Envipco Holding NV

Interim Financial Report

2015 First Half Year Results

Unaudited

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FIRST SIX MONTHS RESULTS TO 30 JUNE 2015

Highlights

(in euro millions)

	1st Half 2015	*1st Half 2014	% Change	Full Year to 31/12/2014
Continuing operations:				
Revenues	12.97	10.10	+28.4	21.79
Gross profit	4.16	3.16	+31.6	6.86
Gross profit %	32.1%	31.3%	+2.6	31.5%
Operating profit/(loss) before one-time gain re patent sale	(0.36)	(1.00)	+64.0	(1.40)
Operating profit/(loss)	(0.36)	9.63	-103.7	9.20
Net profit / (loss) after taxes after minority	(0.60)	8.17	-107.3	8.03
**EBITDA	0.80	10.89	-92.6	10.78
Earnings/(loss) per share (in euro)	(0.17)	2.27	-107.5	2.23
Discontinued operations:				
- Net profit/(loss) before taxes (discontinued operations)	-	(2.02)	+100.0	(3.49)
- Net profit / (loss) after taxes after minority (discontinued operations)	-	(2.02)	+100.0	(3.41)
- **EBITDA (discontinued operations)	-	(1.10)	+100.0	(1.58)
- Earnings/(loss) per share (in euro) (discontinued operations)	-	(0.52)	+100.0	(0.95)
Cash and cash equivalents	2.69	10.04	-73.1	1.78
Shareholders' equity	15.36	15.35	+0.1	14.99

*Certain figures have been restated for comparative purposes
**EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation

First Half 2015 Highlights - Continuing Operations

- Revenues for the first six months increased 28.4% to €12.97m from €10.10m in 2014. Net of currency impact, revenues increased €0.44m or 4.4% compared to 2014.
- Gross Profit for the six month period increased 31.6% to €4.16m from €3.16m in 2014.
- Gross Profit Margin improved to 32.1% from 31.3% in 2014.
- Operating Profit (Loss) for the first six months improved 64.0% with a reduced Loss of (€0.36m) compared to a Loss of (€1.00m) in 2014 after adjusting for the sale of the patent in 2014 which generated other income of €10.63m.
- Net Profit(Loss) After Tax improved to a Loss of (€0.60m) compared to a Loss of (€1.26m) in 2014 after adjusting for sale of the patent.
- EBITDA for the first six months of 2015 increased to €0.80m from €0.26m in 2014 excluding impact of the patent sale.
- With disposal of the Plastics Recycling segment in 2014, Envipco will now report a single business segment for the RVM operations which will include a breakout of revenues by geography.

Envipco will also implement a quarterly financial reporting calendar going forward beginning with Q3 of 2015.

Business Review:

Consolidated Financial Results:

(in euro millions)

	Continuing Operations		Discontinued Operations
	1st Half 2015	1st Half 2014	1st Half 2014
Revenues	12.97	10.10	3.27
Gross Profit	4.16	3.16	-1.14
Gross Profit %	32.1%	31.3%	-34.9%
Operating Expenses	4.64	4.16	1.65
EBITDA	0.80	10.89	-1.1

Revenues for the first half of 2015 increased 28.4% to €12.97m from €10.10m in 2014. The majority of this increase was due to decline in the EURO compared to the US dollar. In constant currency, revenues increased 4.4% which is principally due to increased machine sales.

Gross Profit improved to €4.16 for the first six months compared to €3.16 in 2014. Excluding the currency impact, Gross Profit increased by €0.29m or 9.2% compared to 2014. Gross Profit Margin increased to 32.1% from 31.3% in 2014. Excluding the currency impact, Gross Margin improved to 32.6% principally as a result of reduced RVM manufacturing cost.

Operating Expenses increased to €4.64m for the first half of 2015 compared to €4.16m for 2014. Excluding the currency impact, Operating Expenses actually declined to €3.91m in 2015 principally through R&D efficiencies.

EBITDA for the first half of 2015 improved to €0.80m compared to negative EBITDA of €0.84m in 2014 excluding impact of the patent sale. Excluding the currency impact, EBITDA would have been €0.70m for the first six months of 2015.

