Envipco Holding N.V.
Annual Report 2006

General

Group revenues excluding discontinued operations for the year increased to €39m compared to €33m in 2005 showing an increase of about 18% over last year. However, increased costs resulted in lower margins and EBITDA for the year decreased to €5.2m, before €0.9m provision for loss on disposal of helicopter maintenance business, compared to €5.7m in 2005 for the total operations.

The reverse vending and materials handling business has shown 10% increase in the revenues in real terms. The EBITDA also increased to €2.5m compared with €1.7m for last year. The increase in revenues was mainly due to improved volumes on materials handling business and machine sales. With the addition of the materials handling business we expect steady growth for this business unit in the coming years.

The plastic recycling business performed as expected with about 5% increase in the revenues. However the net profit decreased to €0.1m for 2006 (2005 profit €1.5m) with an EBITDA of €2.6m versus €4.3m in 2005, due to very significant increase in raw materials and utilities costs.

The Helicopter maintenance business remained steady and improved its operating profits due to the reduction in costs of about 8%, but the net results were negatively impacted by the exchange losses of €0.6m (2005 gain €0.6m) and €0.3m one time amount for severance provisions. The sale of this unit was completed on 7 March 2008 and as a result a provision of €0.9m for the loss on disposal of this segment has been included in the period.

Subject to compliance with all statutory laws and adherence to the Company by-laws, articles of association and shareholders resolutions, the controlling shareholders Mr Alexandre Bouri and Megatrade International S.A., have entered into an agreement with Mr Gregory Garvey whereas, Mr Garvey has purchased 10,056,315 shares in Envipco representing 10.74 % of the total outstanding shares of the Company for a consideration of €2.5m (at €0.2486 per share).

Mr Garvey will be granted a further 12,000,000 share option at the strike price of €0.32 per share in the Company as an incentive bonus subject to the key performance target agreed, to be realised on a yearly basis through 31 December 2011. He will be appointed chairman of the management board with full operational responsibility for the reverse vending, related products and services segment of the business.

Mr Alexandre Bouri, the current majority shareholder, has agreed to subscribe 30,022,525 new shares at €0.2486 each in the Company, representing about €7.5m ($11.0m) in cash which would be available to the Company to fund its initiatives and business plan. This subscription is payable in 3 instalments: €2.0m upon subscription, €2.0m by 15 February 2009, and the balance of €3.5m by 31 December 2009. Such subscription is subject to legal requirements, the rules of the Stock Exchange and the by-laws, constitution and articles of association of the Company. Pending legal formalities, Mr Bouri will immediately be granting loans to the company for it to capitalise on immediate business opportunities.

In the new capital structure, once all the share issues are completed and share options to Mr Garvey are granted, the total number of shares shall become 135,630,336 and include 24,407,811 depositary receipts. The total shares and depositary receipts owned by the parties shall be as follows: Mr Alexandre Bouri 79.98%, Mr Gregory Garvey 16.26% and the public 3.76%.

A performance based incentive tied to a share option plan for executives and employees of the Company and its subsidiaries will be implemented within 3 months subject to the usual approval of the Board of Directors and shareholders.

Outlook

With the new leadership and capital increase, we continue to remain optimistic about the future of Envipco. We foresee small growth for 2007 to be followed by greater ones in the future years as we start targeting non-deposit markets where we believe we have a good business model.

Principal activities

The Group's principal activities during the year remained the same. These include the following:

- The design, development, manufacture and sale or lease of reverse vending machines "RVM" as the foundation of recycling systems for the collection and processing of used beverage containers.
- The provision of technical support, RVM maintenance and accounting services to the retail stores, bottlers and distributors for containers redeemed through these machines.
- Provision of materials handling services, primarily in the Northeast part of the USA, for containers that are subject to deposits mandated by law.
- The processing of used PET and HDPE plastics for recycling
- Operating authorised helicopter maintenance centers for Rolls Royce Allison, Bell Helicopters, Textron, HR Textron and Honeywell in the United Kingdom, Malta and USA. In March 2006 the managing board has earmarked this business unit for disinvestment as it does not fit within the strategy of the Group.

Review of Operations

Reverse vending machines and materials handling

The reverse vending and materials handling business made good progress during the year. Revenues for the year were increased by about 10% in real terms generating an EBITDA of €2.5m compared with €1.7m for last year. The increase in revenues was mainly due to improved volumes and machine sales. Overall margins also improved by about 5.5%. Operating costs were contained and increased only by about 4.5% when compared to last year. With the full integration of the materials handling business we expect steady growth for this business unit. We are making steady progress in developing the non-deposit markets as part of the group's medium to long term growth plans.

Plastic Recycling

The plastic recycling business performed as expected despite some tough market conditions during 2006. Revenues rose by €0.9m to €20m, compared with €19.1m for 2005, but increased raw materials prices and higher utilities costs lowered the margins by about 11%. As a result, the net profit decreased to €0.1m for 2006 compared with €1.5m for the year 2005. Continuing with its expansion plans the company further invested €2.1m in land and equipment additions during the year. The company will, in the next few years, continue to invest in creating value added products which are expected to develop a bigger market for its products at higher margins.

Helicopter maintenance Business

The Helicopter maintenance business remained steady. Due to reduction in costs, the operating profit increased to €0.4m (2005: – loss €0.1m). However, the net results were negatively impacted by exchange losses of €0.6m (2005 gain €0.6m), severance provision of €0.3m and an additional provision of €0.9m for loss on the disposal of this segment. The sale of this unit was completed on 7 March 2008. For further details refer to notes 27 and 28.

Directors and their interests

The Board of Directors consisted of the following members:

Mr. Christian Crépet
Mr. Bhajun Santchurn
Mr. Guy Lefebvre
Mr. Neil Turpie
Mr. Hugues Letellier

The Directors do not have any interest in the share capital of the Group.

There are no contracts of significance between the Group and any of the Directors.

Board of Management

The Board of Management is responsible for the management of the Company and for establishing the Group strategy. In addition the Board of Management manages the operational activities of the Group, sets performance targets and approves Group budgets.

Nomination

The number of members of the Board of Management, and their remuneration are adopted by the General Meeting of Shareholders. The members of the Board of Management are appointed at the Shareholders meeting.

Appointment/Suspension

The General Meeting of the Shareholders appoints one of the members of the Board of Management as chairman of the Board of Management. The General Meeting of Shareholders may at all time suspend or dismiss a member of the Board of Management. The General Meeting of Shareholders may only pass a resolution to suspend or dismiss a member of the Board of Management, with a majority of at least two-thirds of the votes cast, if that majority represents more than one-third of the issued capital.

Representation

The Company is represented by the Board of Management or by any two members of the Board of Management.

Meeting

Meetings of the Board of Management are convened upon the request of a member of the Board of Management. Resolutions of the Board of Management are passed by an absolute majority of votes.

Supervisory Board

The Company currently being relatively small and due to the costs of maintaining such Board has no Supervisory Board.

Stichting Administratiekantoor van aandelen in Envipco Holding N.V. ('the Stichting Envipco Trust/the Foundation')

The Company and the Foundation have entered into an agreement pursuant to which the Foundation acquired all the ordinary shares from the Company up to a total par value that is equal to the total par value of all issued and outstanding ordinary shares.

The Foundation is a non-membership organisation incorporated under the laws of The Netherlands. Its statutory objectives are to safeguard the interests of the Company and its enterprise, Group companies and all other parties involved with the Group. The board of the Foundation comprises two board members.
The members of the Board of the Foundation are:

- Mr. B. Santchurn
- Mr. Neil Turpie

Ordinary shares may be issued pursuant to a resolution of the General Meeting of Shareholders, upon the proposal of the Board of Management.

The General Meeting of Shareholders may, in accordance with the Articles of Association, in each instance for a period not exceeding five years, grant the authority to issue ordinary and or cumulative preference shares to another corporate body, which may resolve upon the issue of such shares after approval of the shareholders.

Salaries and remuneration

The Board of Directors received remuneration totaling €425 and €390 during 2006 and 2005 respectively.
The Board of Management sets the remuneration of the board members.

Research and development

The research and development costs are usually directed towards improving existing technologies and developing new range of solutions for both deposit and non-deposit markets including bulk handling solutions for redemption centres and material processors.

Public accountability

The company recognizes its responsibility towards the environment and is working on a number of energy saving initiatives.

Substantial shareholding

The Group has been notified of, or is aware of the following interests at 31 of December 2006 and 2005.

	December 31			
	2006		2005	
	Number of Shares	Percentage	Number of Shares	Percentage
Megatrade International SA	1,294,125	1.38%	1,294,125	5.30%
Banque Saradar	1,702,022	1.82%	1,702,022	6.97%
A.F.Bouri	83,256,182	88.94%	14,056,182	57.59%

International Financial Reporting Standards (IFRS)

Effective 1 January 2005, under the European directive, the financial statements are to be prepared using the IFRS instead of the local Accounting Principles. Accordingly, the management has implemented the IFRS on all the financial reports from 2005 onwards. Where any subsidiaries have prepared statutory financial under local GAAP, these financials have been converted to IFRS and they are also required to report the applicable material differences between the local GAAP and IFRS.

