable in Belgium, as issued by the Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies, the consolidation principles, the significant accounting estimates made by the company and the overall consolidated financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements for the years ended 30 June 2006, 30 June 2005 and 30 June 2004 give a true and fair view of the group's assets, liabilities, statement of changes in equity, cash flows, results of operations and disclosures, in accordance with International Financial Reporting Standards as adopted in the EU.

Additional certifications and information

We supplement our report with the following certifications and information which do not modify our audit opinion on the consolidated financial statements:

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

Antwerp, 12 September 2006

BDO Atrio Réviseurs d'Entreprises Soc. Civ. SCRL

Represented by

Koen De Brabander *Lieven Van Brussel*

4 STATUTORY FINANCIAL STATEMENTS OF PORTHUS NV

4.1 Balance sheet

€'000	30/06/2006	30/06/2005	30/06/2004
ASSETS			
FIXED ASSETS	**2,005**	**1,988**	**1,868**
I. Formation expenses	1	5	14
II. Intangible fixed assets	132	88	162
III. Tangible fixed assets	**767**	**833**	**630**
B. Plants, machinery & equipment	71	54	80
C. Furniture & vehicles	24	32	10
D. Leasing and other similar rights	632	699	458
E. Other tangible assets	40	48	82
IV. Financial assets	1,105	1,062	1,062
A. Affiliated enterprises	**1,103**	**1,062**	**1,062**
1. Participation interests	**1,103**	**1,062**	**1,062**
C. Other financial assets	2		
2. Amounts receivable and cash guarantees	2		
CURRENT ASSETS	**4,958**	**2,833**	**2,605**
VI. Stocks and contracts in progress	**192**	**220**	**0**
B. Contracts in progress	192	220	0
VII. Amounts receivable within one year	**3,371**	**1,788**	**1,489**
A. Trade debtors	3,162	1,653	1,275
B. Other amounts receivable	209	135	214
VIII. Cash investments	**0**	**0**	**930**
B. Other investments			930
IX. Cash at bank and in hands	**577**	**134**	**70**
X. Deferred charges and accrued income	**818**	**691**	**116**
TOTAL ASSETS	**6,963**	**4,821**	**4,473**

€'000	30/06/2006	30/06/2005	30/06/2004
LIABILITIES			
CAPITAL AND RESERVES	**1,778**	**1,298**	**1,240**
I. Capital	5,374	5,374	5,374
A. Issued Capital	5,393	5,393	5,393
B. Uncalled Capital	(19)	(19)	(19)
V. Accumulated profit/losses	**(3,596)**	**(4,076)**	**(4,134)**
PROVISIONS FOR LIABILITIES AND CHARGES	**28**	**13**	**13**
VII. A. Provisions for liabilities and charges			
4. Other liabilities and charges	28	13	13
CREDITORS	**5,157**	**3,510**	**3,220**
VIII. Amounts payable after one year	**526**	**752**	**340**
A. Financial debts	**526**	**752**	**340**
1. Subordinated loans			166
3. Leasing and other similar obligations	330	370	174
4. Credit institutions	196	382	
IX. Amounts payable within one year	**4,430**	**2,705**	**2,750**
A. Portion of amounts payable after one year	713	821	607
B. Financial debts	**205**	**50**	**100**
1. Credit institutions	205	50	100
C. Trade debts	**2,810**	**1,292**	**1,137**
1. Suppliers	2,810	1,292	1,137
E. Taxes, remunerations and social security	**701**	**541**	**423**
1. Taxes	230	219	183
2. Remuneration and social security	471	322	240
F. Other debts	1	1	483
X. Accrued charges and deferred income	**201**	**53**	**130**
TOTAL LIABILITIES	**6,963**	**4,821**	**4,473**