Segment Results: Continued RVM Operations

(in euro millions)

	1st Half 2015	1st Half 2014
Revenues		
- North America	12.58	9.93
- Europe	0.16	0.17
- ROW	0.23	-
Total Revenues	12.97	10.10
Gross Profit	4.16	3.16
Gross Profit %	32.1%	31.3%
Operating Expenses	4.00	3.66
EBITDA	1.21	0.41

RVM Operations 1st Half 2015

Excluding the currency impact, North American revenue increased by €0.23m for the first six months of 2015 when compared to 2014. RVM machine sales increased by €0.36m compared to 2014. 2015 first half RVM program revenues declined by €0.13m compared to 2014 on lower throughput volumes.

European revenues to date principally relate to compactor sales which were relatively flat for the first six months of 2015 compared to 2014. Activities underway to launch the Quantum and Flex platforms in the Swedish market will begin to generate revenues in the second half of 2015.

ROW revenues relate to machine sales in the first half of 2015 in the Australian market. There were no sales in ROW for the first six months of 2014. The Australian market is becoming a significant potential growth market as a number of activities and discussions are underway for adoption of a mandatory deposit scheme. Envipco is well represented by our distributor who has successfully placed over 100 RVMs to date under a non-deposit scenario.

EBITDA for the RVM Operations improved 195.1% to €1.21m for the first six months of 2015 compared to €0.41m for 2014 (excluding patent sale). Improvements in the EBITDA are a result of increased sales combined with increased operating efficiencies.

Market Outlook:

Envipco has made significant investments over the past several years to launch new RVM platforms that represent the most advanced and comprehensive solutions in the market. Our U48 platform has secured a number of new accounts that we are just starting to execute deliveries against in North America. The Quantum platform is a breakthrough technology that provides the long sought after bulk feed handling for deposit beverage containers. The Quantum platform is being launched in Sweden this fall and will serve to be the first market proof point of the potential to dramatically change the consumer recycling experience. Our upgraded low cost Flex platform is currently being launched in the Michigan market and will also be launched in the Swedish market this fall. The Flex platform is ideally suited to small shops and non-deposit opportunities that demand high RVM functionality at an attractive price point considering the relatively lower container volumes.

We are confident that our technology platforms, contracted market share gains and continued focus and execution will lead to sustained growth and profitability in the future. The Company has adequate bank facilities/credit lines in place, along with shareholders' support to fund our ongoing market development plans.

Annual General Meeting:

The annual general meeting of the shareholders was held on 23 June 2015 in Amsterdam. All items on the agenda were approved.

Risks and Uncertainties

- Legislation driven growth: 100% of our group revenues is generated from our RVM business, mainly dependent on deposit laws that can be repealed or curtailed significantly. None is expected, as has been the case during the last 20 years, and such scenario is very unlikely. To the contrary, there are even more initiatives to expand and extend these laws to other states and countries due to environmental concerns which can positively impact our business.

- Major RVM customers going out of business may also have a significant negative impact, although unlikely due to the diversity of our customer base.

- The Group may be at risk from competition.

- About 99% of the group revenues are generated in United States Dollar, which can be subject to significant fluctuations that may have a negative or positive impact on the group results depending upon whether it is a favorable or an unfavorable change.

- Non-availability of lines of credit or cash to continue to fund projects under development stage may impact long term viability of the Group.

Capital & Shareholding:

Authorised and Issued Share Capital

The Company's authorized capital is € 4,000,000 divided into 8,000,000 shares, each having a nominal value of € 0.50.The issued share capital of the Company currently amounts to € 1,918,803.50 divided into 3,837,607 Shares, each having a nominal value of €0.50.

Substantial Shareholders:

The Group has been notified of, or is aware of the following 3% or more interest as at 30 June 2015.

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA (beneficially owned by Mr. Alexandre Bouri)	2,558,568	66.67	66.67
Gregory Garvey/EV Knot LLC	234,013	6.10	6.10
Douglas Poling/GD Env LLC	200,000	5.21	5.21
B.Santchurn/Univest Portfolio Inc	140,480	3.66	3.66
Stichting Employees Envipco Holding	240,000	6.25	6.25

Directors' interest in the share capital of the Group is shown below:

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA	2,558,568	66.67	66.67
Gregory Garvey/EV Knot LLC	234,013	6.10	6.10
B.Santchurn/Univest Portfolio Inc	140,480	3.66	3.66
C.Crepet	6,456	0.17	0.17
David D'Addario	80,451	2.10	2.10
T.J.M. Stalenhoef	600	0.02	0.02

Post balance sheet events:

Please refer to Note 9 of the Interim Financial Statements for further details.

