

STATE OF NEW YORK  
Annual Report 1967

## CONTENTS

## CONTENTS

## CONTENTS

Report of the board of directors	2
Financial Statements	
Consolidated income statement	8
Consolidated balance sheet	9
Consolidated cash flow statement	11
Consolidated statement of changes in equity	12
Notes to the consolidated financial statements	13
Separate company balance sheet	47
Separate company income statement	47
Notes to separate company financial statements	48
Other information	52
Auditor's report	55

## Financial Highlights

	2007	2006
Revenues of continued Operations (increase of 10%)	€43.2m	€39.1m
Gross Profit Margin	21.3%	20.4%
Net Loss after taxes	€0.4m	€0.4m
Net Loss per share	€0.004	€0.004
EBITDA	€4.2m	€5.2m
Shareholder's Equity	€11.7m	€12.0m
Liquidity Ratio (current assets/current liabilities)	1.4	1.1

## General

In 2007, Group revenues excluding discontinued operations saw an increase of over 10% to €43m (2006 - €39m). Due to containment in direct costs the margin also improved by about 1% to 21.3% from 20.4% in the previous year. However, increased operating costs resulted in lower EBITDA of €4.2m compared to €5.2m in 2006 for the total operations.

The US reverse vending and materials handling business increased its revenues by 5% in real terms. The main increase was due to the inclusion of full year operations of the US materials handling operation compared to two months in the previous period. However, stronger Euro had a negative impact on the reported revenues. Also increase in the costs resulted in a lower EBITDA figure of €1.9m when compared with €2.5m for last year. With the full integration of the materials handling business we now have a complete solution for our customers and can expect steady growth in this segment.

Sorepla, our French plastic recycling business increased its revenues by 25% to €25m (2006 - €20m). The net profit also increased to €0.3m for 2007 (2006 - €0.1m) resulting in a higher EBITDA of €2.8m against €2.6m in 2006, mainly due to steady raw materials and utilities costs.

The Helicopter maintenance business performed as expected and increased its revenues by about 15% resulting in higher operating profits of €1.0m (2006 - €0.4m). The sale of this unit was completed on 7 March 2008. A provision of €0.9m for the loss on disposal of this segment has been included in 2006.

On 8 December 2008, the controlling shareholders Mr Alexandre Bouri and Megatrade International S.A., transferred to Mr Gregory Garvey 18,101,367 shares in Envipco representing 14.64 % of the total outstanding shares of the Company for a consideration of €4.5m (at €0.2486 per share).

Mr Garvey has been 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 key performance targets, as agreed, to be realised on a yearly basis through 31 December 2011. He has also been appointed as the 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 (\$10.1m) in cash which would be available to the Company to fund its initiatives and business plan.

This subscription is payable in 5 instalments: €2.0m within 7 days of issue of shares, €1.0m by 31 January 2009, €1.0m by 30 April 2009, €1.0m by 31 August 2009 and the balance by 31 December 2009.

A performance based incentive tied to a share option plan for executives and employees of the Company has also been approved by the Board and the shareholders on 8 December 2008 for 13.5m shares.

In the new capital structure, once all the share issues are completed and share options granted and exercised, the total number of shares shall become 149,130,336 and include 24,407,811 depositary receipts. The total shares and depositary receipts owned by the parties shall be as follows: Mr Alexandre Bouri 67.34%, Mr Gregory Garvey 20.19% and the employees and public 12.47%.

### Outlook

With the new leadership and capital increase, we continue to remain optimistic about the future of Envipco. We foresee small growth for 2008 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 had 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 5% in real terms mainly due to the inclusion of full year's results of the materials handling business. Due to higher operating costs EBITDA decreased to €1.9m compared with €2.5m for last year. Overall margins remained steady at 21% despite a stronger Euro. Operating costs increased by about 4% (2006 – 4.5%). We are making 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 better as its revenues increased to €25m (2006 - €20m) during the year. The market conditions for raw materials and utilities costs remained steady which resulted in higher net profit of €0.3m compared with €0.1m for 2006. Continuing with its expansion plans the company further invested €1.2m 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 increased its revenues by 15%. The operating profit increased to €1.0m (2006: – €0.4m). The sale of this unit was completed on 7 March 2008. A loss of €0.9m on the disposal of this segment was taken in 2006.

#### Directors and their interests

The Board of Directors consisted of the following members:

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

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

On 8 December 2008 at the general meeting of the shareholders the following changes took place. It was resolved that the Articles of Association of the Company be amended to reflect the inclusion of Executive and Non executive Board members in the Board of Management. Five non executive and two Executive board members were appointed as follows:

#### Non-Executive:

**Alexandre F Bouri**, a citizen of Greece and Lebanon, aged 72, is the Chairman of the boards of several companies within a much diversified conglomerate; including the World largest independent cement handling and shipping company, doing business under "Seament and Seabulk" trade names. Mr. Bouri is also the principal owner of several companies. Alex is the Holder of a BSc from the American University in Beirut. In the new capital structure, once all the share issues are completed and share options granted and exercised, Mr Bouri shall own 67.34% of the issued share capital of the Company.

**Gregory S Garvey**, a citizen of the United States of America, aged 53, is currently the Chairman of Virtual Hold Inc, a privately held software company based in Ohio, U.S.A. He has served as Vice Chairman of Tomra Systems A/S and CEO and President of Tomra North America Inc. During his 11 years tenure at Tomra, the Company's market capital rose from 60 million US Dollars to 1 billion US Dollars. He also serves as a Vice Chairman of the Board of Wise Metals Group and was previously Vice Chairman of Tandberg ASA, a publicly traded video conferencing company based in Norway. In both companies, Greg has been a principal investor. Greg is a graduate of the University of New Haven, holding a BS in Financial accounting and is also a Certified Public Accountant. Gregory Garvey now owns 18,101,367 shares with a right to participate in a stock option plan for a further 12 million shares, which if exercised will bring his holding to 20.19% of the issued share capital of the Company.