4.2 Profit & Loss Statement

€'000	30/06/2006	30/06/2005	30/06/2004
I. Operating income	**14,839**	**8,643**	**6,899**
A. Turnover	14,777	8,350	6,843
B. Incr.-decr. in stocks of fin. goods, etc	(28)	220	
D. Other operating income	90	73	56
II. Operating charges	**14,370**	**8,416**	**6,772**
A. Raw mat., consom. and goods for resale	6,442	1,476	1,099
B. Services and other goods	3,850	3,282	2,634
C. Remuner. social sec. costs and pensions	3,526	3,023	2,420
D. Depr. & amounts wr. off form. exp., etc.	526	560	615
E. Amounts written off stocks, contr., etc.	10	71	
F. Provisions for risks & charges	15		
G. Other operating charges	1	4	4
III. Operating profit/(loss)	**469**	**227**	**127**
IV. Financial income	**133**	**11**	**21**
B. Income from current assets	4	5	17
C. Other financial income	129	6	4
V. Financial charges	**139**	**137**	**120**
A. Interest and other debt charges	130	130	112
C. Other financial charges	9	7	8
VI. Operating Income (normal activities)	**463**	**101**	**28**
VII. Extraordinary income	**17**	**10**	**19**
E. Other extraordinary income	17	10	19
VIII. Extraordinary charges		**53**	**15**
D. Loss on disposal of fixed assets		53	15
TOTAL INCOME	**480**	**58**	**32**

4.3 Appropriation account

€'000	30/06/2006	30/06/2005	30/06/2004
A. Loss to be appropriated			
1. Profit to be appropriated of the financial period	480	58	32
2. Loss brought forward from the previous financial period	(4,076)	(4,134)	(4,166)
D. Result to be carried forward			
1. Loss to be carried forward	3,596	4,076	4,134

4.4 Accounting principles and valuation rules

Formation expenses, costs of raising capital, and start-up losses

Formation expenses and costs of capital increases are capitalised and amortised over a maximum period of 5 years.

Intangible and tangible fixed assets

Costs for the purchase of software/licenses are capitalised and then amortised on a straight-line basis over a period of 5 years starting from the moment of delivery of the software/license. Additional acquisition costs and non-deductible taxes are recognized as expense in the year of purchase. The amortisation is calculated pro rata temporis starting from the month of purchase.

Expenditures for Research and Development costs are capitalized and amortised from the commencement of the research phase of the product on a straight-line basis over a period of 5 years.

Tangible fixed assets are valued at purchase price less accumulated depreciation. Additional acquisition costs and non-deductible taxes are recognized as expense in the year of purchase. Depreciation is calculated pro rata temporis starting from the month of purchase and using a straight-line basis over the following estimated useful lives:

Land and buildings

Leasehold improvements	11,11%

Plant, machinery, and equipment

Hardware	33.33%
Telecom (voice)	20%
Telecom (data)	33.33%
Office equipment	20%
Office equipment hardware	20%
Software	20%

Furniture

Offices	20%

Vehicles

Other vehicles	25%

Fixed assets that are 'leased or based on other similar rights' are depreciated over the term of lease.

Additional or exceptional depreciation may be recognised in accordance with articles 61 and 65 of the R.D. of January 30, 2001.

Expenditures, incurred after the fixed assets have been placed in operation, such as repairs and maintenance and overhaul costs, are charged against income, in the period in which the costs are incurred.

Work in progress

Work in progress is valued according to the "percent of completion method".

Investments

Investments in non-consolidated companies are valued at acquisition value less any write off due to a permanent impairment justified through its situation, profitability or previsions.

Receivables

Amounts receivable are valued at their nominal value, net of any value reduction in case required. Receivables in foreign currency are translated at closing rate. Where there is uncertainty about the partial or entire collection of a receivable, a reduction in value is applied.

Cash and cash equivalents

Cash includes cash on hand and cash with banks and are stated at nominal value. Cash balances in foreign currencies are converted at year-end closing rates.

Transitory accounts

This caption includes in application of the principles of prudence, true and fair presentation:

- Expenses and revenue recorded during the year which relate to another accounting year
- Accrued income
- Accrued expenses

Capital Subsidies

At closing date the account capital subsidies, granted by the government, will be reduced for an amount proportionate to the depreciation recognized on the assets that have been financed with those subsidies. The deferred tax liabilities on the net amount of subsidies at closing date have been transferred to the caption "deferred taxes" at the applicable rate of taxation.

Provisions for liabilities and charges

All provisions for risks and charges, which in any way influence the result of the company, are recognized based on available information.

Debtors

All debts are recognized on the basis of documents in the possession of the company. Debt in foreign currency is valued and adjusted taking into account the official closing rate.

