



## **Envipco Holding N.V.**

*(a public company with limited liability ("naamloze vennootschap") incorporated under the laws of the Netherlands, with its statutory seat ("statutaire zetel") in Amsterdam, the Netherlands)*

### **Admission to trading of ordinary shares and VVPR strips on the regulated market of Euronext Brussels**

This Prospectus has been prepared in connection with the application for admission to trading of 2,712,607 ordinary shares (the "**Shares**"), with a nominal value of €0.50 each, in the share capital of Envipco Holding N.V., a public company with limited liability (*naamloze vennootschap*), incorporated under the laws of the Netherlands (the "**Company**"), on the regulated market of Euronext Brussels, and the application for admission to trading of 100,000 VVPR Strips on the regulated market of Euronext Brussels (the "**Admission to Trading**"). For further information about the VVPR Strips, see - "*Taxation - Belgian Taxation*" and "*The Admission to Trading - VVPR Strips*".

The Company's outstanding share capital currently consists of 135,630,350 shares, divided into 65,200,000 class A shares and 70,430,350 class B shares, each with a nominal value of €0.01. 4,295,378 of the class B shares are owned by Stichting Envipco Trust, a foundation (*Stichting*) incorporated under the laws of the Netherlands (the "**Foundation**"). The Foundation has issued depository receipts ("**DRs**") for those class B shares, which are currently admitted to trading on the regulated market of Euronext Brussels.

Prior to the Admission to Trading, the DRs will be delisted and the DRs in book-entry form will be cancelled and exchanged (*geroyeerd*) for the underlying class B shares. The holders of DRs in bearer form must deliver their DRs to the Listing Agent in order for their DRs to be cancelled and exchanged for the underlying class B shares. For further detail, see - "*The Admission to Trading - Cancellation and delisting of the DRs*".

On the date of the Admission to Trading, the Company will amend its articles of association to the effect that the class A shares and the class B shares will be converted into one class of ordinary shares. In addition, by way of the amendment of the articles of association a reversed stock split will be effected, pursuant to which 50 shares will be converted to 1 share, increasing the nominal value of the shares to €0.50 per share. For further details, see - "*The Admission to Trading - Deed of Amendment of the articles of association*".

Barring unforeseen circumstances, the Company expects that the Admission to Trading will occur and trading in the Shares and the VVPR Strips will commence on 6 October 2011 (the "**Closing Date**").

This Prospectus does not constitute an offer by, or invitation by or on behalf of the Company or any representative of the Company, to purchase any securities or an offer to sell or issue, or the solicitation to buy securities by any person.

**Investing in the Shares and the VVPR Strips involves a high degree of risk. See the chapter headed "*Risk Factors*" for a discussion of certain risks and uncertainties that should be carefully considered by investors contemplating an investment in the Shares and the VVPR Strips.**

This document constitutes a prospectus for the purposes of Article 3 of the Directive 2003/71/EC (the "**Prospectus Directive**") and has been prepared in accordance with paragraph 5.1.3.4 of the Dutch Financial supervision Act (*Wet financieel toezicht*) and the rules promulgated thereunder. This prospectus has been approved by and filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "**AFM**") and the approved prospectus will be notified by the AFM to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten*).

*Listing Agent*

**ING Belgium**

Prospectus dated 21 September 2011

## TABLE OF CONTENTS

SUMMARY .....	1
RISK FACTORS .....	8
IMPORTANT INFORMATION .....	14
FORWARD-LOOKING STATEMENTS .....	16
DIVIDEND POLICY .....	17
EXCHANGE RATES .....	18
CAPITALIZATION AND INDEBTEDNESS .....	19
SELECTED CONSOLIDATED FINANCIAL INFORMATION .....	20
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION .....	24
BUSINESS .....	33
GROUP STRUCTURE OF THE ENVIPCO GROUP .....	56
DIRECTORS AND SENIOR MANAGEMENT .....	57
PRINCIPAL SHAREHOLDERS .....	67
RELATED PARTY TRANSACTIONS .....	69
DESCRIPTION OF THE COMPANY, THE SHARE CAPITAL AND CORPORATE GOVERNANCE .....	70
MARKET INFORMATION .....	82
TAXATION .....	83
THE ADMISSION TO TRADING .....	90
INDEPENDENT AUDITORS .....	94
DOCUMENTS INCORPORATED BY REFERENCE .....	95
GENERAL INFORMATION .....	96
RESPONSIBILITY STATEMENT .....	97
DEFINITIONS .....	98

