Envipco Holding NV

Interim Financial Report

Unaudited

2009 First Half Year Results

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Financial Highlights:

	30 June 2009	30 June 2008
Revenues (in euro millions)	14.5	21.4
Gross Profit margin	14.8%	20.1%
EBITDA (in euro millions)	(0.8)	1.6
Shareholders equity (in euro millions)	16.4	10.3
Earnings/(Loss) per share	€(0.016)	€(0.003)

Revenues were down by 32% to €14,500,000 when compared with the 6 months period ending 30 June 2008 with the French plastics recycling business accounting for almost the entire drop.
The consolidated net results for the 1st half of 2009 was a loss of €1,928,000 with a corresponding negative EBITDA of €810,000 when compared with a net loss of €239,000 and a corresponding positive EBITDA of €1,622,000 of the same period during 2008. The French plastics recycling business also accounted for €1,035,000 of the net consolidated loss for half-year to June 2009.

Key Events:

- The economic downturn led to a dramatic drop in oil prices causing a similar drop in the prices of Virgin PET leading to a knock on effect on the prices of recycled PET. The effect has been a reduction of almost 50% on the revenues of our plastic recycling operations resulting in an operational loss of about €1,881,000 during the first six months. With cost cutting initiatives and gradual market recovery, we expect this business to break even during the remainder of the year. Despite this turmoil, the Group has adequate financial resources to recover from such losses.

- Sorepla, the French subsidiary, had a dispute with a previous executive. In a court appeal, our Company was awarded a compensation of €362,000, reflected as other income in the profit and loss account of the Group.

- One of the subsidiaries is in dispute with the buyer of the helicopter business for breach of contract. This unit was sold during March 2008 and included a provision for earn-out. No amount has been provided in the financial statements for such contingency.

- Legislations were enacted to include water containers in the US deposit states of New York and Connecticut with effect from the third quarter of 2009. An increase of about 25% in volume of PET bottles redeemed is expected. The positive financial impact is expected to improve margins of our US RVM and related businesses.

- New RVM Technology was introduced in the mid-west market in the United States with one major new retail group. This test was very successful, surpassing all expectations. New placements are expected with this customer within the next 6 months and beyond.

- Significant RVM technology developments are in process through the R&D center in Germany. These developments include compaction technology, low cost RVM platforms, next generation RVM deposit platforms, and large capacity non-deposit market platforms. Commercialization of a number of these developments are anticipated in 2010.

- The Company owns Intellectual Property (IP) rights on certain technology for the application, reading and recognition of security markings applied on deposit containers in Germany. We believe that our IP rights are being infringed. Our lawyers have been instructed to initiate lawsuits against several parties deemed to be violating such rights. We are confident that we shall prevail in the event it goes to trial, although we believe a commercial agreement may be reached generating significant royalties.

- Pilot tests in Greece continue giving good results with the expectation of increasing machine placements numbers as from the third quarter of 2009.

- The group has 123,630,336 outstanding shares each with a nominal value of €0.01 excluding 25,500,000 additional shares reserved under a stock-options plan. On 17 June 2009, 19,512,433 Depository Receipts (DRs) were converted back to their original underlying shares with 4,295,378 Depository Receipts remaining as listed DRs in the Brussels Euronext exchange.

- Gregory Garvey and EV Knot, LLC a company controlled by him, has acquired a further 2 million shares from the majority shareholder at a price of €0.25 each. His total potential ownership is now 21.53 % of the diluted capital.

Business Segments:

- Reverse Vending: Deposit markets
  Revenues increased by 21.3% in Euro terms to €5,300,000, however, show a decrease of 2.4% in terms of local currency; but gross margins improved by 4% to 28%. The volume of containers, during the 1st half of 2009 has been fairly constant compared to 2008 numbers. Due to the seasonality factor, specifically, lower beverage consumption, the recycling business is usually lower during the first six months of the year.

  With the introduction of water bottles in New York and Connecticut as from the third quarter of 2009, volume of PET bottles collected is expected to increase by about 25%. With this larger volume base, our profit margin is also expected to increase.

  New technology is being developed which we believe shall give us a very good competitive advantage to capture replacement markets, as the overall market in the deposit states is already saturated.