Translation of monetary assets, debts, rights and liabilities in foreign currency

The general rule is that the monetary assets and liabilities are converted against the exchange rate prevailing at the balance date. The translation differences are calculated and processed as unrealized exchange gain or loss in the income statement (other financial results).

Other

In application of art 96,6th part of the company law, the valuation rules are not adapted.

APPENDIX I:

GLOSSARY RELATED TO THE OFFERING

Allocation Date	The date on which the shares are allocated to the investors. This date is expected te be at or about 6 November 2006.
Closing Date	The date on which the capital increase of maximum € 7.5 million will be realized before a public notary. This date is expected to be at or around 10 November 2006.
Closing	The completion of the capital increase of up to € 7.5 million.
Co-Lead Manager	Bank Degroof NV, Nijverheidsstraat 44, 1040 Brussels.
Date of this Prospectus	10 October 2006.
EGM	Extra Ordinary General Meeting of Shareholders d.d. 12 October 2006 that will deliberate among other on the Offering. The agenda of the Offering is attached in Appendix III.
Lead-Manager	KBC Securities NV, Havenlaan 12, 1080 Brussels.
Listing Date	The date on which the Shares and VVPR strips of Porthus can be traded on Alternext Brussels. This date is expected to be 17 October 2006.
Listing Sponsor	KBC Securities NV.
New Shares	The Shares of the Company that will be issued pursuant to the decision of the EGM d.d. 12 October 2006.
Offered Shares	The aggregate of the New Shares and the Over-allotment Shares offered for subscription during the subscription period.
Offering	€ 7.5 million in New Shares which can be increased with an over allotment option of maximum € 1.125 million in existing shares as described in this Prospectus .
Offering Period	The Offering Period will begin on 16 October 2006 and is expected to close on 3 November 2006, subject to early or later closing.
Over-allotment Shares	A maximum of € 1.125 million in existing Shares of the Company that have been granted to KBC Securities by the Selling Agents and which can be used in the event of over allotments.
Porthus Group / Company / Group	Porthus NV and it s subsidiaries.
Porthus NV	A company limited by shares, incorporated under the laws of Belgium, issuer of the shares in the Offering.
Prospectus	The offering document approved by the Belgian CBFA that has been drawn up in respect of the offer to subsribe to the Offered Shares.
Selling Shareholders	The group of Selling Shareholders is composed of the following limited liability companies organized under the laws of Belgium: Rendex NV, Rendex ICT NV (a company pending liquididation), and Mercator Verzekeringen NV.

Shareholders Rendex:	Rendex Partners is a European private equity fund manager with the following funds under management: Rendex NV Rendex NV is a venture capital fund investing in growth opportunities in a wide range of industries from no-tech to high-tech, with particular attention to ICT and Life Sciences. Rendex ICT NV Rendex ICT NV is a venture capital fund investing in European information and communication technology companies.
Mercator Verzekeringen:	Mercator (formerly Mercator & Noordstar en HBK-Spaarbank) is a reknown financial services group in Belgium with a strong focus on the home market in Flanders. Mercator is part of the Swiss Baloise-Groep, active in Switzerland, Austria, Germany and Belux.
Securex:	Securex is a social services group which offer their clients a large range of products in the field of the administration of wages, social & legal advice, insurances and perks, medical supervision and prevention, consultancy in human resources, etc. The Group Securex comprises 1350 employees and has offices in Belgium, France and Luxembourg. More than 69000 companies and 150000 self-employed and individuals have already put their trust in the specific services of the Group.
Business Angels:	The group of Business Angels consist of 12 individuals who participated in the capital increase soon after Porthus was founded in 1999. The individuals are acquaintances of the Porthus founders.
Shares of the Company	All shares issued or to be issued by Porthus NV.
Subscription Price	The price per New Share that investor will pay and which will be published in the Belgian financial press on or about 14 October 2006.
Underwriters	KBC Securities NV and Bank Degroof NV.