Delayed audited results

The audit of the consolidated financial statements of Envipco Holding NV and its consolidated subsidiaries for the year ended 31 December 2006 have been delayed until now mainly due to the delayed finalisation of the 2005 audit.

Corporate Governance

On 9 December 2003, the Dutch Corporate Governance Committee published the Dutch Corporate Governance Code ("Code") with principles of good corporate governance and best practice provisions. The Code has come into effect from 1 January 2004. Envipco Holding NV, due to its current size and additional expenses required in adopting and implementing these codes, has decided to defer its implementation during the next 2-3 years. The Company currently operates solely as a one-tier management board and has no supervisory board.

Post balance sheet events

Details of the post balance sheet events are given in Note 28 of the Notes to the consolidated financial statements.
Under a loan agreement a US subsidiary paid off it's debt of about $5.2 million on 27 December 2007. The full details have been given in Notes 21 and 28.

Gool B. Santchurn
Chairman & CEO
8 December 2008

(all amounts in thousands of euros)

	Note	2006		2005	
Revenue	(6)	39,081		33,056	
Cost of revenue		(29,501)		(22,256)	
Leasing depreciation		(1,595)		(1,586)	
Gross profit			7,985		9,214
Selling expenses	(7)	(443)		(482)	
General and administrative expenses	(7)	(6,546)		(7,264)	
Operating result			996		1,468
Other income	(8)	401		640	
Financial expense		(672)		(1,050)	
Financial income		59		328	
Exchange gains/(losses)		(46)		(493)	
Result before taxes			738		893
Income taxes	(10)		(169)		(765)
Net result from continuing operations			569		128
Net result from discontinued operations	(27)		(929)		456
Net results after tax			(360)		584
Minority interest			(8)		42
Net result			(368)		626
Attributable to Ordinary shareholders			(368)		626
Earnings/(loss) per ordinary share from continuing operations	(11)				
▸ Basic			0.006		0.002
▸ Fully diluted			0.006		0.002
Earnings/(loss) per ordinary share from total operations	(11)				
▸ Basic			(0.004)		0.007
▸ Fully diluted			(0.004)		0.007

(in thousands of euros)

	Note	2006		2005	
Assets					
Non-current assets					
Intangible assets	(12)	307		150	
Property, plant and equipment	(13)	13,533		14,178	
Other non-current assets	(14)	813		866	
Deferred tax assets	(15)	289		269	
Total non-current assets			14,942		15,463
Current assets					
Cash and cash equivalents	(16)	575		897	
Trade and other receivables	(17)	8,278		8,264	
Inventory	(18)	8,315		5,192	
		17,168		14,353	
Assets of discontinued operations held for sale	(27)	12,213		14,242	
Total current assets			29,381		28,595
Total assets			44,323		44,058

(in thousands of euros)

	Note	2006		2005	
Equity	(19)				
Share capital		936		244	
Share premium		41,753		25,145	
Translation reserve		146		515	
Retained earnings		(30,879)		(30,233)	
Total equity			11,956		(4,329)
Minority interest	(20)		104		-
Liabilities					
Non-current liabilities	(21)				
Borrowings		4,742		26,557	
Other liabilities		791		771	
Provisions		-		782	
Total non-current liabilities			5,533		28,110
Current liabilities					
Borrowings	(21)	5,790		2,163	
Trade creditors		11,446		9,655	
Accrued expenses		2,727		1,881	
Other current liabilities	(22)	2,380		1,532	
		22,343		15,231	
Liabilities directly associated with Discontinued operations held for sale	(27)	4,387		5,046	
Total current liabilities			26,730		20,277
Total liabilities			32,263		48,387
Total equity and liabilities			44,323		44,058

(in thousands of euros)

	Note	2006		2005	
Cash flow (used in) / provided by operating Activities					
Operating result		996		1,468	
Interest income		59		328	
Finance costs		(672)		(1,050)	
Income taxes		(169)		(765)	
Depreciation of property, plant & equipment		3,739		3,627	
Other income		401		640	
			4,354		4,248
Decrease/(increase) in trade and other receivables		2,016		(4,404)	
Decrease/(increase) in other current assets		(3,123)		(1,463)	
Increase/(decrease) in provisions	(21)	(782)		401	
Increase/(decrease) in trade and other creditors		6,453		5,168	
Increase/(decrease) in other current liabilities		-		-	
			4,563		(298)
Cash flow (used in)/ provided by operating activities			8,917		3,950
Cash flow (used in)/provided by investing Activities					
Acquisition of consolidated subsidiary		-		1,872	
Capital expenditures on property, plant and equipment		(3,218)		(7,168)	
Cash flow (used in)/ provided by investing activities			(3,218)		(5,296)
Cash flow (used in)/provided by financing Activities					
Proceeds from the issue of new shares		17,300		-	
Change in minority interest		104		(258)	
Change in equity		(646)		969	
Proceeds from/(repayments of) borrowings and capital lease obligations		(21,795)		1,373	
Cash flow (used in)/ provided by financing activities			(5,037)		2,084
Net cash flow for the period			662		738
Exchange rate differences		(55)		(442)	
Cash flow from not consolidated subsidiaries		(929)		456	
			(984)		14
Changes in cash and cash equivalents, net of bank overdrafts for the period	(16)		(322)		752
Opening balance cash and cash equivalents			897		145
Closing balance cash and cash equivalents			575		897

(in thousands of euros)

	Share capital	Share premium	Retained earnings	Other reserves	Translation Reserve	Equity
Balance at 1 January 2005	**244**	**25,145**	**(30,634)**	**-**	**(53)**	**(5,298)**
Net result	-	-	626	-	-	626
Currency translation adjustment	-	-	-	-	568	568
Other movements	-	-	(225)	-	-	(225)
Balance at 31 December 2005	**244**	**25,145**	**(30,233)**		**515**	**(4,329)**
Net result	-	-	(368)	-	-	(368)
Currency translation adjustment	-	-	-	-	(369)	(369)
Increase in capital	692	16,608	-	-	-	17,300
Other movements			(278)			(278)
Total recognized income for the year ended 31 December 2006	692	16,608	(646)	-	(369)	16,285
Balance at 31 December 2006	936	41,753	(30,879)	-	146	11,956

(1) General information

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Leliegracht 10, 1015 DE Amsterdam, The Netherlands. Envipco Holding N.V. and Subsidiaries ("the Company" or "Envipco") are engaged principally in two sectors: Recycling and Helicopter Engine Maintenance.

Recycling remains the core business of the Company in which it

- develops, manufactures, assembles, leases, sells, markets and services a line of "reverse vending machines" (RVMs) in the USA, Europe, Australia, South America and the Far East; and
- collects or acquires, cleans, processes and resells recycled plastic and derivative products.

The Company acquired Posada Holding B.V. in August 1999, which operates through its subsidiaries in approved helicopter maintenance centers in the USA, Malta and the UK for Agusta, Bell, HR Textron, Honeywell/Allied Signal, Parker Stratoflex, Robinson and Rolls-Royce Allison.

These Financial Statements have been authorised for issue by the Board of Management on 8 December 2008 and are subject to approval by the shareholders at the Annual General Meeting of Shareholders. All amounts are stated in thousands of euros unless stated otherwise.

Deposit redemption programmes

Under deposit redemption programs, the Company is responsible for the operation of systems to redeem, collect, account for and dispose of used beverage containers. In connection with these programs, participating retailers lease or purchase RVMs from the Company. The Company then acts in a clearinghouse capacity to collect deposits and handling fees on redeemed containers from participating beverage distributors and to distribute deposit refunds and handling fees to participating retailers. Accordingly, deposits and handling fees are not included as revenue and expense in the consolidated financial statements. The Company earns its revenues through leasing and selling machines to retailers and other participants, and through various services provided to distributors and retailers, including container collection, disposition, and accounting services.

Plastics processing programme

The Company operates a plastic processing facility in France, which produces plastic "flake" a product derived from post-consumer plastic beverage containers. The plastic product is sold to various customers for packaging and fiber applications.

(2) Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of Envipco have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As previous year's consolidated financial statements were prepared in accordance with IFRS, there is no impact to the Group's accounting policies.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value. Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. Revenues from goods are recognised upon delivery. The cost price of these goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

Adoption of new Standards

(a) New standards, amendments to published standards and interpretations to existing standards effective in the financial year 2006 adopted by the group

IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts.

(b) Standards, interpretations and amendments to published standards effective in 2007 but which are not relevant to the group

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2006 but are currently not relevant to the group's operations:

IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions (effective from 1 January 2006). The amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intra-group transactions that would qualify as a hedged item in the consolidated financial statements as of 31 December 2006 and 2005.