- Reverse Vending: Non Deposit markets:
  The Group continues its pilot tests, in co-operation with its business partners in Australia, United Kingdom, Ireland, and Greece. The results of these tests are very encouraging, based on a business model driven by the commodity values of containers collected, advertising, couponing, promotions, and other incentive schemes associated with the collection. Whilst positive, meaningful rollouts are not expected before another 12 months due to administrative approval and negotiation delays with several third parties, increasing sales/machine placements are expected to start as from the third quarter of 2009.

  This segment generated a loss of about €17,000 during the first six months mainly due to development costs.

- Post consumer beverage containers: handling, transportation and processing: While revenues in this segment dropped by 20% to €1,727,000 gross margin increased by 13% to 30% when compared to the previous period in 2008 due to the elimination of some unprofitable accounts.

  In support of Reverse Vending operations, continued development of this line of business is beginning to yield positive results both from a profit and customer service perspective.

- Plastics Recycling:
  As from December 2008, the PET and HDPE recycling industry faced an unprecedented collapse of its market with virtually no demand. Sorepla recycled products are sold for fibers, strapping, and other lower end applications. Revenues dropped more than 50% during the first six months of 2009 when compared to the same period in 2008. With this low volume of sales, the recycling plants were not operating at full capacity resulting in a net pre-tax operating loss of €1,881,000 with an EBITDA of (€744,000). Comparatives for the previous year are profit of €648,000 and €1,726,000 respectively. However, net loss after tax was €1,035,000 with an EBITDA of (€744,000).

  Immediate actions were taken to temporarily stop production with further cost cutting initiatives being implemented. 75% of the workforce was placed on a short work week basis for 3 months.

  During the third quarter, the market has shown some signs of recovery and is expected to stabilize by the end of 2009. Demands are increasing as well as our margins. Despite this slow recovery, we expect loss for the remaining year to be about €900,000 with an EBITDA of about (€400,000).

In order to mitigate the negative effects of similar future drastic changes, Sorepla will be investing between €3 and €4 million in a bottle-to-bottle plant where it is expected to sell 40% of its products to a higher end application. 75% financing has been secured with the balance from internally generated funds and its parent company. The expansion is expected to start in the fourth quarter 2009.

Risks and Uncertainties:

- Legislation driven growth: 41% of our group revenues is generated from our RVM business, dependent on deposit laws that can be repealed or curtailed significantly. None is expected, as has been the case during the last 20 years, and such scenario is very unlikely. To the contrary, there are even more initiatives to expand and extend these laws to other states and countries due to environmental concerns which can positively impact our business.

- 50% of the group revenues are generated in United Stated Dollar, which can be subject to significant fluctuations that may have a negative or positive impact on the group results depending upon whether it is a favorable or unfavorable change.

- Collapse of supply and or demand of recycled PET may impact the profitability as has been the case at our PET recycling business in France.

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

Shareholding at 30 June 2009

	Shares/DRs	Options	Total
Alexandre Bouri	98,633,591	0	98,633,591
Gregory Garvey	20,101,367	12,000,000	32,101,367
Public	4,895,378	0	4,895,378
Reserved for stock options		13,500,000	13,500,000
Total	123,630,336	35,500,000	149,130,336

Market Outlook

We continue to invest in our Research and Development activities in the reverse vending segment of our business. We do not expect a significant change during the second half of 2009, but expect to show recovery and growth as from 2010.

The plastic recycling business, while expected to lose during the second half of the year, recovery to profitability is also expected during 2010.

Interim consolidated financial statements

Half-year 2009

Statement by the CEO and the Board of Directors

To the best of our knowledge, We hereby certify that the condensed interim financial statements of Envipco Holding N.V and its consolidated subsidiaries for the 6 months ending 30 June 2009 has been prepared in accordance with the provisions of applicable accounting standards in general and in particular those of IAS 34 Interim Financial Reporting. Such statements give a true and fair view of the assets, liabilities and financial position, profit and loss of the Group. We further confirm that the interim management report included herein provides (i) a review of important events and transactions of the Group during the reporting period and their related impacts, (ii) review and impact of risks and uncertainties during the subsequent 6 months period (iii) transactions with related parties (iv) subsequent post balance sheet events