APPENDIX II:

BUSINESS GLOSSARY

ASP	Application Service Provider An application service provider (ASP) is a business that provides computer-based services to customers over a network. The most limited sense of this business is that of providing access to a particular application program (such as accounting software) using a standard internet protocol.
B2B	Business-to-Business
EDI	Electronic Data Interchange (EDI) is the computer-to-computer exchange of structured information, by agreed message standards, from one computer application to another by electronic means and with a minimum of human intervention. In common usage, EDI is understood to mean specific interchange methods agreed upon by national or international standards bodies for the transfer of business transaction data, with one typical application being the automated purchase of goods and services.
ITIL	IT Infrastructure Library ITIL® (the IT Infrastructure Library) is the most widely accepted approach to IT service management in the world. ITIL® provides a cohesive set of best practice, drawn from the public and private sectors internationally. It is supported by a comprehensive qualifications scheme, accredited training organisations, and implementation and assessment tools. The best practice processes promoted in ITIL® support and are supported by, the British Standards Institution's standard for IT service Management (BS15000).
LAN	Local Area Network A computer network that spans a relatively small area. Most LANs are confined to a single building or group of buildings.
LNP	Local Number Portability Local number portability (LNP) is the ability to take an existing telephone number assigned by a local exchange carrier (LEC) or a mobile phone provider, and reassign it to another LEC or other telephony provider.
NCTS	The New Computerised Transit System (NCTS) is an electronic system designed to increase the efficiency and improve the security of transit declarations. A transit is defined as transportation of goods between two different regions in one single or two different countries, under the supervision of the respective customs authorities.
Number Portability	Rules have been put in place by governments across Europe enabling consumers to maintain their mobile or fixed number when changing from one operator to another. This process is called Number Portability. Local number portability (LNP) is the ability to take an existing telephone number assigned by a local exchange carrier (LEC) or a mobile phone provider, and reassign it to another LEC or other telephony provider.

OnDemand solution	OnDemand is a generally accepted term, describing the type of solutions that Porthus offers. The solution has two key criteria: (1) the service is paid for on a subscription (per user/per transaction) basis and (2) the software is hosted and managed by the vendor and accessed by the customer over the internet.
Porthus.net	Porthus.net is an infrastructure platform, consisting of an Application Platform, a Communications Hub and a Data Center. Porthus hosts and manages software on the Porthus.net platform and provides this as a service to its customers. Customers pay for these services on a per user or per transaction basis.
Porthus Central Outsourcing	Porthus.net for Central Outsourcing is built on top of the generic Porthus.net solution and concentrates on six aspects: consolidation strategy and architecture, back office consolidation, front-end standardization, application delivery implementation, infrastructure management set-up and end-user support
SaaS	Software as a Service Software as a Service (SaaS) is a model of software delivery where a company adopts specific activities that provide customers access to software alleviating that customer from the maintenance and daily technical operation and support of business and/or consumer software. SaaS is a model of software delivery rather than a market segment; software can be delivered using this method to any market segment including home consumers, small business, medium and large business.
SLA	Service Level Agreement An SLA sets the expectations between the consumer and provider. It helps define the relationship between the two parties. It is the cornerstone of how the service provider sets and maintains commitments to the service consumer.
UCCnet	UCCnet is a not-for-profit, tax-exempt, neutral organisation, and its purpose is to provide data registry and data synchronization services for product information. UCCnet automates product lifecycle processes such as new item introductions and item maintenance. UCCnet adheres to global EANoUCC standards.
VAN	A value-added network (VAN) is a specialized application service provider (ASP) that acts as an intermediary between trading partners sharing data or business processes. VANs traditionally transmitted data formatted as Electronic Data Interchange (EDI) but increasingly they also transmit data formatted as XML. VANs usually service a given vertical or industry and provide value-added services such as data transformation between formats (e.g. EDI to XML).
WAN	Wide Area Network A computer network that spans a relatively large geographical area. Typically, a WAN consists of two or more local-area networks (LANs).
Web Services	Software applications written in various programming languages and running on various platforms can use web services to exchange data over computer networks like the internet. This interoperability is due to the use of open (internet based) standards.

APPENDIX III:

AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON THE 12TH OF OCTOBER 2006

Please note below text is a free translation of the original version in Dutch – this translation is intended for information purposes only. The original Dutch version can be consulted in the Dutch version of the Prospectus.

Holders of shares issued by the Company are invited to take part at an Extraordinary General Meeting of Shareholders to be held at 80, Uitbreidingstraat, 2600 Berchem on the 12th of October 2006, at 1.30 p.m.