IAS 39 (Amendment) The Fair Value Option (effective from 1 January 2006). This amendment changes the identification of financial instruments classified at fair value through profit and loss account and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of the financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.

IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group.

IFRS 1 (Amendment), first-time Adoption of International financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006). These amendments are not relevant to the Group's operations as the Group is not a first-time adopter of IFRS and does not carry out exploration for and evaluation of mineral resources.

IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006). IFRS 6 is not relevant to the Group's operations.

IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. IFRIC 4 is not relevant to the Group's operations.

IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006). IFRIC 5 is not relevant to the Group's operations.

(c) Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2007 or later periods and which the group has decided not to adopt early. These are:

IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures (effective for accounting periods beginning on or after 1 January 2007). IFRS 7 introduces new requirements aimed at improving the disclosure of information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Where those risks are deemed to be material to the group it requires disclosures based on the information used by key management. It replaces the disclosure requirements in IAS 32 'Financial Instruments: disclosure and presentation'. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital. The Group has applied IFRS 7 and the amendment to IAS 1 to the accounts for the period beginning on 1 January 2007.

IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009). This standard sets out requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It replaces IAS 14, Segmental Reporting. The group expects to apply this standard in the accounting period beginning on 1 January 2009. As this is a disclosure standard it will not have any impact on the results or net assets of the group.

IFRIC 7, Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective for accounting periods beginning on or after 1 March 2006). IFRIC 7 provides guidance on the application of IAS 29 requirements in a reporting period in which entity identifies the existence of hyperinflation in the economy of its functional currency, when the company was not hyperinflationary in the prior period. IFRIC 7 is not relevant to the group as none of the group companies has a currency of a hyperinflationary economy as its functional currency.

IFRIC 8, Scope of IFRS 2 (effective for accounting periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issue or grant of equity instruments to establish whether or not they fall within the scope of IFRS 2. It applies to situations where the identifiable consideration received is or appears to be less than the fair value of the equity instruments issued. There was no impact on the group's accounts from its adoption.

IFRIC 9, Reassessment of embedded derivatives (effective for accounting periods beginning on or after 1 June 2006). IFRIC 9 requires an assessment of whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when an entity becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. There was no impact on the group's accounts from its adoption.

IFRIC 10, Interim Financial Reporting and Impairment (effective for accounting periods beginning on or after 1 November 2006). IFRIC 10 prohibits impairment losses recognised in an interim period on goodwill and investments in equity instruments and on financial assets carried at cost to be reversed at a subsequent balance sheet date. There was no impact on the group's accounts from its adoption.

IFRIC 11, IFRS 2 - Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007). IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether: (a) the employee's rights to the entity's equity instruments were granted by the entity itself or by its shareholder(s); or (b) the share-based payment arrangement was settled by the entity itself or by its shareholder(s). Management is currently assessing the impact of IFRIC 11 on the accounts.

IFRIC 12, Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008). IFRIC 12 is still to be endorsed by the EU. IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. IFRIC 12 is not relevant to the group's operations due to absence of such arrangements.

IFRIC 13, Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008). IFRIC 13 is still to be endorsed by the EU. IFRIC 13 addresses sales transactions in which the entities grant their customers award credits that, subject to meeting any further qualifying conditions, the customers can redeem in future for free or discounted goods or services. Management is currently assessing the impact of IFRIC 13 on the accounts.

IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008). IFRIC 14 is still to be endorsed by the EU. IFRIC 14 clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. Management is currently assessing the impact of IFRIC 14 on the accounts.

IAS 23, Borrowing Costs (revised) (effective for accounting periods beginning on or after 1 January 2009). The revised IAS 23 is still to be endorsed by the EU. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale. The Group is currently assessing its impact on the financial statements.

Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27, 'Consolidated and separate financial statements (both effective for accounting periods beginning on or after 1 July 2009). This revised standard and amendments to is still to be endorsed by the EU. The revised IFRS 3 and amendments to IAS 27 arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the accounts.

Amendment to IFRS 2, Share-based payments: vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009). This amendment is still to be endorsed by the EU. The Amendment to IFRS 2 is of particular relevance to companies that operate employee shares saving schemes. This is because it results in an immediate acceleration of the IFRS 2 expense that would otherwise have been recognised in future periods should an employee decide to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan. Management is currently assessing the impact of the Amendment on the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity are disclosed in Note 3.

Consolidated cash flow statement

The Group's consolidated statement of cash flows is presented using the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements comprise the financial data of Envipco Holding N.V. and the following wholly-owned subsidiaries:

Tek-O-Matic Enterprises Inc.- Quebec, Canada – 74%

Recypac Inc. – Quebec, Canada – 100%
Envipco Finance Company Limited – London, United Kingdom – 100%
Sorepla Industrie S.A. – Paris, France – 97.5%
Sorepla Technologie S.A. – Rebevrille, France – 100%
Envipco Automaten GmbH, Germany – 100%
Envipco Japan Limited, Japan – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Envipco Sweden AB, Sweden - 99.85%
Community Redemption Center LLC, Delaware, U.S.A. – 100%
Environmental Products Recycling Inc., Delaware, U.S.A. – 100%
Posada Holding B.V. – Amsterdam, The Netherlands – 100%

Wholly owned subsidiaries of Posada Holding B.V. consisted of:

Aeromaritime Mediterranean Limited, Hal-Far, Malta – 100%
Aeromaritime U.K. Limited, London, United Kingdom – 100%
Component Process & Repair Limited – London, United Kingdom – 100%
Aeromaritime Mediterranean Corporation, Delaware, U.S.A. – 100%
Aeromaritime America Inc., Delaware, U.S.A. – 100%

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions and balances between Group companies are eliminated.

Minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any of their unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures

The Group's interests in jointly controlled entities are generally equity accounted for in its financial statements. Where there is an increase of ownership to more than 50%, then up to the date of the acquisition the results are equity accounted for and after the date of the increased ownership the results are consolidated.

Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and

- Represents a separate major geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

The assets and associated liabilities of discontinued operations are classified as held for sale and stated at the carrying amount. The assets and liabilities are expected to be recovered through a sale rather than through continued use. Non-current assets are not depreciated as from the moment they are held for sale.

Segment reporting

A geographical segment is engaged in providing services and products within a particular economic environment, that are subject to risks and returns, that are different from those of segments operating in other economic environments. This coincides with the Group's internal organisational and management structure and its internal financial management reporting system. A business segment is a group of operations engaged in providing services or products that are subject to risks and returns that are different from those of other business segments.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency. Transactions and cash flows in foreign currencies are translated into the functional currency at the rate prevailing when the transaction took place. Related exchange rate differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

Balance sheets of entities that have a functional currency other than the Euro are translated using the closing rates at each reporting date. The income statements of such entities are translated at the average rates during the period. The resulting exchange difference is recognised in currency translation adjustment in equity. When a foreign entity is sold, such cumulative exchange difference is recognised in the income statement as part of the gain or loss on sale. Translation gains and losses on inter-company balances which are in substance a part of the investment in such Group company are also credited or charged to equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue recognition

General

Group revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns,

rebates and discounts, allowances for credit notes likely to be sent out, other revenue reducing factors, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, collectability is reasonably assured and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies related to the sale have been resolved. When revenue recognition involves the use of estimates, the Group bases its estimates on historical results taking into consideration the type of client, the type of transaction and the specifics of each arrangement.

Services

The Group's primary service offerings include repairs and maintenance, and pickup and processing. These services are provided on a time and material basis or as a fixed-price contract with contract terms generally ranging from less than one year to three years.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. Revenue from fixed-price contracts involving managed services is generally recognised in the period the services are provided using a straight-line basis over the term of the contract.

If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which management becomes aware of the circumstances that give rise to the revision.

Product

Revenue from product sales is generally recognised when the product is delivered to the client and when there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Delivery does not occur until products have been shipped, risk of loss has transferred to the client and client acceptance has been obtained, client acceptance provisions have lapsed, or the Group has objective evidence that the criteria specified in the client acceptance provisions are either perfunctory or have been satisfied.

Cost of revenue
Cost of revenue includes all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, housing and depreciation costs. The Group performs ongoing profitability analyses of its service contracts in order to determine whether the latest estimates - revenues, costs and profits - require updating. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately and presented as losses on contracts under provisions.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset or the present value of the minimum lease payment. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period using the effective interest method. Assets acquired under finance leases are depreciated over the shorter of their useful life or the lease term.