**David F D'Addario**, a citizen of the United States of America, aged 47, is currently the Chairman and Chief Executive Officer of Wise Metals Group, also known as Wise Alloys, the World third largest producer of aluminum sheet for beverage and food cans. He also serves as Chairman and CEO of D'Addario Industries, a privately held diversified group involved in several industries. David is the founder of Neroc, Inc which was subsequently acquired by Tomra. David holds a B.A degree from Yale University

**Dick Stalenhoef**, a citizen of the Netherlands, aged 62, is an independent consultant. He has previously served as Vice Chairman of the Board of Delta Lloyd Bank, Amsterdam, Chief Executive Office of Smeets Securities B.V in Antwerp, Belgium and Managing Director of Chase Manhattan Bank, Amsterdam. Dick is the holder of a Civil law degree from the University of Tilburg.

**Guy Lefebvre**, a citizen of Belgium, aged 64 is a partner in a well established practicing lawfirm in France and in Belgium. He is the holder of a law degree from the Universite Libre of Brussels, Belgium and also a graduate of the Institut d'Etudes Europeenes de Bruxelles, Belgium.

#### Executive:

**Bhajun G Santchurn**, a citizen of the United Kingdom, aged 54, is the President and Chief Executive Officer of Envipco Holding N.V in the Netherlands and the Environmental Products Corporation in the US, since 2003. He also serves as Board member of several privately held companies involved in different industries around the world. He is a graduate of Emile Woof College of Accountancy in London, U.K. He is also a Fellow of the Association of Chartered Certified Accountants in the United Kingdom as well as member of the British Institute of Management and The British Institute of Directors.

**Christian Y Crepet**. A citizen of France, aged 54, is the Managing Director of Sorepla Industrie.S.A, the largest European PET recycling company. He has been with the company for over 12 years. Christian is also a member of the Board of Petcore, EUPR, (European Plastics Recyclers) industry associations regrouping all plastic recyclers in Europe. He is also a co-founder and member of EPBP (European PET Bottle Platform). He was also the general manager of Eni Chem France. Christian is the holder of a degree in law and an executive MBA from Haute Etude Commerciales, Paris, France.

Neil Turpie and Hugues Letellier resigned from the Board as of 8 December 2008.

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 €363 and €425 during 2007 and 2006 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 recognises 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 2007 and 2006.

	December 31			
	2007		2006	
	Number of Shares	Percentage	Number of Shares	Percentage
Megatrade International SA	1,294,125	1.38%	1,294,125	1.38%
Banque Saradar	1,702,022	1.82%	1,702,022	1.82%
A.F.Bouri	83,256,182	88.94%	83,256,182	88.94%

**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 financials 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 2007 have been delayed until now mainly due to the delayed finalisation of the 2006 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 N.V., due to its current size and additional expenses required in adopting and implementing these codes, has decided to defer its implementation during the next 1-2 years. On 8 December 2008, at the General Meeting of the Shareholders it was resolved that the Articles of Association of the Company be amended to reflect the implementation of a two tier board with the appointment of five Non-executive and two Executive board members.

**Post balance sheet events**

Details of the post balance sheet events are given in Note 27 of the Notes to the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

ENVIPCO

(All amounts in thousands of euro)

	Note	2007	2006
Revenue	(6)	43,273	39,081
Cost of revenue		(32,761)	(29,501)
Leasing depreciation		(1,311)	(1,595)
<b>Gross profit</b>		<b>9,201</b>	<b>7,985</b>
Selling expenses	(7)	(338)	(443)
General and administrative expenses	(7)	(8,462)	(6,546)
<b>Operating result</b>		<b>401</b>	<b>996</b>
Other income	(8)	115	401
Financial expense		(808)	(672)
Financial income		31	59
Exchange gains/(losses)		(209)	(46)
<b>Result before taxes</b>		<b>(470)</b>	<b>738</b>
Income taxes	(10)	(646)	(169)
<b>Net result from continuing operations</b>		<b>(1,116)</b>	<b>569</b>
Net result from discontinued operations	(26)	722	(929)
<b>Net results after tax</b>		<b>(394)</b>	<b>(360)</b>
Minority interest		(19)	(8)
<b>Net result</b>		<b>(413)</b>	<b>(368)</b>
<b>Attributable to</b>			
Ordinary shareholders		(413)	(368)
<b>Earnings/(loss) per ordinary share from continuing operations</b>	(11)		
▶ Basic		(0.012)	0.006
▶ Fully diluted		(0.012)	0.006
<b>Earnings/(loss) per ordinary share from total operations</b>	(11)		
▶ Basic		(0.004)	(0.004)
▶ Fully diluted		(0.004)	(0.004)

In thousands of euros

	Note	2007	2006
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	(12)	878	307
Property, plant and equipment	(13)	12,396	13,533
Other non-current assets	(14)	937	813
Deferred tax assets	(15)	51	289
<b>Total non-current assets</b>		<b>14,062</b>	<b>14,942</b>
<b>Current assets</b>			
Inventory	(16)	6,471	8,315
Trade and other receivables	(17)	8,056	8,278
Cash and cash equivalents	(18)	826	575
<b>Total current assets</b>		<b>25,573</b>	<b>28,432</b>
<b>Assets of discontinued operations held for sale</b>	(26)	<b>10,220</b>	<b>11,264</b>
<b>Total assets</b>		<b>39,635</b>	<b>43,374</b>

(In thousands of euros)

	Note	2007	2006
<b>Equity</b>	(19)		
Share capital		936	936
Share premium		41,753	41,753
Translation reserve		209	146
Retained earnings		(31,229)	(30,879)
<b>Total equity</b>		<b>11,669</b>	<b>11,956</b>
Minority interest	(20)	142	104
<b>Liabilities</b>			
<b>Non-current liabilities</b>	(21)		
Borrowings		8,912	4,742
Other liabilities		815	791
<b>Total non-current liabilities</b>		<b>9,727</b>	<b>5,533</b>
<b>Current liabilities</b>			
Borrowings	(21)	1,282	5,790
Bank overdraft		593	-
Trade creditors		9,126	11,446
Accrued expenses		2,962	2,727
Other current liabilities	(22)	1,062	2,380
		15,025	22,343
Liabilities directly associated with Discontinued operations held for sale	(26)	3,072	3,438
<b>Total current liabilities</b>		<b>18,097</b>	<b>25,781</b>
<b>Total liabilities</b>		<b>27,824</b>	<b>31,314</b>
<b>Total equity and liabilities</b>		<b>39,635</b>	<b>43,374</b>