The agenda of the Extraordinary General Meeting of Shareholders shall be as follows:

1. The reading and discussion of:
   a) The report of the board of directors drawn up in accordance with article 560 of the Belgian Companies Code, in which a detailed account is given on the one hand of the abolition of the various categories of shares and the particular rights associated with the various categories of shares and on the other hand of the abolition of non-voting shares proposed below in point 4 on the agenda;
   b) the report of the board of directors drawn up in accordance with article 583 of the Belgian Companies Code, in which a detailed account is given on the one hand of the alteration of the terms of issue of the outstanding and allotted warrants proposed in point 7 and on the other hand the issue of new warrants under the warrant scheme proposed in point 8 on the agenda;
   c) the reports of the board of directors and the auditor, as much as required, drawn up in accordance with article 582 of the Belgian Companies Code, regarding the issue of shares without nominal value below the fractional value of the then existing old shares of the same type both (1) on issue of shares as a result of the exercise of still outstanding and allocated warrants the terms of issue of which shall be altered as proposed below in point 7, and (2) on issue of shares as a result of the exercise of the new warrants to be issued under the warrant scheme proposed in point 8, and also (3) on issue of shares under the terms of the capital increase by cash contribution proposed below in point 32 on the agenda;
   d) the reports of the board of directors and the auditor drawn up in accordance with article 596 of the Belgian Companies Code, regarding the removal of the pre-emption right both (1) on the issue of the new warrants under the warrant scheme proposed below in point 8 on the agenda, and (2) on the issue of shares under the capital increase by cash contribution proposed in point 32 on the agenda;
   e) the report of the board of directors drawn up in accordance with article 604 of the Belgian Companies Code, regarding the granting to the board of directors of a new authority in the matter of authorised capital proposed in point 33 on the agenda.

2. a) The calculation of the number of still outstanding and to date unauthorised warrants issued under warrant scheme 1 and warrant scheme 2 and the annulment of these warrants.
   b) the calculation of the exercise or non-exercise of the still outstanding and authorised warrants issued under warrant scheme 1 and warrant scheme 2 by their respective holders in accordance with article 501 of the Belgian Companies Code and in accordance with their terms of issue set out in article 4.6. of

chapter VIII of the articles of association with reference to the increase of capital by cash contribution proposed in point 32 on the agenda.

3. A prior condition being that the resolutions concerning points 4 to 29 inclusive, and in addition points 33 to 35 inclusive and point 37 on the agenda are taken with the suspensive condition that the increase in capital by cash contribution proposed in point 32 on the agenda is fully or partially realised.

4. a) The abolition of the various categories of shares and the abolition of the rights associated with the various categories of shares and the consequent alteration of the statutory regulations regarding the composition (abolition of the regulations concerning nomination) and operation (deletion of the special presence and voting quora) of the board of directors.
   b) the abolition of the non-voting shares and the conversion of all existing non-voting shares into voting shares.
   c) the standardisation of all existing shares and non-issued shares in consequence of the exercise of the outstanding and authorised warrants and particularly standardisation with regard to fractional value, voting rights and rights in connection with distribution of profits or of liquidation balances in the event of repayment of capital.

5. A share split where the existing 484,306 shares are split to a maximum of 9,686,120 shares at a rate of 1 existing share to a maximum of 20 new shares.

6. The alteration of the type of shares and of other securities issued by the company.

7. a) The adjustment and/or alteration of the terms of issue and rights of the still outstanding and authorised warrants issued under warrant scheme 1 and warrant scheme 2 in accordance with the resolutions concerning the foregoing points 4, 5 and 6 on the agenda and as proposed in the report of the Board of Directors referred to in point 1 b) on the agenda.
   b) the complete removal of "Chapter VIII: WARRANT SCHEME" containing the terms and conditions of issue of existing warrants issued under warrant scheme 1 and warrant scheme 2 from the articles of association and the establishment of the new altered terms of issue and the rights of the still outstanding and authorised warrants issued under warrant scheme 1 and warrant scheme 2 in a separate document outside the articles of association.

8. The issue of a new warrant scheme: issue of a number of new warrants each giving the right to one share (according to the share split referred to in point 5 on the agenda) under the terms and conditions mentioned in warrant scheme 3, the number corresponding with the difference between (i) the total number of shares according to the share split referred to in point 5 of the agenda and the increase in capital referred to in point 32 of the agenda divided by ten and (ii) the total number of still outstanding warrants issued under warrant scheme 1 and warrant scheme 2 according to the annulment or warrants referred to in point 2 on the agenda and the share split referred to in point 5 on the agenda. The exact number of new warrants to be issued under warrant scheme 3 shall be determined by the board of directors in accordance with the appropriate powers which shall be accorded to the board of directors.