Executive Board Responsibility Statement

The company's members of the Executive Board hereby declare that, to the best of their knowledge:

1. The mid-year financial statements for the first half of the financial year ending 31 December 2015 give a true and fair view of the assets, liabilities, financial position and the profit / loss of the company and its consolidated entities;
2. The mid-year directors' report for the first half of the financial year ending 31 December 2015 gives a true picture of:
   a) the most important events which have occurred in the first six months of the financial year in question and of the effect of those on the mid-year financial statements,
   b) the most important transactions with related parties which were entered into during this period
   c) the main risks and uncertainties for the remaining six months of the financial year in question.

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Bhajun G. Santchurn *W.S.*
CEO and Executive Board Member

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Christian Crepet *W.S.*
Executive Board Member

The report was approved by the Board of Directors on 14 August 2015.

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Interim Financial Statements

Half Year 2015
Unaudited

Consolidated Statement of comprehensive income

(all amounts in thousands of euros)

	Note	1HY-2015 Unaudited		*1HY-2014 Unaudited		Full Year 2014 Audited	
Revenue	3	12,970		10,103		21,792	
Cost of revenue		(8,020)		(6,312)		(13,651)	
Leasing depreciation		(786)		(632)		(1,280)	
Gross profit			**4,164**		**3,159**		**6,861**
Operating expenses		(4,639)		(3,992)		(8,294)	
Other income/(expenses)	4	111		10,463		10,614	
Operating result			**(364)**		**9,630**		**9,181**
Net financial items		(76)		(207)		(274)	
Exchange gains/(losses)		(83)		(43)		(670)	
Result before taxes			**(523)**		**9,380**		**8,237**
Income taxes			(80)		(1,213)		(205)
Net results			**(603)**		**8,167**		**8,032**
Net results from discontinued operations			**-**		**(2,022)**		**(3,406)**
Net results			**(603)**		**6,145**		**4,626**
Other comprehensive income							
Exchange differences on translating foreign operations		969		89		1,412	
Other movements/treasury shares		-		140		(21)	
Cash flow hedges:							
gains / (losses) recognised on hedging instrument		-	969	24	253	-	1,391
Total other comprehensive income			366		6,398		6,017
Profit attributable to:							
Owners of the parent							
Profit / (loss) from continuing operations			(602)		8,167		8,033
Profit / (loss) from discontinued operations			-		(1,882)		(3,406)
			(602)		6,285		4,627
Non-controlling interests							
Profit / (loss) from continuing operations			(1)		1		(1)
Profit / (loss) from discontinued operations			-		(141)		-
			(1)		(140)		(1)
Total							
Profit / (loss) from continuing operations			(603)		8,168		8,032
Profit / (loss) from discontinued operations			-		(2,023)		(3,406)
			(603)		6,145		4,626
Total comprehensive income attributable to:							
Owners of the parent			(602)		6,538		6,018
Non-controlling interests			(1)		(140)		(1)
			(603)		6,398		6,017
Number of shares used for calculation of EPS							
► Basic & diluted			3,597,607		3,597,607		3,597,607
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period							
► Basic (euro) - continuing operations			(0.168)		2.270		2.233
- discontinued operations			-		(0.523)		(0.947)
► Fully disluted (euro) - continuing operations			(0.168)		2.270		2.233
- discontinued operations			-		(0.523)		(0.947)

*Certain figures have been restated for comparative purposes.

Consolidated balance sheet

(in thousands of euros)