## SUMMARY

*This summary must be read as an introduction to this Prospectus. This summary is not complete and does not contain all the information that you should consider in connection with any decision relating to the Shares.*

*No civil liability will attach to the Company in respect of this summary, including the Summary Consolidated Financial Data included herein, or any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a state within the European Economic Area, the plaintiff may, under the national legislation of the state where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.*

### The Admission to Trading

#### Introduction

This Prospectus has been prepared in connection with the application for admission to trading of 2,712,607 ordinary shares, with a nominal value of €0.50 (the "**Shares**") in the share capital of Envipco Holding N.V., a public company with limited liability (*naamloze vennootschap*), incorporated under the laws of the Netherlands (the "**Company**"), on the regulated market of Euronext Brussels, and the application for admission to trading of 100,000 VVPR Strips on the regulated market of Euronext Brussels (the "**Admission to Trading**").

#### The Shares

The Company's outstanding share capital currently consists of 135,630,350 shares, divided into 65,200,000 class A shares and 70,430,350 class B shares, each with a nominal value of €0.01. 4,295,378 of the class B shares are owned by Stichting Envipco Trust, a foundation (*Stichting*), incorporated under the laws of the Netherlands (the "**Foundation**"). The Foundation has issued depository receipts ("**DRs**") for those class B shares, which are currently admitted to trading on the regulated market of Euronext Brussels.

Prior to the Admission to Trading, the DRs will be delisted and the DRs in book-entry form will be cancelled and exchanged (*geroyeerd*) for the underlying class B shares. The holders of DRs in bearer form must deliver their DRs to the Listing Agent in order for their DRs to be cancelled and exchanged for the underlying class B shares.

On the date of the Admission to Trading, the class A shares and the class B shares will be converted into one class of ordinary shares. At the same time, a reversed stock split will be effected, pursuant to which 50 shares will be converted into one share, increasing the nominal value of the shares to €0.50 per share.

#### The VVPR Strips

5,000,000 VVPR Strips have been issued as part of a public offer of 5,000,000 DRs in 1998, simultaneously with the issue of the underlying class B Shares. VVPR Strips are instruments purporting to give the holder the right to receive dividends on the Shares at a reduced withholding tax rate in Belgium of 15%. The VVPR Strips will also be subject to a reversed stock split of 50 VVPR Strips into 1 VVPR Strip on the Closing Date.

The 5,000,000 VVPR Strips which are currently outstanding are being exchanged on the auction market of Euronext Brussels. Application has been made for the admission to trading of the 100,000 VVPR Strips that remain outstanding after the reversed stock split on the regulated market of Euronext Brussels as of the Closing Date.

### Company Overview

Envipco Holding N.V. is registered with the Trade Register of the Chamber of Commerce of Amsterdam, the Netherlands, under number 33304225, and has its corporate seat in Amsterdam, the Netherlands. The Company's business address is Herengracht 458, 1017 CA Amsterdam, the Netherlands.

The Company is the holding company of a group of companies active in two business segments:

- Reverse Vending Machines; and
- Plastics recycling.

A reverse vending machine ("**RVM**") is an advanced piece of equipment designed to identify, sort, collect and process used aluminum, glass and plastic beverage containers, and provide the user with a voucher slip that can be redeemed for cash or merchandise at the location in which the machine is installed. We develop, manufacture and sell RVMs. We also offer turnkey solutions for the recovery of used beverage containers covering all aspects of beverage container recycling from recovery, validation (of the eligibility of authorized containers), compaction, sorting, transportation and logistics to accounting for every container and recycling and processing used beverage containers to prepare for conversion into new containers and consumer products.

Our RVMs are manufactured and mainly sold in the United States of America.

In the plastics recycling segment we operate a plastic processing facility in France, which produces plastic (PET and HDPE) flakes and pellets, a product derived from post-consumer plastic beverage containers. The product is sold to various customers for packaging and fiber applications.

### **RVM business segment**

In the market for used beverage container recycling a distinction must be made between markets with and markets without deposit legislation, i.e. legislation obliging producers to sell beverages in containers with deposit value and to redeem empty containers. Deposit systems, unlike other recycling methodologies, offer cash incentives for consumers to return beverage packaging in a voluntary participation system outside of taxpayer funded programs.