   The establishment and approval of terms of issue and rights of the holders of the new warrants, including the conditions for allocation of the new warrants and the conditions for the exercise of the new warrants as recorded in warrant scheme 3.

   The abolition of existing shareholders' and warrant holders' right to pre-emption in favour of members of staff and other beneficiaries mentioned below:

   - XANA BVBA, RPR Gent 0471.735.744
   - APOLLOON BVBA, RPR Liege 0877.087.559
   - QUIRINO BVBA, RPR Gent 0864.246.442
   - U3C BVBA, RPR Gent 0471.724.361

   The proportional increase in capital under the suspensive condition of the allocation, acceptance and exercise of the new warrants.

The authorisation of the board of directors for the introduction of warrant scheme 2 and in particular the establishment of the number of warrants to be issued , including the allocation of the new warrants and the execution of the resulting increase in capital in one or more stages and the issue of new shares, as well as the practical regulation of the conditions of issue, taking all necessary and useful actions and signing of all agreements, deeds and minutes connected therewith, and the making of all resulting alterations to the articles of association and the coordination of the articles.

9. The removal of the pre-emption regulations and tag-along right from the articles.

10. The insertion into the articles of a new lock-up rule.

11. The removal of the above definitions and interpretations from the articles.

12. The alteration of the rules for capital increase including rules for pre-emption connected with shares split into usufruct and bare ownership.

13. The insertion into the articles of rules for payment in full of capital.

14. The insertion into the articles of rules on provision of information concerning large participating interests.

15. The alteration of a rule concerning indivisible shares, including shares given in pledge and shares split into usufruct and bare ownership.

16. The insertion into the articles of rules concerning the issue of bonds and warrants.

17. The insertion into the articles of rules concerning the issue of certificates.

18. The alteration of rules concerning the composition of the board of directors (especially alterations of rules for nomination and alterations to the rules concerning the co-opting of board members).

19. The alteration to the rules governing the operation of the board of directors (especially alterations to the rules governing resolution taking, presence and voting quora, insertion of the chairman's casting vote, alterations to the board members' powers of procuration, insertion of the possibility of distance meetings [vergaderingen op afstand], alterations to the rules on the signature of copies and extracts).

20. The alterations to the rules governing advisory committees (remuneration committee and audit committee) set up within the board of directors.

21. The insertion into the articles of powers given to the board of directors regarding the setting up of a management committee and its composition, modus operandi and powers and insertion into the articles of rules governing the representative authority of the management committee in accordance with article 524bis of the Belgian Companies Code.

22. The insertion into the articles of rules concerning day-to-day management.

23. The alterations to the rules governing the external responsibility of the company.

24. The alterations to the rules governing conditions of admission to general meetings and conditions concerning the exercise of voting rights.

25. The alterations to the rules governing the calling of general meetings.

26. The alterations to the rules governing the postponement of general meetings by the board of directors.

27. The alterations to the rules governing the signature of copies and extracts of minutes of general meetings.

28. The alterations to the rules governing the distribution of profits and liquidation balances.

29. The insertion into the articles of powers to the board of directors regarding the distribution of interim dividends on the results of the financial year.

30. The alterations to the date and time of the annual general meeting.

31. a) The insertion into the articles in accordance with article 438 of the Belgian Companies Code of the clause “It is a company which makes an appeal to public savings..”

    b) The removal of the abovementioned clause from the articles with the suspensive condition of the non-realisation of the increase in capital by cash contribution proposed below in point 32 on the agenda.

32. The increase of the authorised capital of the company to a maximum of 7,500,000.00 EUR by cash contribution subject to the issue of shares of the same type as the then existing shares (in accordance with the share split mentioned in point 5 on the agenda) and enjoying the same rights and advantages. These new shares shall be issued with a “VVPR-strip” so that they will benefit from the reduced withholding tax applicable to “VVPR shares”.