	Note	At 30 June 2015 Unaudited		*At 30 June 2014 Unaudited		At 31 December 2014 Audited	
Assets							
Non-current assets							
Intangible assets		4,033		3,386		3,635	
Property, plant and equipment		7,132		6,412		6,056	
Long term deposits		230		100		-	
Deferred tax asset		919		748		839	
Total non-current assets			12,314		10,646		10,530
Current assets							
Inventory		6,674		5,726		6,232	
Trade and other receivables		8,762		6,980		6,337	
Cash and cash equivale		2,690		11,384		1,779	
Total current assets			18,126		24,090		14,348
Assets of the discontinued operations			-		11,665		-
Total assets			**30,440**		**46,401**		**24,878**
Equity							
Share capital		1,919		1,919		1,919	
Share premium		52,853		52,853		52,853	
Retained earnings		(43,756)		(41,470)		(43,154)	
Translation reserves		4,339		2,046		3,369	
Total equity			15,355		15,348		14,987
Non-controlling interest			16		38		18
			15,371		15,386		15,005
Liabilities							
Non-current liabilities							
Borrowings	7	5,558		7,448		3,046	
Other liabilities		73		87		209	
Total non-current liabilities			5,631		7,535		3,255
Current liabilities							
Borrowings	7	520		598		466	
Bank overdraft		-		1,342		-	
Trade creditors		6,649		4,819		4,036	
Accrued expenses		1,446		2,025		1,609	
Provisions		368		2,242		123	
Tax and social security		455		1,454		384	
Total non-current liabilities			9,438		12,480		6,618
Liabilities of the discontinued operations			-		11,000		-
Total liabilities			15,069		31,015		9,873
Total equity and liabilities			**30,440**		**46,401**		**24,878**

*Certain figures have been restated for comparative purposes.

Consolidated cash flow statement

(in thousands of euros)	1HY-2015 Unaudited		*1HY-2014 Unaudited		Full Year 2014 Audited	
Cash flow (used in) / provided by operating activities						
Operating result	(364)		9,630		9,181	
Interest received	35		2		15	
Interest paid	(111)		(209)		(290)	
Income taxes paid	(77)		1,200		(10)	
Depreciation and amortisation	1,230		1,160		2,265	
Other net income/(expenses)	(85)		-		-	
		628		11,783		11,161
Changes in trade and other receivables	(2,149)		(1,896)		392	
Changes in inventories	135		48		234	
Changes in provisions	-		(96)		(44)	
Changes in trade and other payables	2,010		426		(462)	
Discontinued operations	-		(43)		(3,151)	
		(4)		(1,561)		(3,031)
Cash flow (used in)/ provided by operating activities		624		10,222		8,130
Cash flow (used in)/provided by investing activities						
Net investment in intangible fixed assets	(600)		(601)		(1,158)	
Net investment in tangible fixed assets	(1,319)		(496)		(1,003)	
Discontinued operations	-		(17)		430	
Cash flow (used in)/ provided by investing activities		(1,919)		(1,114)		(1,731)
Cash flow (used in)/provided by financing Activities						
Changes in borrowings and capital lease obligations - gross	2,295		5,859		7,430	
Changes in borrowings and capital lease obligations - repaid	(154)		(4,646)		(11,340)	
Discontinued operations	-		(208)		(685)	
Cash flow (used in)/ provided by financing activities		2,141		1,005		(4,595)
Net cash flow for the period		846		10,113		1,804
Foreign currency differences and other changes	65		(4)		42	
		65		(4)		42
Changes in cash and cash equivalents, including bank overdrafts for the period		911		10,109		1846
Opening balance cash and cash equivalents		1,779		(67)		(67)
Closing balance cash and cash equivalents		2,690		10,042		1,779
The closing position consists of:						
Cash and cash equivalents		2,690		11,384		1,779
Bank overdraft		-		1,342		-
		2,690		10,042		1,779

*Certain figures have been restated for comparative purposes.

Consolidated statement of changes in equity

(Figures in euro thousands)	Share capital	Share premium	Retained earnings	Translation reserve	Total	Non-controlling interests	Total
Balanace at 1 January 2014	1,919	52,853	(47,779)	1,957	8,950	38	8,988
Net result	-	-	6,285	-	6,285	(140)	6,145
Currency translation adjustment	-	-	-	89	89	-	89
Cah flow hedge - fair value	-	-	24	-	24	-	24
Other movements	-	-	-	-	-	140	140
Total recognised movements for the period ended 30 June 2014	-	-	6,309	89	6,398	-	6,398
Balance at 30 June 2014	**1,919**	**52,853**	**(41,470)**	**2,046**	**15,348**	**38**	**15,386**
Balanace at 1 January 2015	1,919	52,853	(43,154)	3,369	14,987	18	15,005
Net result	-	-	(602)	-	(602)	(1)	(603)
Currency translation adjustment	-	-	-	969	969	-	969
Other movements	-	-	-	1	1	(1)	-
Total recognised movements for the period ended 30 June 2015	-	-	(602)	970	368	(2)	366
Balance at 30 June 2015	**1,919**	**52,853**	**(43,756)**	**4,339**	**15,355**	**16**	**15,371**

Selected Explanatory Notes

1. General

Activities

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Utrechtseweg 102, 3818 EP Amersfoort, The Netherlands.