**CONSOLIDATED CASH FLOW STATEMENT**
**ENVIPCO**

(In thousands of euros)

	Note	2007	2006
<b>Cash flow (used in) / provided by operating Activities</b>			
Operating result		401	996
Results of minority interest		38	-
Interest received		31	59
Interest paid		(808)	(672)
Income taxes paid		(199)	(169)
Depreciation and amortisation	2/3	3,180	3,739
Other income		115	401
		2,758	4,354
Changes in trade and other receivables		184	2,015
Changes in inventories		1,844	(3,123)
Changes in provisions	(21)	-	(782)
Changes in trade and other payables		(3,031)	6,453
		(1,003)	4,563
<b>Cash flow (used in)/ provided by operating activities</b>		1,755	8,917
<b>Cash flow (used in)/provided by investing Activities</b>			
Net investment in fixed assets		(2,538)	(3,218)
<b>Cash flow (used in)/ provided by investing activities</b>		(2,538)	(3,218)
<b>Cash flow (used in)/provided by financing Activities</b>			
Increase in common stock, net		-	17,300
Changes in Minority Interest		-	104
Change in equity		63	(646)
Changes in borrowings and capital lease obligations		(485)	(21,795)
<b>Cash flow (used in)/ provided by financing activities</b>		(422)	(5,037)
<b>Net cash flow for the period</b>		(1,205)	662
Foreign currency differences and other changes		56	(55)
Cash flow from not consolidated subsidiaries		1,400	(929)
		1,456	(984)
<b>Changes in cash and cash equivalents, net of bank overdrafts for the period</b>	(18)	251	(322)
Opening balance cash and cash equivalents		575	897
Closing balance cash and cash equivalents		826	575

(in thousands of euros)

	Share capital	Share premium	Retained earnings	Other reserves	Translation Reserve	Equity
<b>Balance at 1 January 2006</b>	<b>244</b>	<b>25,145</b>	<b>(30,233)</b>	<b>-</b>	<b>515</b>	<b>(4,329)</b>
Net result	-	-	(368)	-	-	(368)
Currency translation adjustment	-	-	-	-	(369)	(369)
Increase in capital	692	16,608	-	-	-	17,300
Other movements	-	-	(278)	-	-	(278)
Total recognised movements for the year ended 31 December 2006	692	16,608	(646)	-	(369)	16,285
<b>Balance at 31 December 2006</b>	<b>936</b>	<b>41,753</b>	<b>(30,879)</b>		<b>146</b>	<b>11,956</b>
Net result	-	-	(413)	-	-	(413)
Currency translation adjustment	-	-	-	-	63	63
Increase in capital	-	-	-	-	-	-
Other movements	-	-	63	-	-	63
Total recognised movements for the year ended 31 December 2007	-	-	(350)	-	63	(287)
<b>Balance at 31 December 2007</b>	<b>936</b>	<b>41,753</b>	<b>(31,229)</b>	<b>-</b>	<b>209</b>	<b>11,669</b>

**(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 31<sup>st</sup> March 2009 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 as adopted by the European Union (hereafter: IFRS)

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 realised 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 2007 adopted by the group

*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.

(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 2007 but are currently not relevant to the group's operations:

*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.

(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 after 1 January 2007 or later periods and which the group has decided not to adopt early. These are:

*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 only.

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 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 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 has assessed that there is no 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 has assessed that there is no 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 IAS 27 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 IAS 27 Consolidated and Separate Financial Statements (issued 10 January 2008, for accounting periods beginning on or after 1 July 2009). This amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting

depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. The amendment does not require the restatement of previous transactions. The amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised. This change is not relevant to the Group, as it requires no restatement of previous transactions since Company did not perform any business acquisitions during 2007.

Amendment to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate (for accounting periods beginning on or after 1 January 2009). This amendment allows a first-time adopter that, in its separate financial statements, elects to measure its investments in subsidiaries, jointly controlled entities or associates at cost to initially recognise these investments either at cost determined in accordance with IAS 27 or deemed cost (being either its fair value at the date of transition to IFRSs or its previous GAAP carrying amount at that date). This does not apply as it is only for first time adoption.

*IFRIC 15 Agreements for the Construction of Real Estate* (Issued 3 July 2008, for accounting periods beginning on or after 1 January 2009). This Interpretation clarifies the definition of a construction contract, the interaction between IAS 11 and IAS 18 and provides guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18. For some entities, the Interpretation may give rise to a shift from the recognition of revenue using the percentage of completion method to the recognition of revenue at a single time (e.g. at completion upon or after delivery). Affected agreements will be mainly those accounted for in accordance with IAS 11 that do not meet the definition of a construction contract as interpreted by the IFRIC and do not result in a "continuous transfer" (i.e. agreements in which the entity transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses).has no affect on the company's financial statements as it does not apply hedge accounting. This does not apply as the Company does not perform Construction of Real Estate.

*IFRIC 16 Hedges of a Net Investment in a Foreign Operation* (Issued 03 July 2008, for accounting periods beginning on or after 1 October 2008). IFRIC 16 clarifies that: (a) The presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. (b) The hedging instrument(s) may be held by any entity or entities within the group, other than the entity being hedged. (c) While IAS 39 Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item IFRIC 16 applies prospectively from its effective date. There is no impact of this to the Company as it does not apply hedge accounting.

*IFRIC 17 Distribution of Non-cash Assets to Owners* (Issued 27 November 2008, for accounting periods beginning on or after 1 July 2009). Prior to this interpretation, IFRSs did not address how an entity should measure distributions of assets other than cash when it pays dividends. Dividends payable were sometimes recognised at the carrying amount of the assets to be distributed and sometimes at their fair value. The Interpretation clarifies that: a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity; that an entity should measure the dividend payable at the fair value of the net assets to be distributed; and, that an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It does not have to be applied retrospectively. This is not applicable, as there was no distribution of assets other than cash.

*Improvements to IFRS's* (Issued 22 May 2008, for accounting periods beginning on or after 1 January 2009). This amendment takes various forms, including the clarification of the requirements of IFRSs and the

elimination of inconsistencies between Standards. The most significant changes cover the following issues: The classification of assets and liabilities as held for sale where a non-controlling interest is retained; accounting by companies that routinely sells assets previously held for rental to Others; accounting for loans given at a nil or below market rate of interest; the reversal of impairments against investments in associates accounted for using the equity method; the timing of expense recognition for costs incurred on advertising and other promotional activity; and accounting for properties in the course of construction. The impact is being investigated and will be disclosed in future periods as applicable.