    The exact amount of the capital increase by cash contribution shall be determined by the board of directors, in accordance with the powers granted to them, by the number of new shares subscribed in cash and effectively issued multiplied by the final issue price determined by book building, against which these new shares shall be issued.

    The establishment of terms of issue including any equalising adjustment of the fractional value of all shares.

    The abolition of existing shareholders’ and warrant holders’ right to pre-emption in favour of members of staff and other beneficiaries mentioned below:

    - XANA BVBA, RPR Gent 0471.735.744
    - APOLLOON BVBA, RPR Liege 0877.087.559
    - QUIRINO BVBA, RPR Gent 0864.246.442
    - U3C BVBA, RPR Gent 0471.724.361

    The empowering of the board of directors to carry out the resolutions concerning the above especially to determine the issue price and to issue/determine the issue of the new shares and to determine the maximum number of new shares to be issued, as well as the practical regulation of the offer, and to take all necessary and useful measures and for the signature of all agreements, deeds and minutes connected therewith, and the determination of all resulting alterations to the articles of association in one or more deeds and the coordination of the articles of association.

33. a) The granting to the board of directors of a new authority to last for five years from the announcement of this authority to increase the authorised capital in one or more stages by an amount equal to the amount of the authorised capital as that shall be determined according to the realisation of the increase in capital proposed in point 32 on the agenda and accordingly shall be laid down in the articles of association. The board of directors shall also be able to make use of this power to increase capital by conversion of reserves. The board of directors shall, under the same conditions, also be able to resort to the issue of convertible bonds and warrants.

    b) the granting to the board of directors of the authority to limit or exclude in the interests of the company the right to pre-emption, even in favour of one or more specific persons, other than members of staff of the company or of its subsidiary companies.

    c) the granting to the board of directors of the authority likewise to increase the capital in the event of a public takeover bid in accordance with article 607 of the Belgian Companies Code.

34. a) The granting to the board of directors of the authority regarding the purchase of own securities to prevent a threatened serious loss to the company.

b) the resolution to purchase ten percent (10%) of own shares of the total number of existing shares after partial or full realisation of the capital increase by cash contribution proposed in point 32 on the agenda with a view to acquire by purchase or exchange a maximum of ten percent (10%) of own shares. The fixing of minimum and maximum payment per share and the duration of the authority. The granting to the board of directors of authority in accordance with article 620 § 1, 5th section of the Belgian Companies Code. This authority also applies to the acquisition of the company's shares by one of its directly controlled subsidiary companies in accordance with article 627 of the Belgian Companies Code.

c) the granting of authority to the board of directors to dispose of all its own shares held by the company at a price that it shall determine on a regulated stock exchange under its remuneration policy to employees, directors and consultants of the company. This authority has no time limit. This authority also applies to the disposal of the company's shares by one of its directly controlled subsidiary companies as per article 627 of the Belgian Companies Code.

35. The complete revising, re-writing and re-numbering of the articles of association taking into account the alterations to the articles resulting from resolutions concerning the above points on the agenda and the establishment of the new text of the articles with definition of the type of shares and warrants and associated rights, the composition and operation of the board of directors, the composition, and operation of the management committee, the external responsibility, checking mechanisms and division of responsibility between the various departments, the conduct of the general meeting, the conditions of admission and the conditions governing voting rights and the distribution of profits and liquidation balances.

36. The ratification of co-opted members, nominated by the other members of the board of directors with a view to replace three resigning members and the definitive nomination of these members and the determination of their remuneration.

37. The dismissal and nomination of board members including the nomination of independent board members under the terms of article 524 § 2 of the Belgian Companies Code and justifying the basis on which they are granted the capacity of independent board member.

38. The authority to the board of directors to establish whether the suspensive condition referred to in point 3 has been fulfilled or not and to establish whether the resolutions regarding the points on the agenda 4 to 29, 31 to 35, and point 37 on the agenda have become definitive or not and also to establish all resulting alterations to the articles of association in one or more deeds and to arrange the coordination of the articles of association.

Copies of the documents referred to in the agenda of the Extraordinary General Meeting of Shareholders are to be found in the appendix.

Should the holder of a security wish to be represented by proxy, his power of attorney should be given in writing at the meeting.

In order to take a quick registration of attendance, shareholders are requested to arrive at least fifteen minutes before the commencement of the General Meeting.

Lier, 26th of September 2006.