Income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Intangible assets
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company at the date of acquisition and is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment. An impairment loss is recognised for the amount by which the goodwill of a cash generating unit exceeds the recoverable amount of that segment.
The recoverable amount is the higher of the cash generating unit's fair value less costs to sell and value in use. The Group identified its cash generating units as countries as they are the lowest level at which goodwill is monitored. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Trade names and customer relationships are acquired intangible assets and are measured initially at their fair values at the acquisition date. They are amortised using the straight-line method based on the estimated useful lives of such assets. Computer software represents purchased software licenses valued at historical cost less accumulated amortisation and direct costs to develop software internally. These costs are amortised over the estimated useful life of the software. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Intangible assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Property, plant and equipment
Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. In addition, the cost of leasehold improvements includes the estimated future costs of returning leased facilities to their original condition, if required. Subsequent expenditures that extend the asset's useful life are capitalised. Expenditures for repairs and maintenance are expensed when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values, based on the estimated useful lives of such assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets under construction will be depreciated once the assets are complete and available for use.

Depreciation is based on the estimated useful lives of assets as follows:

Buildings	25-40 years
Plant and machinery	3-10 years
Vehicles and equipment	3-8 years

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, and other highly liquid investments with original maturities of three months or less.

Trade receivables
Trade receivables are recognised initially at fair value, which is generally face value, less an impairment allowance for credit losses when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventory
Product inventory is valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts inventory is valued at the lower of historical cost, or net realisable value. Appropriate consideration is given to excessive inventory levels, product deterioration and other factors when establishing the net realisable value.

Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company records purchases of its own ordinary shares (treasury shares) under the cost method whereby the entire cost of the acquired shares is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as interest expenses.

Employee benefit plans
The Group subsidiaries sponsor employee benefit plans which cover substantially all of their employees. Such plan is referred to as defined contribution. A defined contribution plan is a plan under which the Group companies pay fixed contributions into a separate entity. Under defined contribution plans, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, Envipco pays contributions to publically or privately administered funds or insurance companies. Contributions are generally based on fixed amounts of eligible compensation and the cost for such plans is recognised based on employee service.

Government grants
Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the group. Where retention of a grant is dependent on the group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated income statement or netted against the asset purchased.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and a reliable estimate of the amount can be made. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation

Deferred income
In some of the Group's services contracts, the Group bills the client prior to performing the services resulting in the recognition of deferred income on the consolidated balance sheet.

(3) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including estimates and assumptions concerning the future that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The main areas for which the use of different estimates and assumptions could cause material adjustment to the carrying amounts of assets and liabilities are discussed below.

Deferred tax valuation

The Group recognises deferred tax assets for loss carry-forwards and deductible temporary differences, estimating the amount of future taxable profit that will be probable, against which the loss carry-forwards and deductible temporary difference can be utilised (note 15).

Goodwill impairment testing

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on intangible assets stated in Note 2. Goodwill is tested for impairment based on value-in-use calculations. These calculations require estimates (Note12).

Discontinued operations valuation

Assets and associated liabilities of discontinued operations are valued at the book value.

Allowance for inventory obsolescence

All RVM parts inventory is valued at the lower of cost and net realisable value with the exception of repair parts for which 50% obsolescence allowance is provided.

Property, plant and equipment

The Group estimates useful lives of its assets as follows:

Buildings	25-40 years
Plant and machinery	3-10 years
Vehicles and equipment	3-8 years

(4) Financial Risk Management

Market risk

Market risk arises from the fact that the value of financial instruments may be positively or negatively affected by fluctuating prices on the financial markets. Market risk includes currency risk, fair value interest rate risk, and price risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables are denominated in a currency other than the operating company's local currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound, the Japanese yen and the Maltese pound.

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Company does not hedge translation risk.

Credit risk

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions involving financial instruments. While the Group's trade receivables are mostly exposed to credit risk, the exposure to concentrations of credit risk is limited due to the diverse geographic areas and industries covered by its operations. In the normal course of business, the Group provides credit to clients, provides credit evaluations of these clients, and maintains an impairment provision for credit losses. Credit losses, when realised, have been within the range of management's impairment provision for credit losses. Cash and cash equivalents are held with reliable counterparties.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2006, the group's borrowings at variable rate were denominated in euros and the US dollar.

(5) Transition to IFRS

General

The Group's consolidated financial statements for the year ended 31 December 2005 were the first annual financial statements that comply with IFRS. The Group's transition date was 1 January 2004. The Group prepared its opening IFRS balance sheet at that date. The Group's IFRS adoption date was 1 January 2005.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The policies adopted have been consistently applied to all the years.

(6) Segment information

Envipco considers geography and products as its main segments. Management measures geographical segment performance based on the segment's operating result. Similarly the respective assets and liabilities are allocated to the geographical segments. Segment information is presented for continuing operations. Revenues and gross assets of the main business segments are detailed below:

				2006				2005
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
Revenues								
Continuing operations								
Sale of goods	12,985	2,839	565	16,389	12,389	2,708	132	15,229
Service revenue	7,528	11,547	-	19,075	6,673	8,012	-	14,685
Leasing revenue	-	3,617	-	3,617	-	3,142	-	3,142
Total	20,513	18.003	565	39,081	19,062	13,862	132	33,056
Discontinued operations								
Engine overhaul	7,025	6,856	-	13,881	4,094	4,405	514	9,013
Sale of parts	2.221	1,591	-	3,812	4,796	5,161	602	10,559
Total	9,246	8,447	-	17,693	8,890	9,566	1,116	19,572

				2006				2005
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
Gross assets								
Continuing operations	18,220	13,502	388	32,110	14,705	14,276	835	29,816
Discontinued operations	6,258	5,955	-	12,213	7,287	6,955	-	14,242
Total	24,478	19,457	388	44,323	21,992	21,231	835	44,058

(7) Expenses

Selling expenses

Selling expenses consist of costs associated with market development, marketing and promotions and trade shows.

General and administrative expenses

General and administrative expenses include depreciation expenses for an amount of €2,204 (2005: €2,050), research and development costs of €450 (2005: €319) and other costs of €161 (2005: €130). Also included therein is the reversal of excess provisions amounting to €1,257. The fee paid to the auditors for the following services is included in general expenses as well and can be specified as follow:

	2006	2005
Audit fee	384	318
Tax services	37	21
Other services	1	-
	422	339

(8) Other income

Other income relates to government grant received by the group companies of €401 (2005: €640 includes €169 of governments grants received and €471 of sundry income).

(9) Employee benefit expense	2006	2005
Salaries	6,302	6,255
Social security expenses	2,034	1,872
Pension expenses	22	163
	8,358	8,290

	2006	2005
Average number of employees		
Continuing operations		
North America	111	110
Europe	89	88
	200	198
Discontinued operations		
North America	23	23
Europe	89	90
	112	113
Total	312	311

(10) Income taxes	2006	2005
Tax expense		
Deferred taxes	(20)	(159)
Current taxes	(149)	(606)
Income tax benefit/(loss) from continued operations	(169)	**(765)**

Effective tax rate

Envipco operates in several jurisdictions with local statutory income tax rates varying from 10% to 35%. This causes a difference between the average statutory income tax rate and The Netherlands tax rate of 29.6%. The following table reconciles income taxes based on the Group's weighted average statutory income tax rate and the Group's income tax benefit from continuing operations:

Reconciliation between the company's effective tax rate and the statutory income tax rate in The Netherlands, which currently is 29.6%, can be specified as follows:

		2006		2005
Profit/(loss) before tax		1,276		1,349
Taxation at statutory rate	29.6%	(378)	31.5%	(425)
Lower statutory tax rates on foreign subsidiaries		1,171		720
Losses under participation exemption		(962)		(1,060)
Effective income tax	13.2%	(169)	56.7%	(765)

The effective tax is 13.2% (2005: 56.7%). The nominal tax rate is 29.6% (2005: 31.5%). The taxable loss for which no deferred tax asset was recorded is € 24,348 (2005: €28,759).

(11) Net result per ordinary share

The numerator for both basic and fully diluted net result per ordinary share (earnings per share or EPS) is net result attributable to holders of ordinary shares from continuing operations. The denominator for basic EPS is the number of ordinary shares outstanding during the year, excluding ordinary shares held as treasury shares. The fully diluted EPS is same as the basic EPS as there were no outstanding employee stock options.

The net result per ordinary share has been calculated according to the following schedule:

	2006	2005
Basic		
Net result attributable to holders of ordinary shares from continuing operations	569	128
Net result attributable to holders of ordinary shares from discontinued operations	(929)	456
Minority	(8)	42
Net result attributable to holders of ordinary shares	(368)	**626**
Net result per ordinary share – basic from continuing operations	0.006	0.002
Net result per ordinary share – basic from discontinued operations	(0.010)	0.005
Net result per ordinary share - basic	(0.004)	**0.007**
Fully Diluted		
Net result per ordinary share – fully diluted from continuing operations	0.006	0.002
Net result per ordinary share – fully diluted from discontinued operations	(0.010)	0.005
Net result per ordinary share - fully diluted	(0.004)	**0.007**

Basic and Fully diluted Earnings/(loss) per share for all periods have been calculated using the weighted-average number of current ordinary shares of 93,607,811.