*Revised IFRS 1 First time Adoption of International Financial Reporting Standards* (Issued 27 November 2008, for accounting periods beginning on or after 1 January 2009). The revised version of IFRS 1 has an improved structure but does not contain any technical changes. See page 16 for same remarks as first time adoption.

*Revised IFRS 3 Business Combinations* (issued 10 January 2008, for accounting periods beginning on or after 1 July 2009). The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. This includes much of the current guidance for the identification and recognition of intangible assets separately from goodwill. However, in some respects the revised standard may result in very significant changes, including: the requirement to write off all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognise an intangible asset even if it cannot be reliably measured; and an option to gross up the balance sheet for goodwill attributable to minority interests (which are renamed 'non-controlling interests'). The revised standard does not require the restatement of previous business combinations. Revised IFRS 3 must be adopted at the same time as the amendment to IAS 27. Amendment to IAS 27 Consolidated and Separate Financial Statements: This amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. Amendment does not require the restatement of previous transactions. The amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised. This change is not relevant to the Group, as it requires no restatement of previous transactions since Company did not perform any business acquisitions during 2007 and 2006.

*Amendments to IAS 39 and IFRS 7* (Issued 13 October 2008, for accounting periods beginning on or after 1 July 2008). This amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. There is no impact to the Company as it does not have any financial instruments, which are recognised at fair value through profit and loss.

*Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments – Effective Date and Transition* (Issued 27 November 2008, for accounting periods beginning on or after 1 July 2008). This amendment clarifies the effective date and transitional arrangements of the Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments (Issued 13 October 2008). This does not apply as noted in the paragraph above.

*Amendments to IAS 39 Financial Instruments Recognition and Measurement: Eligible* (Issued 31 July 2008, for accounting period beginning on or after 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in the designation of a one-sided risk in a hedged item, and inflation in a financially hedged item. There is no effect on the Company's financial statements as it does not apply hedge accounting.

*Amendment to IAS 32 and IAS Puttable Financial Instruments and Obligations Arising on Liquidation* (Issued 14 February 2008, for accounting periods beginning on or after 1 January 2009). This amendment results in certain types of financial instruments that meet the definition of a liability, but represent the residual interest in the net assets of the entity, being classified as equity. The amendment requires entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: (a) Puttable financial instruments; and, (b) Instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. There is no impact to the company results as it does not have any Puttable Financial Instruments.

*Amendment to IAS 1 Presentation of Financial Statements: A Revised Presentation* (Issued 06 September 2008 and effective for accounting periods beginning on or after 1 January 2009). The amendment to IAS 1 affects the presentation only of owner changes in equity and of comprehensive income. An entity will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. There is no effect on equity or results as it concerns only presentation.

*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 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. – Rebeville, 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.

#### 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.

#### 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. The discontinued operations are stated at the lower of carrying amount and fair value less costs to sell. 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 its recoverable amount.

The recoverable amount is the higher of the cash generating unit's fair value less costs to sell and value in use. Impairment testing of goodwill is performed at the level of the cash generating units, which is the smallest identifiable group of assets to independently generate cash flows. For the group, the smallest cash generating units comprise the activities of one single country. 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 (Note 12).

**Discontinued operations valuation**

Assets and associated liabilities of discontinued operations have been valued at fair value less costs to sell.

**Allowance for inventory obsolescence**

All RVM parts inventory is valued at the lower of cost and net realisable value. For repaired inventory, the estimated value has been assessed at 50% of cost.

**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) Capital management**

The group's capital consists of its net equity. Management monitors and assesses the capital requirements for the Group and ensures that enough funding is available to meet the working capital requirements and also for the future business development. To raise funding, the Group considers both committed credit lines and equity contributions.

**(5) Financial Risk Management**

The group has exposure to Credit, Liquidity and Market risks on the financial instruments used by it. The Board of Directors has the overall responsibility to monitor and manage these risks.

**Credit risk**

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions mainly involving trade receivables. 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. Cash and cash equivalents are held with reliable counterparties.

European receivables are monitored using credit insurance and invoice factoring and hence pose no credit risk. US operations manage receivables through a system of deposit accounting where Envipco acts as a clearing house, but disburses funds to customers only after collections have been made from its receivables.

The carrying amount of financial assets represents the maximum credit exposure. This maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

		€'000 Current	€'000 30 Days	€'000 60 Days	€'000 90 Days & Over	€'000 TOTAL
2007	Europe	-	-	2,851	1,488	4,339
	United States	2,437	599	207	474	3,717
		<u>2,437</u>	<u>599</u>	<u>3,058</u>	<u>1,962</u>	<u>8,056</u>
2006	Europe	-	-	2,991	1,113	4,104
	United States	2,855	668	176	475	4,174
		<u>2,855</u>	<u>668</u>	<u>3,167</u>	<u>1,588</u>	<u>8,278</u>

#### Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in meeting its obligations as they fall due. The Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligation in a timely manner. The executive directors follow prudent liquidity risk management by maintaining sufficient cash, enforcing strict credit policy and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Liquidity is managed by invoice factoring in Europe and closely pursuing receivable collections in the US and also by keeping the committed credit lines in place.

The following are the Group's contractual maturities of financial liabilities:

		€'000 In 1 Year	€'000 1-2 Years	€'000 2-5 Years	€'000 > 5 Years	€'000 TOTAL
2007	<b>Europe</b>					
	Leases & Payables	-	519	-	246	765
	Bank Debt	590	1,749	1,541	77	3,957
	<b>United States</b>					
	Leases & Payables	6,876	2,443	441	-	9,760
	Bank Debt	1,311	-	-	-	1,311
	Shareholder Loan	-	384	-	-	384
		<u>8,777</u>	<u>5,095</u>	<u>1,982</u>	<u>323</u>	<u>16,177</u>
2006	<b>Europe</b>					
	Leases & Payables	-	496	-	157	653
	Bank Debt	1,282	630	979	184	3,075
	<b>United States</b>					
	Leases & Payables	4,500	1,410	999	-	6,909
	Bank Debt	4,661	-	-	-	4,661
	Shareholder Loan	-	1,711	-	-	1,711
		<u>10,443</u>	<u>4,247</u>	<u>1,978</u>	<u>341</u>	<u>17,009</u>

Included in the above maturities are off balance sheet deferred lease revenues of €5,390 (2006 – €6,477).