We develop and manufacture automated packaging recovery equipment that can be used in both the deposit and non-deposit markets.

Our primary targets for RVM's in deposit markets are food and beverage retailers, and redemption centers. Each segment of the market will fit into one of three capacity profiles: Low, Medium or High. Low capacity needs are typically establishments that process under 52,000 containers on average per month. The medium capacity profile consists of establishments with redemption rates of greater than 52,000 but not more than 450,000 containers on average per month. High capacity profile begins above 450,000 containers and can reach as high as 1,000,000+ containers on average per month. We offer RVMs for each of these capacity profiles.

In 2010 our revenues from RVM sales were EUR 23.9 million, as compared to EUR 17 million in 2009 and EUR 16.4 million in 2008. Approximately 94% of these revenues are generated in the deposit markets in the US. We have no significant market share in the RVM market segment outside the US.

For the non-deposit markets we have developed a new unmanned automated drop off center targeting aluminum and PET containers for recovery called "Reimagine". Reimagine uses optical sorting and material identification to only accept aluminum and PET and reject everything else. The result is nearly 100% pure aluminum and PET feedstock that does not require costly processing to sort out contaminants. We have entered into a joint-venture with Coca Cola Recycling LLC to pilot and operate these systems in the Texas market. Currently 3 units of our Reimagine recycling center are under test in Texas, an additional three units are anticipated to be installed before the end of 2011. Success of the pilot may provide significant business growth opportunities.

Many technologies we use in our products are subject to patent protection. We have over 45 patents on certain technologies for the application, reading and identification of deposit security markings and bar codes, for compaction devices, deposit clearing processes and systems, commodities bulk feed systems, and for materials handling, recognition, identification and sorting. The success of our business in the RVM segment is highly dependent on our ability to enforce these patents.

### **Plastics recycling business segment**

Through our French subsidiary Sorepla Industrie S.A., we operate a plastic recycling facility in France. Sorepla recycles Polyethylene terephthalate ("**PET**") and High Density polyethylene terephthalate ("**HDPE**"), from used



beverage containers made from PET and HDPE. Sorepla's finished products are PET and HDPE flakes and pellets which are used by the plastic industry to make bottles, flasks, tubes, films, sheets, outdoor furniture and almost any type of containers. In 2010, Sorepla recycled 15,000 metric tons of HDPE and 35,000 metric tons of PET, making it one of the biggest non integrated (as its sole activity is plastic recycling) plastics recycling companies in Europe. We estimate this tonnage to represent around 20% of all plastics recycled in France in 2010. Sorepla's recycling facility is located at Neufchateau in the North East of France.

Sorepla is in the process of upgrading its facilities to enable it to produce recycled PET with almost identical properties as virgin PET, for use in food contact packaging. This upgrade, which is expected to be completed by December 2011, will provide wider market opportunities.

In 2010 our revenues from the sales of PET and HDPE flakes and pellets were EUR 23.7 million, as compared to EUR 16.1 million in 2009 and EUR 25.4 million in 2008. Almost all of these revenues are generated in Europe.

### Summary consolidated financial information

*The summary consolidated financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the annual reports incorporated by reference in this Prospectus. The summary consolidated financial information is extracted from the Company's consolidated financial information that has been audited by BDO Audit and Assurance B.V., independent auditors. The financial statements and accounts from which the summary consolidated financial information set forth below have been derived were prepared in accordance with IFRS. The summary consolidated financial information set forth below may not contain all of the information that is important to you.*

#### Summary consolidated income statement

	ALL FIGURES IN EURO THOUSANDS		
INCOME STATEMENT FOR THE YEAR ENDED	2008	2009	2010
Revenues	41.717	33.092	47.566
Cost of revenues	(31.905)	(25.335)	(34.543)
Leasing depreciation	(1.229)	(1.207)	(1.143)
Gross profit	8.583	6.550	11.880
Selling, general and administrative expenses net of other income	(8.276)	(9.846)	(11.491)
Operating profit /(loss)	307	(3.296)	389
Net financial items	(399)	(326)	(68)
Profit / (loss) before taxes	(92)	(3.622)	321
Taxes	(215)	798	(24)