(12) Intangible assets	Goodwill	Concessions, licences & intellectual property	Total
At 1 January 2005			
Cost	915	975	1,890
Accumulated amortisation	(791)	(973)	(1,764)
Net carrying amount	**124**	**2**	**126**
Changes to net carrying amount in 2005			
Additions/Reclassification	-	565	565
Disposals/Reclassification	(610)	(565)	(1,175)
Amortisation	11	(2)	9
Currency translation differences	625	-	625
Total changes in 2005	**26**	**(2)**	**24**
At 31 December 2005			
Cost	930	975	1,905
Accumulated amortisation and impairment	(780)	(975)	(1,755)
Net carrying amount	**150**	**-**	**150**
Changes to net carrying amount in 2006			
Additions/Reclassification	-	174	174
Disposals/Reclassification	-	-	-
Amortisation	-	(2)	(2)
Currency translation differences	(15)	-	(15)
Total changes in 2006	(15)	172	157
At 31 December 2006			
Cost	915	1,149	2,064
Accumulated amortisation and impairment	(780)	(977)	(1,757)
Net carrying amount	135	172	307

Goodwill

In September 2006, the Group's management Board approved the sale of its helicopter engine maintenance operations. In light of the proposed sale, the Group assessed the recoverable value of its operations being the carrying value of the assets and liabilities of this operation. As a result of classifying this operation as discontinued, no goodwill impairment charges were recognised.

No impairment charges were recognised on any other goodwill during the period.

Other intangible assets

Included in concessions licences and intellectual property are €170 of in use and registered patents and trade marks acquired during the year.

(13) Property, plant and equipment

	Reverse vending machines	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2005					
Cost	40,907	6,791	11,659	1,981	61,338
Accumulated depreciation	(36,421)	(1,853)	(8,541)	(1,572)	(48,387)
Net carrying amount	**4,486**	**4,938**	**3,118**	**409**	**12,951**
Changes to net carrying amount in 2005					
Additions	3,031	115	1,211	91	4,448
Disposals	(297)	(508)	(857)	(215)	(1,877)
Depreciation	(1,587)	(436)	(1,463)	(150)	(3,636)
Currency translation differences	733	(26)	(302)	(22)	383
IFRS adjustments and reclassifications	-	702	982	225	1,909
Total changes in 2005	**1,880**	**(153)**	**(429)**	**(71)**	**1,227**
At 31 December 2005					
Cost	44,374	7,074	12,693	2,060	66,201
Accumulated depreciation	(38,008)	(2,289)	(10,004)	(1,722)	(52,023)
Net carrying amount	**6,366**	**4,785**	**2,689**	**338**	**14,178**
Changes to net carrying amount in 2006					
Additions	1,985	3,329	2,660	811	8,785
Disposals	(972)	(2,333)	(601)	(127)	(4,033)
Depreciation	(1,595)	(392)	(1001)	(749)	(3,737)
Currency translation differences	(678)	(164)	(9)	(17)	(868)
IFRS adjustments and reclassifications	13	(808)	(613)	616	(792)
Adjustments and reclassifications - cost	(6,745)	508		1	(6,236)
Adjustments and reclassifications - depreciation	6,745	(508)	-	(1)	6,236
Total changes in 2006	(1,247)	(368)	436	534	(645)
At 31 December 2006					
Cost	37,977	7,606	14,130	3,344	63,057
Accumulated depreciation	(32,858)	(3,189)	(11,005)	(2,472)	(49,524)
Net carrying amount	5,119	4,417	3,125	872	13,533

Plant and machinery includes €576 for an asset which is under construction.

(14) Other non-current assets	2006	2005
Schedule of movement		
At beginning of year	866	**1,130**
Addition/reclassification	18	82
Withdrawal/release	(71)	(346)
At end of year	813	**866**

Other non-current assets	2006	2005
Deposits	749	764
Debt issuing costs	64	102
	813	**866**

(15) Deferred tax assets	2006	2005
At beginning of year	269	**222**
Addition/reclassification	37	150
Withdrawal/release	(17)	(103)
At end of year	289	**269**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

(16) Cash and cash equivalents	2006	2005
Cash at bank and in hand	578	905
Bank overdrafts	(3)	(8)
Cash and cash equivalents – net	575	**897**

The cash balances are at free disposal of the Company.

(17) Trade receivables	2006	2005
Trade receivables	8,084	6,960
Other receivables	104	975
Prepaid expenses	90	329
Trade receivables – net	8,278	8,264

Estimates of the recoverability of trade receivables are based on the most reliable evidence available at the time the estimates are made. As these estimates are continuously evaluated, it is common that in the normal course of business, circumstances that previously caused trade receivables to be impaired no longer exist resulting in reversals of impairment charges. Impairment charges and reversals of impairment charges are generally not material.

(18) Inventory	2006	2005
Finished goods	2,657	1,428
Raw material and parts	5,710	4,028
Work in progress	241	104
Provision for obsolescence	(293)	(368)
Inventory	8,315	5,192

Estimates of net realisable value of inventory are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As such estimates are continuously evaluated, it is common that in the normal course of business, circumstances that previously caused inventories to be written down below cost no longer exist resulting in reversals of write-downs. Write-downs and reversals of write-downs are generally not material.

Schedule of movement of provision for obsolescence	2006	2005
At beginning of period	368	240
Additions	-	128
Withdrawals/Releases	(75)	-
At end of period	293	368

The increase/(decrease) in provisions relating to raw materials is effected through cost of revenue.

(19) Shareholders' equity

Share Capital

	Ordinary shares		
	Nominal value A Shares	**Nominal value B Shares**	**Total**
At 1 January 2005	6	238	244
At 31 December 2005	6	238	244
At 1 January 2006	6	238	244
Issue of shares	692	-	692
At 31 December 2006	698	238	936

Number of ordinary shares (in thousands)	2006	**2005**
At 1 January	24,407	24,407
Issued	69,200	-
At 31 December	93,607	**24,407**

Authorised share capital (amounts in thousands)	2006	**2005**
Ordinary Shares		
200,000,000 Class A shares of €0.01 each	2,000	215
200,000,000 Class B shares of €0.01 each	2,000	285
	4,000	500

On 26th of June 1998 Stichting Administratiekantoor Envipco Holding N.V., ("the Trust Office"), with its registered address at Leliegracht 10, 1015 DE, Amsterdam, issued bearer Depository Receipts in exchange for Class A shares in Envipco Holding N.V.
5,000,000 Depository Receipts in representation of an equal number of Class B Shares were issued at NLG 10 (BEF 185) each under an Initial Public Offering on 29th of June 1998. In July 1998 the capital was increased by issue of another 319,189 Class B Shares at NLG 10 (BEF 185) each.

The Trust Office manages and administers the shares received in exchange for Depository Receipts, exercises the voting rights and all the rights attached to the shares and does everything in connection therewith, with due observance of the applicable administration conditions. Upon transfer of their shares to the Trust Office in exchange for Depository Receipts, the holders of shares in Envipco Holding N.V. accept the conditions of the Trust Office. Such Trust conditions are therefore regarded as an agreement between the holders of the Depository Receipts and the Trust Office. One of the conditions stipulates that holders of Depository Receipts do not have any voting rights.

On 10 March 2006 the shareholders approved a resolution to amend the Articles of Association of the Company to increase the authorised share capital from €500 to €4,000. It was further resolved to issue 69,200,000 Class A shares, each of nominal value of €0.01 to Mr. A. Bouri at a price of €0.25 each. The total payment on the said share issue was €17,300. The total payment of the A Shares was by settlement of the claim which Mr. A. Bouri has on the company for an equal amount.

After this new issue of shares the total number of issued and outstanding shares is as follows:

Class A ordinary shares	69,800,000
Class B Shares	23,807,811

Share premium reserve

For full detailed movements in share premium reserve please refer to the consolidated statement of changes in equity. Other reserves are not distributable.

Retained earnings

At the Company's Annual General Shareholders' Meeting it will be proposed to add the 2006 net result to retained earnings.

(20) Minority interest

Changes in minority interest during the year ended 31 of December 2006 were as follows:

	2006	2005
At beginning of period	-	258
Result for the period	(8)	(42)
Translation reserve	112	(241)
Transfer to reserves	-	25
At end of period	104	-

(21) Non-current liabilities

	2006	2005
Borrowings	4,742	26,557

Other liabilities

	2006	2005
Deferred taxation	437	-
Other non-current liabilities	60	112
Deferred income	294	659
	791	771

Provisions

	2006	2005
Provision against investments	-	782
	-	782

Schedule of movement of provision against investments	2006	2005
At beginning of period	782	709
Additions	-	429
Other liabilities	-	(200)
Withdrawals/Releases	(782)	(156)
At end of period	-	782

When investments in subsidiaries are written down to negative values, these provisions are created in the absence of any current receivables from those subsidiaries. The provision is esteemed to be long term (2-5 years). These provisions were written back during the year as management believed that these were no longer required.