Amsterdam
31 August 2009

Gregory Garvey
(Chairman of the Board and Non-Executive Board Member)

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Alexandre Bouri
(Non-Executive Board Member)

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Dick Stalenhoef
(Non-Executive Board Member)

____

David D'Addario
(Non-Executive Board Member)

____

Guy Lefebvre
(Non-Executive Board Member)

____

Christian Crepet
(Executive Board Member)

____

Bhajun G. Santchurn
(CEO and Executive Board Member)

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The report was approved by the Board of Directors on 31 August 2009.

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Consolidated income statement for the six months ended 30 June

(all amounts in thousands of euros)

	Note	2009		2008	
Revenue	3	14,501		21,364	
Cost of revenue		(11,723)		(16,483)	
Leasing depreciation		(627)		(579)	
Gross profit			**2,151**		**4,302**
Selling expenses		(224)		(266)	
General and administrative expenses		(4,695)		(3,897)	
Operating result	3		**(2,768)**		**139**
Other income		386		378	
Financial expense		(205)		(174)	
Financial income		17		18	
Exchange gains/(losses)		61		(186)	
Result before taxes			**(2,509)**		**175**
Income taxes			552		(172)
Net result from continuing operations			**(1,957)**		**3**
Net result from discontinued operations			-		(234)
Net results			**(1,957)**		**(231)**
Attributable to					
Non-controlling interest			(29)		8
Ordinary shareholders			(1,928)		(239)
			(1,957)		(231)
Earnings/(loss) per ordinary share from continuing operations					
▶ Basic			(0.016)		0.000
▶ Fully diluted			(0.016)		0.000
Earnings/(loss) per ordinary share from total operations					
▶ Basic			(0.016)		(0.003)
▶ Fully diluted			(0.016)		(0.003)

Statement of other comprehensive income for the six months ended 30 June

(Figures in euro thousands)	2009	2008
Net results	(1,957)	(231)
Other comprehensive income	182	-
Translation differences	(221)	(929)
Total comprehensive income	(1,996)	(1,160)
Attributable to:		
Minority interest	(28)	8
Shareholders of the parent company	(1,968)	(1,168)
Total comprehensive income	(1,996)	(1,160)

Consolidated balance sheet

(in thousands of euros)

	Note	At 30 June 2009		At 31 December 2008	
Assets					
Non-current assets					
Intangible assets		1,729		1,266	
Property, plant and equipment		11,637		12,311	
Other non-current assets		287		581	
Deferred tax assets		343		44	
Total non-current assets			13,996		14,202
Current assets					
Inventory		6,350		8,945	
Trade and other receivables		11,681		12,311	
Cash and cash equivalents		595		1,444	
Total current assets			18,626		22,700
Total assets			**32,622**		**36,902**
Equity					
Share capital		1,236		1,236	
Share premium		48,916		48,916	
Translation reserve		(221)		(380)	
Retained earnings		(33,519)		(31,773)	
Total equity			16,412		17,999
Minority interest			103		140
Liabilities					
Non-current liabilities					
Borrowings	6	3,650		4,017	
Other liabilities		588		1,162	
Total non-current liabilities			4,238		5,179
Current liabilities					
Borrowings		1,124		1,100	
Bank overdraft		2,108		1.811	
Trade creditors		6,997		8,682	
Accrued expenses		1,382		1,566	
Other current liabilities		258		425	
Total current liabilities			11,869		13,584
Total liabilities			16,107		18,763
Total equity and liabilities			**32,622**		**36,902**

Consolidated cash flow statement for the six months ended 30 June
(in thousands of euros)