#### 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 Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

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.

#### Sensitivity analysis

A 4.3% strengthening of US Dollar against the Euro would have increased the profit after tax and equity by €21 (2006 – €36) and €77 (2006 – €199) respectively and a 4.3% decline in US Dollar against the Euro would have had equal but opposite effect on the basis that all other variables remain constant.

#### 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. The Group tries to minimise its interest rate risk by negotiating a fixed interest rate for the borrowings.

#### Cash flow sensitivity analysis

A reduction of 0.25% in interest rates would have increased the profit after tax and equity by €16 (2006 – €18) and an increase of 0.25% would have had equal but opposite effect with other factors remaining constant.

#### Price risk

The group does not have exposure to any significant price risk.

## (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:

	2007				2006			
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
<b>Revenues</b>								
Continuing operations								
Sale of goods	16,174	2,992	649	19,815	12,985	2,839	565	16,389
Service revenue	8,956	11,157	-	20,107	7,528	11,547	-	19,075
Leasing revenue	-	3,351	-	3,351	-	3,617	-	3,617
<b>Total</b>	<b>25,130</b>	<b>17,494</b>	<b>649</b>	<b>43,273</b>	<b>20,513</b>	<b>18,003</b>	<b>565</b>	<b>39,081</b>
Discontinued operations								
Engine overhaul	5,550	7,556	-	13,108	7,025	6,856	-	13,881
Sale of parts	5,341	1,912	-	7,253	2,221	1,591	-	3,812
<b>Total</b>	<b>10,891</b>	<b>9,470</b>	<b>-</b>	<b>20,361</b>	<b>9,246</b>	<b>8,447</b>	<b>-</b>	<b>17,693</b>

	2007				2006			
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
<b>Gross assets</b>								
Continuing operations	17,263	11,825	327	29,415	18,220	13,502	388	32,110
Discontinued operations	5,411	4,809	-	10,220	6,258	5,006	-	11,264
<b>Total</b>	<b>22,674</b>	<b>16,634</b>	<b>327</b>	<b>39,635</b>	<b>24,478</b>	<b>18,508</b>	<b>388</b>	<b>43,374</b>

	2007				2006			
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
<b>Segment Results</b>								
Continuing operations	(94)	(425)	(167)	(686)	733	499	(244)	988
Discontinued operations	211	62	-	273	(787)	(569)	-	(1,356)
<b>Total</b>	<b>117</b>	<b>(363)</b>	<b>(167)</b>	<b>(413)</b>	<b>(54)</b>	<b>(70)</b>	<b>(244)</b>	<b>(368)</b>

	2007				2006			
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
Gross Liabilities								
Continuing operations	17,123	7,629	-	24,752	15,389	12,172	315	27,876
Discontinued operations	1,725	1,347	-	3,072	1,206	2,232	-	3,438
Total	18,848	8,976	=	27,824	16,595	14,404	315	31,314

	2007				2006			
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
Cost of Property, Plant & Equipment and Intangibles Additions								
Continuing operations	3,324	1,171	-	4,495	2,967	6,173	-	9,140
Discontinued operations	149	56	-	205	280	-	-	280
Total	3,473	1,227	=	4,700	3,247	6,173	-	9,420

	2007				2006			
	Europe	North America	Rest of the World	Total	Europe	North America	Rest of the World	Total
Depreciation & Amortisation Expense								
Continuing operations	1,603	1,557	20	3,180	2,049	1,701	49	3,799
Discontinued operations	159	251	-	410	207	360	-	567
Total	1,762	1,808	20	3,590	2,256	2,061	49	4,366

There were no non-cash expenses other than depreciation and amortisation.

There were no associates or joint ventures where equity accounting was required.

## (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 €1,869 (2006: €2,204), research and development costs of €305 (2006: €269). The fee paid to the auditors for the following services is included in general expenses as well and can be specified as follow:

	2007	2006
Audit fee	351	384
Tax services	62	37
Other services	1	1
	<u>414</u>	<u>422</u>

## BDO, Netherlands

	2007	2006
Audit fee	100	81
Other non-audit services	-	-
	<u>100</u>	<u>81</u>

## (8) Other income

Other income relates to government grant received by the group companies of €115 (2006: €401).

(9) Employee benefit expense	2007	2006
Salaries	6,259	6,302
Social security expenses	2,139	2,034
Pension expenses	25	22
	<u>8,423</u>	<u>8,358</u>
	<u>2007</u>	<u>2006</u>
Average number of employees		
Continuing operations		
North America	123	111
Europe	89	89
	<u>212</u>	<u>200</u>
Discontinued operations		
North America	23	23
Europe	89	89
	<u>112</u>	<u>112</u>
Total	<u>324</u>	<u>312</u>

## (10) Income taxes

## Effective tax rate

Envipco operates in several jurisdictions with varied local statutory income tax rates. This causes a difference between the average statutory income tax rate and The Netherlands tax rate of 25.5%. 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 25.5%, can be specified as follows:

		2007		2006
Profit/(loss) before tax		(470)		738
Taxation at statutory rate	25.5%	120	29.6%	(218)
Lower statutory tax rates on foreign subsidiaries		(268)		1,011
Losses under participation exemption		(498)		(962)
Effective income tax		<u>(646)</u>		<u>(169)</u>

The decrease of the nominal tax rate from 29.6% to 25.5% is caused by a general decrease of the company tax rates in The Netherlands. The taxable loss for which no deferred tax asset was recorded is € 21,876 (2006: €24,348).