(21) Non-current liabilities (continued)

Borrowings

	2006	**2005**
Environmental Products Corporation, USA entered into a revolving line of credit of up to US$ 12,500 on 18 of May 2001, bearing interest at a certain margin over prevailing prime rate of interest announced by the US Federal Reserve. This facility is secured by a fixed and floating charge over the assets of Environmental Products Corporation, USA. This facility is also secured by a first mortgage on the real estate owned by the Company. The balance is net of the debt issuance costs.	4,661	7,406
Sorepla Industrie S.A. entered into various secured and unsecured borrowing agreements with various parties totaling €3,728 (2005 - €3,954) with interest ranging from 0% to 4.25% and maturity dates ranging from 2005 to 2012.	3,728	3,954
Envipco Holding N.V. entered into a secured loan agreement of US$18,482 with its main shareholder with interest of 1% over the 12 month Euribor, repayable at the demand of the Lender after 31 December 2006. This loan is secured by the pledge of shares of Posada Holding B.V., Sorepla Technologie S.A. and Sorepla Industrie S.A. The denominated currency of the loan was changed from US Dollars to Euros at 1 January 2005 and the amount of loan was fixed as €13,549 without changing any other terms and conditions.	785	15,180
Other loans	1,358	2,180
Total	10,532	28,720

Future payments under long term borrowings	2006	**2005**
Current	5,790	2,163
Due between 2 to 5 years	3,384	25,916
> 5 years	1,358	641
Total borrowings	10,532	28,720

Schedule of movement	2006	**2005**
At beginning of period	28,720	26,990
Increase/(decrease)	(17,658)	687
Debt issuance costs	-	34
Translation effect	(530)	1,009
At end of period	10,532	28,720

(21) Non-current liabilities (continued)

Effective 18 May 2001 a USA subsidiary entered into a financing agreement (the Agreement) to refinance its outstanding revolving line of credit and term loan. The new revolving line of credit has a maximum limit of $12,500 subject to availability under the "borrowing base" as defined within the agreement, and matures in May 2004. Borrowings under the Agreement bear interest at the prime rate plus a certain margin. The US subsidiary and its holding company are each required to meet certain covenants under the Agreement. Subsequently the US subsidiary has restructured its financing agreement and obtained waivers for the breach of certain financial covenants, on 30 June 2004 and again on 9 March 2006.
This US subsidiary restructured its debt with the lender on 30 June 2004 for a period of 4 years. Terms of the bank debt restructuring agreement, requires the US subsidiary (hereinafter the Company) and/or Envipco Holding N.V. to inject capital of US$2.0m (the "Equity Infusion"), which shall be payable in accordance with the following schedule: (a) US$1.0m on 30 September 2004, (b) an additional US$500 on 31 March 2005 and (c) the remaining US$500 on 31 March 2006. In addition, the Company shall retain a broker to sell the real estate owned by the Company. If the real estate is not sold on or prior to 31 December 2004, the lender has the right to sell the property using a broker or agent at a price not less than the amount necessary to repay the outstanding term loan, the Company will be required to accept such qualified offer; provided that Envipco Holding N.V. or the group of investors entering into the subscription agreement shall be granted the first right of refusal to purchase this real estate at such price and on such terms no less favourable to the Company. The real estate was subsequently sold to a Group company at US$2.5m on 9 March 2006 and the proceeds used to offset this US Subsidiary's loan to the lender.

The loan contract required the US subsidiary to meet certain financial covenants. Since the US subsidiary company did not meet the covenants, as part of the restructuring agreement signed on 8 March 2006, it obtained a waiver. The loan is secured by pledge of shares of the US subsidiary.

Subsequent to the balance sheet date this debt was fully paid off on 27 December 2007. Details of the settlement are given in Note 28.

Deferred income

These represent grant assistance received during the years 1999 through 2003 by a consolidated subsidiary for the acquisitions of Plant and Machinery. The grants are amortised over the useful lives of the assets and any un-amortised amount is shown as a deferred income liability.

	2006	2005
Un-amortised balance	294	659

(22) Other current liabilities

	2006	2005
Other liabilities	1,779	88
Provisions	-	52
Tax and social security contributions	601	1,392
	2,380	1,532

(23) Employee benefit plans

Group companies provide pension benefits for their employees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country. Such benefits are provided under defined contribution plans.

For the year ended 31 December 2006, expenses related to defined contribution plans amounted to €153 (2005: €163).

(24) Commitments and contingencies

Operating lease commitments-where a Group company is the lessee

The future minimum lease payments under non-cancellable operating leases as of 31 December 2006 and 2005 were as follows:

	2006	2005
Current	136	182
Between 2 to 5 years	282	262
	418	444

Rent expenses for the year ended 31 December 2006 were approximately €388 (2005: €204).

Operating lease commitments-where a Group company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases as of 31 December 2006 and 2005 were as follows:

	2006	2005
Current	1,774	3,282
Between 2 to 5 years	4,703	6,853
	6,477	10,135

Lease revenues from Reverse Vending Machines for the year ended 31 December 2006 were approximately €3,617 (2005 €3,141).

(24) Commitments and contingencies (continued)

Legal proceedings

Group companies are parties to various legal actions that are incidental to the conduct of business.

In a certain litigation, a plaintiff alleges breach of contract, unjust enrichment, etc against a US subsidiary (the Company) making a claim of about €121. The Company's affiliate has made a counter claim for nearly €223. As of the date of this report, the outcome of these proceedings is undeterminable. The matter has been settled in 2007 (See Note 28).

In a separate litigation against the Company, a plaintiff alleges breach of contract making a claim of about €288. The Company plans to counterclaim for breach of the same contract and for fraud and negligence that damaged the Company's business and has made a counterclaim for nearly €323. The matter has been settled in 2008 (See Note 28).

In yet another independent litigation, a plaintiff commenced an action seeking unpaid rent alleged to be due and owing for the lease at certain premises of a US subsidiary company (the Subsidiary) making a claim of about €308. The Subsidiary opposed the motion, pursuant to certain agreements executed at the same time and in connection with the lease and has made a counterclaim for nearly €456. This case has been settled during 2006 for a sum of €21.

The Company is not aware of any legal proceedings including the above that can have a material impact on the accounts.

Others

Aeromaritime (UK) Limited has given a guarantee in favour of HM Customs and Excise as at 31 December 2006 of €89 (2005 was €87 the equivalent of £60).

Posada Group, the helicopter maintenance operation has a liability for the renewal of its Authorised Maintenance Centres (AMC's) of nearly €663, of which €569 remained payable at end of 2006.

Loans

Please refer to Note 21.

(25) Related party transactions

Affiliates

EM Geratebau Rucknahmesysteme GmbH & Co KG and Envipco GmbH were placed in Administration before 2003. Provision exists for anticipated winding up costs of approximately €135. A final settlement has now been reached at €200, payable in equal installments of €50 in the first year and €37.5 over 4 years that has been fully provided for in the above financials. The first and second installments were paid during the years 2005 and 2006 respectively. A final payment of €60 has been made in 2008 to settle this matter.

(26) Acquisitions

In 2005 at the termination of the joint venture with Fuji Electrical Limited (FEL) the company acquired the remaining 50% shares from FEL at no cost. The name of the joint venture company was changed to Envipco Japan Limited with 100% ownership. Under the termination agreement FEL has forgiven about €2,100 of its claim against the joint venture entity.

Assets and liabilities of the joint venture at acquisition were as follows:

Fixed assets	
Tangibles assets	33
Other non-current assets	68
	101
Current assets	
Cash and cash equivalents	84
Receivables	37
Inventory	505
Other current assets	20
	646
Total assets	**747**

Liabilities and equity	
Current liabilities	
Trade and other creditors	885
Long term liabilities	
Loans	1,734
Capital and reserves	
Share capital	1,433
Retained earnings	(3,305)
	(1,872)
Total liabilities and capital	**747**

On 20 April of 2006 Envipco Holding NV entered into an agreement to acquire certain assets of Multi Reverse Vending GmbH (MRV) from its Receiver for a consideration of €500. The following assets were acquired on that date:

Fixed assets	
Intangibles assets	170
Other non-current assets	300
Tangibles assets	8
	478
Current assets	
Inventory	22
	22
Total assets	**500**

(27) Discontinued operations

The assets and liabilities related to the Company's helicopter maintenance business have been presented as held for sale following the execution of the sale and purchase agreement on 7 March 2008 with Industria de Turbinas de Helicopteros S.L.