Envipco Holding N.V. and Subsidiaries ("the Company" or "Envipco") are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of "reverse vending machines" (RVMs) in the USA, Europe, Australia, Middle East and the Far East;

Basis of preparation

This consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34 "interim financial reporting." The consolidated interim financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as endorsed by the European Union.

All financial information is reported in thousands of euros unless stated otherwise.

2. Accounting policies

Except as set out below, the accounting policies of these interim financial statements are consistent with the annual financial statements for the year ended 31 December 2014.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

- The annual impairment test on goodwill and intangible assets with indefinite life will be carried out in the second six-month period of this year. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2015.

- These unaudited statements have not been reviewed by our auditors.

3. Segment reporting

In accordance with the provisions of IFRS 8, the segments are identified based on internal reporting. The senior management board has been identified as the chief operating decision-maker. The senior management board reviews internal reporting on a periodical basis. With the disposal of the plastics recycling segment, the only remaining segments are the RVM and Holding company functions segments:

- RVM Segment : The deposit market activities under this segment include operation of systems to redeem, collect, account for and processing of post consumer beverage containers in the legislated environment including other related activities like sale and lease of RVMs, container data handling, management and deposit clearing functions. The non-deposit market activities under this segment include sales and market development activities for the automated recovery of used beverage containers in non-legislated environments. All of the group's RVM related research and development activities are also included under this segment.

- Holding Segment: This comprises of all holding company activities including head office and corporate expenses.

(Figures in euro thousands)	RVM Segment	Discontinued Operations	Holding Segment	Total
Six Months Ended 30 June 2015				
Segment Results				
Revenue from external customers	12,970	-	-	**12,970**
Other income / (expenses)	111	-	-	**111**
Depreciation & amortisation	965	-	265	**1,230**
Net profit attributable to owners of the parent	80	-	(682)	**(602)**
Segment Assets - 30 June 2015	23,702	-	6,738	**30,440**
Six Months Ended 30 June 2014*				
Segment Results				
Revenue from external customers	10,103	-	-	**10,103**
Other income / (expenses)	-	-	10,463	**10,463**
Depreciation & amortisation	882	-	278	**1,160**
Net profit attributable to owners of the parent	(628)	(1,882)	8,795	**6,285**
Segment Assets - 30 June 2014	20,264	11,665	14,472	**46,401**

*Certain figures have been restated for comparison purposes

4. Other income/(expenses)

Net other income from the sale of an asset for the first half year 2015 resulted in €0.11m. In 2014, sale of one of the patents by the Holding company in April 2014 resulted in a net profit of €10.63m offset by other costs of €0.17m to result in a net other income of €10.46m.

5. Transactions with Related Parties

There is a loan of €0.07m due to a related company owned by the majority shareholder

6. Borrowings – Third Parties

	6 months to 30 June 2015	**6 months to 30 June 2014**	**12 months to 31 December 2014**
	€'000	€'000	€'000
At beginning of period	3.512	6,896	6,896
New borrowings	5,827	6,052	8.904
Repayments	(3,622)	(4,968)	(12,827)
Translation effect	361	66	539
At end of period	6,078	8,046	3,512

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7. Jointly controlled assets

Since the termination of the pilot in 2014, the Group has incurred additional final closing costs in the first half of 2015 of €0.04m (1HY 2014 was €0.15m). The Group's share of the equity on 30 June 2015 amounted to €0.02m to recognise the 50% share of the remaining intangibles (reimagine trademark).

8. Consolidated cash flow

Group generated €0.62m cash from its operating activities in the first half of 2015 versus a €10.22m during the same period last year. Investments in tangible and intangible assets were €1.92m for the first half of 2015 (1HY2014 - €1.11m). The 2015 outflows were funded by borrowings during the first half of 2015 (the net proceeds received from the sale of a patent of €10.63m were used to fund 2014 outflows). Net borrowings were €2.14m for the first six months of 2015 (1HY2014 - €1.21m).

9. Post balance sheet events

One of our US subsidiary customers has filed for Chapter 11 bankruptcy protection on 19 July 2015. There are about 105 machines under an operating lease agreement as of 31 July 2015. Management does not believe that this event will adversely affect its financial position.