## (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. 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:

	2007	2006
<b>Basic</b>		
Net result attributable to holders of ordinary shares from continuing operations	(1,116)	569
Net result attributable to holders of ordinary shares from discontinued operations	722	(929)
Minority	(19)	(8)
Net result attributable to holders of ordinary shares	<u>(413)</u>	<u>(368)</u>
 Net result per ordinary share - basic from continuing operations	 (0.012)	 0.006
Net result per ordinary share - basic from discontinued operations	<u>0.008</u>	<u>(0.010)</u>
Net result per ordinary share - basic	<u>(0.004)</u>	<u>(0.004)</u>
<b>Fully Diluted</b>		
Net result per ordinary share - fully diluted from continuing operations	(0.012)	0.006
Net result per ordinary share - fully diluted from discontinued operations	<u>0.008</u>	<u>(0.010)</u>
Net result per ordinary share - fully diluted	<u>(0.004)</u>	<u>(0.004)</u>

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, licenses & intellectual property	Total
<b>At 1 January 2006</b>			
Cost	930	975	1,905
Accumulated amortization	(780)	(975)	(1,755)
Net carrying amount	150	-	150
<b>Changes to net carrying amount in 2006</b>			
Additions	-	174	174
Disposals	-	-	-
Amortisation	-	(2)	(2)
Currency translation differences	(15)	-	(15)
Total changes in 2006	(15)	172	157
<b>At 31 December 2006</b>			
Cost	915	1,149	2,064
Accumulated amortization and impairment	(780)	(977)	(1,757)
Net carrying amount	135	172	307
<b>Changes to net carrying amount in 2007</b>			
Additions	-	390	390
Disposals	-	-	-
Amortisation	-	(2)	(2)
Currency translation differences	(14)	(3)	(17)
Total changes in 2007	(14)	385	371
<b>At 31 December 2007</b>			
Cost	901	1,536	2,437
Accumulated amortization and impairment	(780)	(979)	(1,759)
Net carrying amount	121	557	678

**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. Please refer to Note 26 for more information on discontinued operations.

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

**Other intangible assets**

Included in concessions, licenses and intellectual property are €390 of in use and registered patents and trade marks acquired during the year.

**(13) Property, plant and equipment****At 1 January 2006**

	Reverse vending machines	Land & buildings	Plant & machinery	Vehicles & equipment	Total
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)	(1,001)	(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
<b>Total changes in 2006</b>	<b>(1,247)</b>	<b>(368)</b>	<b>436</b>	<b>534</b>	<b>(645)</b>

**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

**Changes to net carrying amount in 2007**

Additions	670	1,239	1,886	342	4,137
Disposals	(188)	(197)	(1,162)	(99)	(1,646)
Depreciation	(1,311)	(402)	(983)	(387)	(3,083)
Currency translation	(439)	(8)	(104)	6	(545)
Adjustments and reclassifications - cost	(3,251)	(1,249)	(5,302)	1,525	(8,277)
Adjustments and reclassifications - depreciation	3,251	1,249	5,302	(1,525)	8,277
<b>Total changes in 2007</b>	<b>(1,268)</b>	<b>632</b>	<b>(363)</b>	<b>(138)</b>	<b>(1,137)</b>

**At 31 December 2007**

Cost	34,769	7,391	9,448	5,118	56,726
Accumulated depreciation	(30,918)	(2,342)	(6,686)	(4,384)	(44,330)
Net carrying amount	3,851	5,049	2,762	734	12,396

Plant and machinery includes €298 (2006 €576) for an asset which is under construction.

(14) Other non-current assets	2007	2006
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## Schedule of movement

At beginning of year	813	866
Addition	223	18
Withdrawal	(99)	(71)
At end of year	937	813

## Other non-current assets

	2007	2006
Deposits with Suppliers and Vendors	937	749
Debt issuing costs	-	64
	937	813

## (15) Deferred tax assets

	2007	2006
At beginning of year	289	269
Addition/reclassification	38	37
Withdrawal/release	(276)	(17)
At end of year	51	289

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) Inventory	2007	2006
----------------	------	------

Finished goods	1,790	2,657
Raw material and parts	4,227	5,710
Work in progress	743	241
Provision for obsolescence	(289)	(293)
Inventory	6,471	8,315

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.

## Schedule of movement of provision for obsolescence

	2007	2006
At beginning of period	293	368
Additions	671	143
Withdrawals/Releases	(675)	(218)
At end of period	<u>289</u>	<u>293</u>

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

(17) Trade and other receivables	2007	2006
Trade receivables	7,815	8,084
Other receivables	129	104
Prepaid expenses	112	90
	<u>8,056</u>	<u>8,278</u>

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.

(18) Cash and cash equivalents	2007	2006
Cash at bank and in hand	826	575
Cash and cash equivalents	<u>826</u>	<u>575</u>

The cash balances are at free disposal of the Company.

## (19) Shareholders' equity

## Share Capital

	Ordinary shares		Total
	Nominal value A Shares	Nominal value B Shares	
At 1 January 2006	6	238	244
Issue of shares	692	-	692
At 31 December 2006	698	238	936
At 1 January 2007	698	238	936
Issue of shares	-	-	-
At 31 December 2007	698	238	936
<b>Number of ordinary shares</b> (in thousands)		2007	2006
At 1 January		93,607	24,407
Issued		-	69,200
At 31 December		93,607	93,607
<b>Authorized share capital</b> (amounts in thousands)		2007	2006
Ordinary Shares			
200,000,000 Class A shares of €0.01 each		2,000	2,000
200,000,000 Class B shares of €0.01 each		2,000	2,000
		4,000	4,000

On 26<sup>th</sup> of June 1998 Stichting Administratiekantoor Envipco Holding N.V., ("the Trust Office"), with its registered address at Leliegracht 10, 1015 DE, Amsterdam, issued bearer Depositary Receipts in exchange for Class A shares in Envipco Holding N.V.

5,000,000 Depositary 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 29<sup>th</sup> 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 voting rights and share of dividends on each class of shares are the same. Dividend reserve for each class of share is maintained.

The Trust Office manages and administers the shares received in exchange for Depositary 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 Depositary 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 Depositary Receipts and the Trust Office. One of the conditions stipulates that holders of Depositary 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 deduct the 2007 net result from retained earnings.