An analysis of the result of discontinued operations, and the carrying value of the assets and liabilities of the operating company held for sale are as follows:

	2006	2005
Revenue	17,693	19,572
Cost of sales	(12,852)	(15,905)
Gross profit	4,841	3,667
Selling expenses	(295)	(258)
General and administrative expenses	(4,122)	(3,514)
Operating result	424	(105)
Interest expense	-	(374)
Interest income	-	10
Exchange gain/(loss)	(602)	580
Other income	180	432
Provision for loss on disposal of assets	(949)	-
Result before taxes	(947)	543
Income taxes	18	(87)
Result after taxes of discontinued operations	(929)	456

Assets of the operating company held for sale consist of the following:

	2006	2005
Intangible assets	1,134	1,180
Property, plant and equipment	947	1,227
Other non-current assets	60	50
Cash and cash equivalents	1,270	742
Trade receivables	2,338	3,987
Inventory	6,206	6,553
Other current assets	258	503
Assets of discontinued operations held for sale	12,213	14,242

Liabilities directly associated with the operating company held for sale consist of the following:

	2006	2005
Borrowings (current and non-current)	-	194
Trade creditors	2, 599	2,598
Accrued expenses	730	2,091
Other current liabilities	109	163
Provision for loss on disposal of assets	949	-
Liabilities directly associated with discontinued operations held for sale	4,387	5,046

(27) Discontinued operations (continued)

The equity of the operating company held for sale at 31 December 2006 amounted to €898 (2005: - €2,485).

(28) Post balance sheet events

Envipco US borrowings

A US subsidiary has signed a debt restructuring agreement with its major lender on 30 June 2004 for a period of 4 years. Terms of the bank debt restructuring agreement, requires the US subsidiary (hereinafter the Company) and/or Envipco Holding N.V. to inject capital of US$2.0m (the "Equity Infusion"), which shall be payable in accordance with the following schedule: (a) US$1.0m on 30 September 2004, (b) an additional US$500 on 31 March 2005 and (c) the remaining US$500 on 31 March 2006. In addition, the Company shall retain a broker to sell the real estate owned by the Company. If the real estate is not sold on or prior to 31 December 2004, the lender has the right to sell the property using a broker or agent at a price not less than the amount necessary to repay the outstanding term loan, the Company will be required to accept such qualified offer; provided that Envipco Holding N.V. or the group of investors entering into the subscription agreement shall be granted the first right of refusal to purchase this real estate at such price and on such terms no less favourable to the Company. The real estate was sold to a Group company at US$2.5m on 9 March 2006 and the proceeds used to offset the US Subsidiary's loan to the lender.

The loan contract required the US subsidiary to meet certain financial covenants. Since the US subsidiary company did not meet the covenants, as part of the restructuring agreement signed on 8 March 2006, it obtained a waiver. The loan is secured by pledge of shares of the US subsidiary. Subsequent to the balance sheet date the US subsidiary has paid off its entire debt on 27 December 2007.

Divestment program

In September 2006, the Company initiated a divestment program, identifying a limited number of operating companies in continental Europe and USA to be divested, in line with the strategic decision taken by the Board of Management in 2006. The reason for divesting these business activities is that they no longer fit in the strategic framework of the Company, based on its core operating activities. These non-core operating companies in aggregate, represent approximately €17.7m in revenue and 112 employees. On 7 March 2008 this segment, representing the Helicopter Maintenance business, was sold to Industria de Turbinas de Helicopteros S.L. A provision of €949 has been provided during the year for the expected loss on disposal of this segment.

Law suit settlement

On 22 January 2007, a settlement was reached with the former owner of Metropolitan Mining Company Inc. The amount of the settlement was charged against the provision which had already been provided for by the group.

On 12 September 2008, a US subsidiary settled another dispute. This amount had been fully provided by the subsidiary.

(28) Post balance sheet events (continued)

Change in capital structure

Subject to compliance with all statutory laws and adherence to the Company by-laws, articles of association and shareholders resolutions, the controlling shareholders Mr Alexandre Bouri and Megatrade International S.A., have entered into an agreement with Mr Gregory Garvey whereas, Mr Garvey has purchased 10,056,315 shares in Envipco representing 10.74 % of the total outstanding shares of the Company for a consideration of €2.5m (at €0.2486 per share). Mr Garvey will be granted a further 12,000,000 share option at the strike price of €0.32 per share in the Company as an incentive bonus subject to the key performance target agreed, to be realised on a yearly basis through 31 December 2011. He will be appointed chairman of the management board with full operational responsibility for the reverse vending, related product and services segment of the business.

Mr Alexandre Bouri, the current majority shareholder, has agreed to subscribe 30,022,525 new shares at €0.2486 each in the Company, representing about €7.5m ($11.0m) in cash which would be available to the Company to fund its initiatives and business plan. This subscription is payable in 3 instalments: €2.0m upon subscription, €2.0m by 15 February 2009, and the balance of €3.5m by 31 December 2009. Such subscription is subject to legal requirements, the rules of the Stock Exchange and the by-laws constitution and articles of association of the Company. Pending legal formalities, Mr Bouri will immediately be granting loans to the company for it to capitalise on immediate business opportunities.

In the new capital structure, once all the share issues are completed and share options to Mr Garvey are granted, the total number of shares shall become 135,630,336 and include 24,407,811 depositary receipts. The total shares and depositary receipts owned by the parties shall be as follows: Mr Alexandre Bouri 79.98%, Mr Gregory Garvey 16.26% and the public 3.76%.

Refinancing of real estate

In May 2007, one of the US subsidiaries refinanced the loan with its parent and entered into a mortgage agreement with a third party lender relating to its real estate in the amount of US $1.875m. As a part of the transaction, the parent contributed US $0.625m to equity of this subsidiary.

SEPARATE COMPANY BALANCE SHEET AS AT 31 DECEMBER
BEFORE PROPOSED APPROPRIATION OF RESULT

(in thousands of euros)

	Note	2006		2005	
Assets					
Fixed assets					
Intangible assets		170		-	
Tangible assets		300		-	
Financial fixed assets	(B)	4,470		6,324	
Loans to group companies	(C)	10,576		8,681	
			15,516		15,005
Current assets					
Receivables		-		195	
Cash		23		150	
			23		345
Total assets			15,539		15,350
Equity and liabilities					
Shareholders' equity	(D)				
Share capital		936		244	
Share premium		41,753		25,145	
Translation reserve		146		515	
Retained earnings		(30,879)		(30,233)	
			11,956		(4,329)
Provisions					
Provisions for Consolidated Group Companies			826		1,514
Non-current liabilities			1,977		17,123
Current liabilities					
Creditors and other liabilities		780		1,042	
			780		1,042
Total equity and liabilities			15,539		15,350

SEPARATE COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER
BEFORE PROPOSED APPROPRIATION OF RESULT

ENVIPCO

(in thousands of euros)

	2006	2005
Result from Group companies after income taxes	(1,344)	3,211
Other results after income taxes	976	(2,585)
Net result	(368)	626

(A) General information

Accounting principles used to prepare separate Company financial statements
The Company financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. In accordance with Article 2:362 subsection 8 of the civil Code, the Company has elected to apply the accounting policies used in the consolidated financial statements to the separate Company financial statements. Furthermore, in accordance with Article 2:402 of the Civil Code, the Company has elected to present an abbreviated income statement. All amounts are stated in thousands of Euros unless stated otherwise.

In addition, Consolidated Group companies are valued based on their net equity, determined using the Group accounting policies. In case the net equity of a Group company is negative, the Company records a provision for the negative equity value.

Change in accounting principles

Choice of accounting principles
As of 1 January 2005, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The initial application of these accounting principles has resulted in changes to the existing accounting principles used to determine the values of assets, liabilities and profit and loss (IFRS 1 Adjustments). Such IFRS 1 Adjustments are generally applied retroactively in the comparative figures as of 1 January 2004.

The Company has elected to apply the accounting principles used to determine the values of assets, liabilities and profit and loss used in the consolidated financial statements to the separate Company financial statements as of 1 January 2005. The Company has elected this change as it results in an improved reporting of the separate Company financial statements. As a result, shareholders' equity and net result in the separate Company financial statements are consistent with the amounts presented in the consolidated financial statements.

Composition of shareholders' equity
As of 1 January 2005, the applicable rules for establishing and maintaining legal and revaluation reserves changed. As a result of these legal changes and the aforementioned changes in accounting principles, the classification of shareholders' equity has also changed. Refer to Note D Shareholders' equity of the separate Company financial statements.

(B) Financial fixed assets	2006	2005
At beginning of the year	6,324	4,096
IFRS adjustment	-	52
Investments	(69)	(1,598)
Treasury shares	(6)	(6)
Results of the group companies for the year	(1,344)	3,211
Exchange differences	(435)	569
	4,470	6,324

(C) Loans to group companies	2006	2005
At beginning of the year	8,681	7,959
Loans/reclassifications	1,895	722
	10,576	8,681

(D) Shareholders' equity

At the 2007 Annual General Shareholders' Meeting, the Company's shareholders approved that the 2005 net results of the Company be transferred to the retained earnings.

Refer to Consolidated statement of changes in equity and Note 19 Shareholders' equity of the Company's consolidated financial statements for further information regarding the Company's shareholders' equity.