	2009		2008	
Cash flow (used in) / provided by operating activities				
Operating result	(2,768)		139	
Results of minority interest	28		(8)	
Interest received	17		18	
Interest paid	(127)		(174)	
Income taxes paid	552		(172)	
Depreciation and amortisation	1,483		1,417	
Other income	386		378	
		(429)		1,598
Changes in trade and other receivables	613		2,181	
Changes in inventories	2,344		(147)	
Changes in provisions	51		229	
Changes in trade and other payables	(1,583)		(3,615)	
		1,425		(1,352)
Cash flow (used in)/ provided by operating activities		996		246
Cash flow (used in)/provided by investing activities				
Net investment in intangible fixed assets	(633)		(41)	
Net investment in tangible fixed assets	(719)		(1,962)	
Proceeds from sale of assets	7		-	
Proceeds from sale of assets – discontinued operations	-		7,292	
Cash flow (used in)/ provided by investing activities		(1,345)		5,289
Cash flow (used in)/provided by financing Activities				
Change in equity	189		-	
Changes in borrowings and capital lease obligations	(787)		(5,066)	
Cash flow (used in)/ provided by financing activities		(598)		(5,066)
Net cash flow for the period		(947)		469
Foreign currency differences and other changes	98		(200)	
		98		(200)
Changes in cash and cash equivalents, net of bank overdrafts for the period		(849)		269
Opening balance cash and cash equivalents		1,444		826
Closing balance cash and cash equivalents		595		1,095

Consolidated statement of changes in equity

(in thousands of euros)

	Share capital	Share premium	Retained earnings	Translation Reserve	Total
Balance at 1 January 2008	**936**	**41,753**	**(31,229)**	**209**	**11,669**
Net result	-	-	(231)	-	(231)
Currency translation adjustment	-	-	-	(1,138)	(1,138)
Other movements	-	-	(8)	-	(8)
Total recognised movements for the year ended 31 December 2008	-	-	(239)	(1,138)	(1,377)
Balance at 30 June 2008	**936**	**41,753**	**(31,468)**	**(929)**	**10,292**
Balance at 1 January 2009	**1,236**	**48,916**	**(31,773)**	**(380)**	**17,999**
Net result	-	-	(1,928)	-	(1,928)
Currency translation adjustment	-	-	-	159	159
Other comprehensive income -Share options : value of employee services			189		189
Other movements	-	-	(7)	-	(7)
Total recognised movements for the period ended 30 June 2009	-	-	(1,746)	159	(1,587)
Balance at 30 June 2009	**1,236**	**48,916**	**(33,519)**	**(221)**	**16,412**

Selected Explanatory Notes

1. General

Activities
Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Leliegracht 10, 1015 DE Amsterdam, The Netherlands.

Envipco Holding N.V. and Subsidiaries ("the Company" or "Envipco") are engaged principally in Recycling in which it:

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

Basis of preparation
This consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with IAS 34 "interim financial reporting". The consolidated interim financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2008, which been prepared in accordance with IFRS as endorsed by the European Union.

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

2. Accounting policies

This Except as set out below, the accounting policies of these interim condensed financial report are consistent with the annual financial statements for the year ended 31 December 2008.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings;
- The annual impairment test on goodwill and intangible assets with indefinite life will be carried out in second six-month period of this year. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2009.

The following new/amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 have an impact on the financial information of the group:

- *IAS 1 (revised), 'Presentation of financial statements'.*
  The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- *IFRS 8, 'Operating segments'.*
  IFRS 8 replaces IAS 14, 'Segment reporting' and requires a 'management approach' (instead of a risk return approach) under which segment information is presented on the same basis as that used for internal reporting purposes.

In accordance with the provisions of IFRS 8, which the Group adopted in 2007, the segments defined below have been identified based on internal reporting, in particular those areas monitored by the management group of key operational decision-makers.
The Group is divided into these operating segments:

- Europe RVM & Related Technologies:
  - Non-Deposit markets: This segment comprises sales and market development activities for the automated recovery of used beverage containers in non-legislated environments.

- Europe Plastic Recycling: This segment comprises the industrial cleaning, grinding, sorting, washing, flaking, and pelletizing of post consumer PET and HDPE bottles.

- United States of America and Canada:
  - RVM and Related Technologies, deposit market:
    - Post consumer beverage container transportation, handling and processing: The activities under this segment include the pick up, transportation, and processing of post consumer beverage containers collected from primarily retail outlets where redemption of these containers is mandated by laws.
    - Sales and related activities: Sales, lease, container data handling, management and deposit clearing functions.