#### (20) Minority interest

Changes in minority interest during the year ended 31 of December 2007 were as follows:

	2007	2006
At beginning of period	104	-
Result for the period	19	(8)
Translation reserve	19	112
At end of period	<u>142</u>	<u>104</u>

#### (21) Non-current liabilities

	2007	2006
Borrowings	<u>8,912</u>	<u>4,742</u>

Other liabilities

	2007	2006
Deferred taxation	608	437
Other non-current liabilities	-	60
Deferred income	<u>207</u>	<u>294</u>
	<u>815</u>	<u>791</u>

Provisions

	2007	2006
Provision against investments	-	-
	<u>-</u>	<u>-</u>

#### Schedule of movement of provision against investments

	2007	2006
At beginning of period	-	782
Additions	-	-
Other liabilities	-	-
Withdrawals/Releases	-	(782)
At end of period	<u>-</u>	<u>-</u>

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 in 2006 as management believed that these were no longer required.

(21) Non-current liabilities (continued)

**Borrowings**

	2007	2006
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 was secured by a fixed and floating charge over the assets of Environmental Products Corporation, USA. This facility was also secured by a first mortgage on the real estate owned by the Company. The debt was settled on 27 December 2007.	-	4,661
Sorepla Industrie S.A. entered into various secured and unsecured borrowing agreements with various parties totaling €4,132 (2006 - €3,728) with maturity dates ranging from 2006 to 2012.	4,132	3,728
Envipco Pickup and Processing Services Inc., entered into a seven year loan agreement on 30 May 2007 for US\$ 1,875 with a floating interest. This loan is secured by the real estate and improvements. In addition to the interest the monthly payments also include a portion of principal calculated based on a 7 year amortization period with a balloon payment at end of year 7.	1,310	-
Envipco Holding N.V. entered into a secured loan agreement of US\$18,482 with its main shareholder with interest at 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 is Euros. Of the total outstanding balance an amount of €17,300 was converted to equity on 16 February 2006.	3,477	785
Other loans	1,275	1,358
<b>Total</b>	<b>10,194</b>	<b>10,532</b>
<b>Future payments under long term borrowings</b>	<b>2007</b>	<b>2006</b>
Current	1,282	5,790
Due between 2 to 5 years	8,708	3,384
> 5 years	204	1,358
<b>Total borrowings</b>	<b>10,194</b>	<b>10,532</b>
<b>Schedule of movement</b>	<b>2007</b>	<b>2006</b>
At beginning of period	10,532	28,720
Increase	6,342	11,032
(Decrease)	(5,954)	(28,690)
Translation effect	(726)	(530)
<b>At end of period</b>	<b>10,194</b>	<b>10,532</b>

**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.

	2007	2006
Un-amortised balance	<u>207</u>	<u>294</u>

**(22) Other current liabilities**

	2007	2006
Other liabilities	-	1,779
Tax and social security contributions	<u>1,062</u>	<u>601</u>
	<u>1,062</u>	<u>2,380</u>

### (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 2007, expenses related to defined contribution plans amounted to €69 (2006: €153).

### (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 2007 and 2006 were as follows:

	2007	2006
Current	272	136
Between 2 to 5 years	900	282
	<u>1,172</u>	<u>418</u>

Rent expenses for the year ended 31 December 2007 were approximately €299 (2006: €388).

#### 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 2007 and 2006 were as follows:

	2007	2006
Current	2,506	1,774
Between 2 to 5 years	2,884	4,703
	<u>5,390</u>	<u>6,477</u>

Lease revenues from Reverse Vending Machines for the year ended 31 December 2007 were approximately € (2006 €3,617).

## (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 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 27).

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 2007 of €81 (2006 was €89 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 €183, which remained payable at end of 2007.

**Loans**

Please refer to Note 21.

## (25) Acquisitions

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
	<u>478</u>
Current assets	
Inventory	22
	<u>22</u>
<b>Total assets</b>	<u>500</u>

**(26) Discontinued operations**

The assets and liabilities related to the Company's helicopter maintenance business have been presented as held for sale from the time it was decided to divest this activity. Execution of the sale and purchase agreement occurred on 7 March 2008 with Industria de Turbinas de Helicopteros S.L.

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

	2007	2006
Revenue	20,361	17,693
Cost of sales	<u>(15,272)</u>	<u>(12,852)</u>
Gross profit	5,089	4,841
Selling expenses	(47)	(295)
General and administrative expenses	<u>(3,599)</u>	<u>(4,122)</u>
Operating result	1,443	424
Interest expense	(15)	-
Interest income	-	-
Exchange gain/(loss)	(244)	(602)
Other income	-	180
Provision for loss on disposal of assets	<u>(410)</u>	<u>(949)</u>
Result before taxes	774	(947)
Income taxes	<u>(52)</u>	<u>18</u>
Result after taxes of discontinued operations	<u>722</u>	<u>(929)</u>

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

	2007	2006
Intangible assets	87	287
Property, plant and equipment	409	862
Other non-current assets	101	43
Cash and cash equivalents	327	1,270
Trade receivables	1,909	2,338
Inventory	6,707	6,206
Other current assets	680	258
Assets of discontinued operations held for sale	<u>10,220</u>	<u>11,264</u>

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

	2007	2006
Borrowings (current and non-current)	-	-
Trade creditors	1,498	2,599
Accrued expenses	1,488	730
Other current liabilities	<u>86</u>	<u>109</u>
Liabilities directly associated with discontinued operations held for sale	<u>3,072</u>	<u>3,438</u>

(26) Discontinued operations (continued)

The equity of the operating company held for sale at 31 December 2007 amounted to €1,081 (2006 - €898).

(27) Post balance sheet events

**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 €20.3m 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 had been provided in 2006 for the expected loss on disposal of this segment.

**Law suit settlement**

In a separate litigation against a US subsidiary, a plaintiff alleges breach of contract making a claim of about €288. The Subsidiary has counterclaimed, for breach of the same contract and for fraud and negligence that damaged the Subsidiary's business, for a sum of about €323. On 12 September 2008, the matter was settled without any further financial impact.

**Change in capital structure**

On 8 December 2008, the controlling shareholders Mr Alexandre Bouri and Megatrade International S.A., transferred to Mr Gregory Garvey 18,101,367 shares in Envipco representing 14.64 % of the total outstanding shares of the Company for a consideration of €4.5m (at €0.2486 per share).

Mr Garvey has been 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 key performance targets, as agreed, to be realised on a yearly basis through 31 December 2011. He has also been appointed as the 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 (\$10.1m) in cash which would be available to the Company to fund its initiatives and business plan. This subscription is payable in 5 instalments: €2.0m within 7 days of issue of shares, €1.0m by 31 January 2009, €1.0m by 30 April 2009, €1.0m by 31 August 2009 and the balance by 31 December 2009.