(E) Subsidiaries and affiliates of Envipco

All inter-company transaction balances have been eliminated on consolidation. Legal seat of the consolidated subsidiaries is as follows:

Tek-O-Matic Enterprises Inc.- Quebec, Canada
Recypac Inc. – Quebec, Canada
Envipco Finance Company Limited – London, United Kingdom
Sorepla Industrie S.A. – Paris, France
Sorepla Technologie S.A. – Rebevrille, France
Posada Holding B.V. – Amsterdam, The Netherlands
Aeromaritime Mediterranean Limited, Hal-Far, Malta
Aeromaritime U.K. Limited, London, United Kingdom
Component Process & Repair Limited – London, United Kingdom
Aeromaritime Mediterranean Corporation, Delaware, U.S.A.
Aeromaritime America Inc., Delaware, U.S.A.
Envipco Automaten GmbH, Germany
Envipco Japan Limited, Japan
Envipco Pickup & Processing Services Inc., Delaware, U.S.A.
Environmental Products Corporation, Delaware, U.S.A.
Envipco Sweden AB, Sweden
Community Redemption Center LLC, Delaware, U.S.A.
Environmental Products Recycling Inc., Delaware, U.S.A.

(F) Non-current liabilities
Refer to Note 21 Borrowings of the Company's consolidated financial statements for further information regarding the Company's borrowings.

(G) Remuneration of the Board of Management (in thousands of euros)

Remuneration of the Management Board
The remuneration of the Management Board charged to the result in 2006 was €425 (2005 - €390) and can be specified as follows:

	2006	2005
B. Santchurn	164	152
N. Turpie		-
C. Crepet	147	120
H. Letellier	114	118
G. Lefebvre		-
T.Leipold		-
Total	425	390

Amsterdam, 8 December 2008

Mr. Christian Crépet

Mr. Bhajun Santchurn

Mr. Guy Lefebvre

Mr. Neil Turpie

Mr. Hugues Letellier

(H) Events after the balance sheet date

Credit Facility
At 31 December 2004 and 2005, a US subsidiary was in breach of certain financial covenants. On 8 March 2006, the Company obtained an amendment to the credit facility which cured the covenant violations. Under the terms of the amendment agreement, certain financial covenants have been amended through 31 December 2007, providing the Company with additional leeway to meet its financial covenants. The new terms of the loan agreement includes 8 consecutive quarterly repayment installments of $250 each beginning 31 March 2006 and a balloon payment by 31 December 2007. This loan is secured by the pledge of the shares of the US subsidiary. As a background, the US subsidiary had signed a debt restructuring agreement with its Senior Lender on 30 June 2004 for a period of 4 years.

This amendment required capital infusions of US $1.0m on 31 March 2004; US $500 on 31 March 2005 and US $500 on 31 March 2006; in addition to the sale of a real estate owned by the subsidiary by 31 December 2004. On 9 March 2006 this real estate was sold to another subsidiary of the Group for US $2.5m, the proceeds of which went to reduce the amount due to the Senior Lender under the terms of the restructuring.

On 27 December 2007, this subsidiary paid off all its outstanding debt due under this loan agreement.

Change in capital structure
Subject to compliance with all statutory laws and adherence to the Company by-laws, articles of association and shareholders resolutions, the controlling shareholders Mr Alexandre Bouri and Megatrade International S.A., have entered into an agreement with Mr Gregory Garvey whereas, Mr Garvey has purchased 10,056,315 shares in Envipco representing 10.74 % of the total outstanding shares of the Company for a consideration of €2.5m (at €0.2486 per share). Mr Garvey will be granted a further 12,000,000 share option at the strike price of €0.32 per share in the Company as an incentive bonus subject to the key performance target agreed, to be realised on a yearly basis through 31 December 2011. He will be appointed chairman of the management board with full operational responsibility for the reverse vending, related product and services segment of the business.

Mr Alexandre Bouri, the current majority shareholder, has agreed to subscribe 30,022,525 new shares at €0.2486 each in the Company, representing about €7.5m ($11.0m) in cash which would be available to the Company to fund its initiatives and business plan. This subscription is payable in 3 instalments: €2.0m upon subscription, €2.0m by 15 February 2009, and the balance of €3.5m by 31 December 2009. Such subscription is subject to legal requirements, the rules of the Stock Exchange and the by-laws constitution and articles of association of the Company. Pending legal formalities, Mr Bouri will immediately be granting loans to the company for it to capitalise on immediate business opportunities.

In the new capital structure, once all the share issues are completed and share options to Mr Garvey are granted, the total number of shares shall become 135,630,336 and include 24,407,811 depositary receipts. The total shares and depositary receipts owned by the parties shall be as follows: Mr Alexandre Bouri 79.98%, Mr Gregory Garvey 16.26% and the public 3.76%.

Disinvestment program
In September 2006 the Company decided on a disinvestment program of its helicopter maintenance business as they do not fit in the strategic framework of the Group. The sale of this segment was completed on 7 March 2008. A provision of €949 has been provided during the year for the expected loss on this disposal. In aggregate this segment represented approximately €17.7m in revenues and 112 employees.

(I) Statutory rules concerning appropriation of results

In Article 19 of the company statutory regulations the following has been presented concerning the appropriation of result:

1. A reserve in favour of the shares of a particular class shall be included in the company's books, and this shall be entitles: dividend reserve shares, followed by the letter corresponding to the class of shares concerned.
2. The company may make distributions to its shareholders and other persons entitled to the distributable profits only to the extent that the company's shareholders' equity exceeds the paid-up and called-up part of the company's capital, plus the reserves which must be maintained under the law.
3. A sum amounting to three per cent of the calculated over the sub of the reserve concerned during the financial year concerned, plus any withdrawals effected in pursuance of the provisions of paragraph 5 below shall in the first place be deducted from the profits referred to in paragraph 2 above and added to each of the dividend reserves.
   If the sum computed in this way should be greater than the available profits, the sums to be added shall be decreased proportionately.
4. The profits which remain after application of the above provisions shall be at the disposal of the general meeting of shareholders.
   If the general meeting of shareholders should not resolve to add the profits to the general reserve, the profits shall be booked onto the above-mentioned dividend reserves in proportion to the nominal sum of the shares of the class concerned.
6. Any withdrawal from the dividend reserve made in pursuance of the previous paragraph must be set-off before any addition can be made to the dividend reserves in pursuance of paragraph 4.
7. The general meeting of shareholders shall make such a dividend payable on the shares belonging to the dividend reserve to the debit of the dividend reserve, if and to the extent the dividend reserve allows this, as shall be resolved by the meeting o holders of the class of shares concerned.
   The general meeting of shareholders may only refrain from resolving that dividend shall be made payable if and to the extent it can demonstrate that the company's liquidity position does not allow such a distribution of dividend.
8. The general meeting of shareholders may allocate another purpose for the dividend reserves after having obtained the approval of all the meetings of the holders of shares of the respective classes, provided the allocation is debited from the various reserves in proportion to the nominal sums of the shares of the class concerned.
9. The company may make interim additions to the above-mentioned dividend reserves only to the extent that the stipulations set out in paragraph 2 above have been complied with, and provided that it has obtained the prior approval of the general meeting of shareholders.
10. There shall be no distribution in favour of the company on the shares or depositary receipts issued therefore which the company has acquired in its own capital.
11. In computing the distribution of profits, the shares or depositary receipts issued therefore on which no distribution shall be made in favour of the company in pursuance of the provisions of paragraph 10 above, shall be disregarded.
12. Any claim to distribution shall lapse after five years, to be computed from the day on which such distribution became payable.

(J) Appropriation of result for the financial year 2005

The annual report 2005 is determined in the General Meeting of Shareholders held on 25 May 2007. The General Meeting of Shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

(K) Dividend distributions
Dividend distributions may only be paid out of the profit as shown in the separate Company financial statements adopted by the General Meeting. Dividends may not be paid if the distribution would reduce shareholders' equity below the sum of the paid up and called up part of the issued share capital and any reserves which must be retained according to Dutch law or the Company's Articles of Association.

The Board of Management determines the amount that shall be reserved from the profits as disclosed in the adopted annual accounts.

(L) Proposed appropriation of loss for the financial year 2006
The board of directors proposes that the loss for the financial year 2006 amounting to €368 will be added to the retained earnings. The financial statements do reflect this proposal.

(M) Special statutory voting rights
Rights are connected to all shares for the binding nomination of directors. The "Stichting Envipco Trust / Foundation at Amsterdam" holds all the shares.

(N) Auditor's report
The auditor's report is set forth on the following page.

BDO CampsObers
Audit & Assurance B.V.

Office address
P.O. Box 71730, 1008 DE Amsterdam
Krijgsman 9, 1186 DM Amstelveen
The Netherlands
Telephone [illegible]
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E-mail info@bdo.nl

To: the shareholders and board of directors of
Envipco Holding N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2006 of Envipco Holding N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

BDO

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2006, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the board of directors is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 8 December 2008

BDO CampsObers Audit & Assurance B.V.
for and on behalf of it,

w.s.
G.J.M van den Berg RA