  - Other countries: RVM and Related Technologies: non-deposit markets: This segment comprises sales and market development activities for the automated recovery of used beverage containers in non-legislated environments.

- Others (corporate and R&D): This comprises all holding company activities including Research and Development.
  - The segment used now are : RVM – deposit markets, RVM – non deposit markets, Used beverage containers pickup and processing services, Plastic recycling and Others: which include R&D, Head office and Helicopter maintenance segment (up to February 2008).
  - The Helicopter maintenance activities to the date of disposal are included under Others in 2008.
  - Gross assets are also allocated to respective segments on the same basis. Comparatives for 2008 have been restated.

The following new/amendments to standards and interpretations are mandatory for the first time for the year beginning 1 January 2009 are not applicable or do not have an impact on the financial information of the group:

- IAS 23 (amendment), 'Borrowing costs'.
- IFRS 2 (amendment), 'Share-based payment'.
- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new/amendments to standards and interpretations have been issued by the IASB that are affected for fiscal years beginning on 1 January 2009 have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', are for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures; The group will apply IFRS 3 (revised) to all business combinations from 1 January 2010;

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the group, as it has not made any non-cash distributions; and

- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the group, as it has not received any assets from customers.

3. Segment reporting

The senior management board has been identified as the chief operating decision-maker. The senior management board reviews internal reporting on a periodical basis. Management has determined the operating segments based on these reports. Internal management report mainly considers business from a product perspective but on a lower level of detail than current operating segments under IAS 14. The implication of this is set-out under note 2.

The senior management board assesses the performance of the operating segments based on a measure of (IFRS) continuing earnings before interest, tax, depreciation and amortisation (EBITDA) respectively before interest and tax (EBIT) and thus exclude one-off items. Examples of one-off items are impairments, margin on sale of assets, restructuring costs, legal expenses, etc. Total segment assets do not include deferred tax since it is not allocated to the individual segments. Liabilities are not managed on a segment basis.

In the segment reporting below a reconciliation is made between EBITDA/EBIT to total profit in the income statement. The total assets are also allocated to respective segments.

Segment information

(Figures in euro thousands)	RVM Deposit Markets	RVM Non-Deposit Markets	Used Beverage Container Pickup & Processing	Plastics Recycling	Others	Total Group
Six Months Ended 30 June 2009						
Segment Results						
Revenue	5,330	567	2,745	6,878	0	**15,520**
Intersegment revenue	0	0	(1,019)	0	0	**(1,019)**
Revenue from external customers	5,330	567	1,726	6,878	0	**14,501**
EBITDA	251	(15)	220	(744)	(522)	**(810)**
EBIT	(392)	(17)	117	(1,881)	(595)	**(2,768)**
Operating profit	(392)	(17)	117	(1,881)	(595)	**(2,768)**
Segment Assets 30 June 2009	8,456	183	3,771	13,460	6,752	**32,622**
Six Months Ended 30 June 2008						
Segment Results						
Revenue	4,395	868	3,296	13,932	0	**22,491**
Intersegment revenue	0	0	(1,127)	0	0	**(1,127)**
Revenue from external customers	4,395	868	2,169	13,932	0	**21,364**
EBITDA	183	166	160	1,726	(613)	**1,622**
EBIT	(114)	(116)	44	648	(323)	**139**
Operating profit	(114)	(116)	44	648	(323)	**139**
Segment Assets 30 June 2008	8,220	224	3,293	16,634	2,075	**30,446**

4. Transactions with Related Parties:

Alexandre Bouri, under a 2008 share subscription agreement, owes the Company €5,463,000 as of 30 June 2009. Payments are due as follows:

31 August 2009	€500,000
31 October 2009	€500,000
30 November 2009	€500,000
31 December 2009	€3,963,000

Additionally, a balance of €654,267 is receivable on 30 June 2010.

5. Dividend

No dividend has been declared or paid.

6. Borrowings

Schedule of movement	**2009** €'000	**2008** €'000
At beginning of period	5,117	10,194
Reclassification	-	593
Increase	-	172
(Decrease)	(329)	(5,892)
Translation effect	(14)	50
At end of period	4,774	5,117

7. Post balance events

There are no material events which require disclosure or explanation at the date of this report.