A performance based incentive tied to a share option plan for executives and employees of the Company has also been approved by the Board and the shareholders on 8 December 2008 for 13.5m share.

In the new capital structure, once all the share issues are completed and share options granted and exercised, the total number of shares shall become 149,130,336 and include 24,407,811 depositary receipts. The total shares and depositary receipts owned by the parties shall be as follows: Mr Alexandre Bouri 67.34%, Mr Gregory Garvey 20.19% and the employees and public 12.47%.

### **Change in management**

On 8 December 2008 at the general meeting of the shareholders the following changes took place. It was resolved that the Articles of Association of the Company be amended to reflect the inclusion of Executive and Non-executive board members in the Board of Management. Five Non-executive and two Executive board members were appointed as follows:

#### **Non-executive**

Mr. Gregory Garvey (Chairman)  
Mr. Alexandre Bouri  
Mr. Dick Stalenhoef  
Mr. Guy Lefebvre  
Mr. David D'Addario

#### **Executive**

Mr. Bhajun Santchurn  
Mr. Christian Crépet

Neil Turpie and Hugues Letellier resigned from the Board as of 8 December 2008.

**SEPARATE COMPANY BALANCE SHEET AS AT 31 DECEMBER**

BEFORE PROPOSED APPROPRIATION OF PROFITS

**ENVIPCO**

(in thousands of euros)

	Note	2007	2006
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets		529	170
Tangible assets		-	300
Financial fixed assets	(B)	7,410	4,470
Loans to group companies	(C)	9,070	10,576
		17,009	15,516
<b>Current assets</b>			
Receivables		33	-
Cash		438	23
		471	23
<b>Total assets</b>		<b>17,480</b>	<b>15,539</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	(D)		
Share capital		936	936
Share premium		41,753	41,753
Translation reserve		209	146
Retained earnings		(31,229)	(30,879)
		11,669	11,956
<b>Provisions</b>			
Provisions for Consolidated Group Companies		360	826
<b>Non-current liabilities</b>	(F)	4,755	1,977
<b>Current liabilities</b>			
Creditors and other liabilities		696	780
		696	780
<b>Total equity and liabilities</b>		<b>17,480</b>	<b>15,539</b>

**SEPARATE COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER**

BEFORE PROPOSED APPROPRIATION OF PROFITS

**ENVIPCO**

(in thousands of euros)

	2007	2006
Result from Group companies after income taxes	(366)	(1,344)
Other results after income taxes	(47)	976
<b>Net result</b>	<b>(413)</b>	<b>(368)</b>

(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 valuation of 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 as far as the Company assesses that it has legal or constructive obligation to reimburse the group companies' losses.

**Change in accounting principles**

Choice of accounting principles

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	2007	2006
At beginning of the year	4,470	6,324
Investments	3,252	(69)
Treasury shares	(9)	(6)
Results of the group companies for the year	(366)	(1,344)
Exchange differences	63	(435)
	<u>7,410</u>	<u>4,470</u>

(C) Loans to group companies	2007	2006
At beginning of the year	10,576	8,681
Additions/redemptions of loans	(1,506)	1,895
	<u>9,070</u>	<u>10,576</u>

**(D) Shareholders' equity**

At the Annual General Shareholders' Meeting, the Company's shareholders approved that the 2006 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 in consolidation. Please refer to Note 2 of the Notes to the Consolidated Financial Statements for an overview of the subsidiaries of the Company.

## (F) Non-current liabilities

**Borrowings**

Envipco Holding N.V. entered into a secured loan agreement of US\$18,482 with its main shareholder with interest at 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 is Euros. Of the total outstanding balance an amount of €17,300 was converted to equity on 16 February 2006.

	2007	2006
	3,477	785
Other loans	1,278	1,192
<b>Total</b>	<b>4,755</b>	<b>1,977</b>
<b>Future payments under long term borrowings</b>	<b>2007</b>	<b>2006</b>
Current	1,278	1,192
Due between 2 to 5 years	3,477	785
> 5 years	-	-
<b>Total borrowings</b>	<b>4,755</b>	<b>1,977</b>

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 2007 was €363 (2006 - €425) and can be specified as follows:

	2007	2006
B. Santchurn	144	164
N. Turpie	-	-
C. Crepet	119	147
H. Letellier	100	114
G. Lefebvre	-	-
T. Leipold	-	-
<b>Total</b>	<b>363</b>	<b>425</b>

Amsterdam, 31<sup>st</sup> March 2009

Mr. Gregory Garvey (Chairman)

Mr. Alexandre Bouri

Mr. Dick Stalenhoef

Mr. Guy Lefebvre

Mr. David D'Addario

Mr. Bhajun Santchurn

Mr. Christian Crépet

(H) Events after the balance sheet date

#### **Change in capital structure**

On 8 December 2008, the controlling shareholders Mr Alexandre Bouri and Megatrade International S.A., transferred to Mr Gregory Garvey 18,101,367 shares in Envipco representing 14.64 % of the total outstanding shares of the Company for a consideration of €4.5m (at €0.2486 per share).

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#### **Disinvestment 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 €20.3m 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 had been provided in 2006 for the expected loss on disposal of this segment.

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Mr. Alexandre Bouri  
Mr. Dick Stalenhoeft  
Mr. Guy Lefebvre  
Mr. David D'Addario

##### **Executive:**

Mr. Bhajun Santchurn  
Mr. Christian Crépet

Neil Turpie and Hugues Letellier resigned from the Board as of 8 December 2008.

## (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 entitled: 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 of 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.  
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 2006

The annual report 2006 is determined in the General Meeting of Shareholders held on 8 December 2008. 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 proposes 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 2007

The Board of Directors proposes that the loss for the financial year 2007 amounting to € 413 will be deducted 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 the Class A and B shares. The voting rights are the same for each class of shares.

(N) Auditor's report

The auditor's report is set forth on the following page.



BDO CampsObers  
Audit & Assurance B.V.

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Krijgsman 9, 1186 DM Amstelveen  
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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 2007 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 2007, 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 2007, 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.



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 2007, 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 2007, 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, 1 April 2009

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

W.S.  
O. van Agthoven RA