Net results from continuing operations	(307)	(2.824)	297
Net results from discontinued operations	(235)	-	-
Net results	(542)	(2.824)	297
Other comprehensive income	(591)	340	791
Total comprehensive income	(1.133)	(2.484)	1.088
Net results attributable to:			
- Owners of the parent	(541)	(2.788)	309
- Non-controlling interest	(1)	(36)	(12)
Net results	(542)	(2.824)	297
Earnings /(loss) per share for profit attributable To the ordinary equity holders of the parent during the year			
From continuing operations			
Basic (euro)	(0,003)	(0,023)	0,002
Fully diluted (euro)	(0,003)	(0,023)	0,002
From total operations			
Basic (euro)	(0,005)	(0,023)	0,002
Fully diluted (euro)	(0,005)	(0,023)	0,002

***Summary consolidated balance sheet***

ALL FIGURES IN EURO THOUSANDS

BALANCE SHEET AS AT 31 DECEMBER	2008	2009	2010
ASSETS			
Intangible assets	1.266	1.957	2.829
Tangible assets	12.311	10.744	14.629
Investments and other assets	625	461	

			560
Total fixed assets	14.202	13.162	18.018
Cash	1.444	1.096	1.037
Other current assets	21.256	16.822	21.617
<b>TOTAL ASSETS</b>	<b>36.902</b>	<b>31.080</b>	<b>40.672</b>
<b>LIABILITIES &amp; EQUITY</b>			
Shareholders equity	18.000	15.552	16.652
Non--controlling interest	140	104	92
Total equity	18.140	15.656	16.744
Long-term liabilities	5.179	3.540	4.835
Bank overdraft	1.811	1.307	1.619
Current liabilities	11.772	10.577	17.474
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>36.902</b>	<b>31.080</b>	<b>40.672</b>

*Summary consolidated cash flow statement*

ALL FIGURES IN EURO THOUSANDS

CASH FLOW FOR THE YEAR ENDED 31 DECEMBER	2008	2009	2010
Operating result	307	(3.296)	389
Cash flow (used in)/provided by non-cash adjustments	3.245	2.880	3.079
Cash flow (used in)/provided by changes in working capital	(4.698)	2.340	2.070
Cash flow (used in) / provided by continuing operations	(1.146)	1.924	5.538
Cash flow (used in) / provided by discontinued operations	(235)	-	-
Net cash flow (used in) / provided by operating activities	(1.381)	1.924	5.538
Net cash flow (used in) / provided by investing activities	4.346	(2.123)	(7.109)
Net cash flow (used in) / provided by financing activities	(3.720)	372	1.135
Foreign currency differences and other changes	155	(17)	

Net cash flow for the period	(600)	156	(371)
Opening cash position at 1 January	233	(367)	(211)
Closing cash position at 31 December	(367)	(211)	(582)
Closing cash position consists of :			
- Cash and cash equivalents	1.444	1.096	1.037
- Bank overdraft	(1.811)	(1.307)	(1.619)
	(367)	(211)	(582)

Note: certain numbers in 2008 and 2009 Annual reports have been reclassified to be consistent with 2010 Annual report

## Dividends

The years 2005 and 2010 are the only years since its incorporation in 1998 in which we have realized a net profit, and the Company has not paid any dividends since its incorporation. We currently intend to retain future earnings, if any, to finance the growth and development of our business. As a result, the Company does not anticipate paying any dividends for the foreseeable future.

## Major shareholder

We currently have a major shareholder, Mr. Alexandre Bouri, who, directly and indirectly, owns 66.67% of our shares. Due to his 66.67% direct and indirect shareholding, Mr. Bouri is effectively able to control the Company's general meeting of shareholders and thus influence all matters requiring a shareholders' decision, including the election of members of the Board of Directors. No specific measures have been put in place to ensure that such control is not abused.

## Risk Factors

Our business, the Shares and the VVPR strips are subject to certain risks, including the following:

*The Company's business has been affected by the global financial crisis and could be further affected if the downturn in general economic conditions in the countries in which the Company operates continues or worsens*

*The Company faces competition from a dominant competitor and several other developers of Reverse Vending Machines and might not be able to continue to compete with those competitors*

*The Company's revenues could be affected by an increase of the unit cost of raw materials*

*The Company's business partially depends on a limited number of customers*

*The Company is dependent on several partnerships and the loss of partnerships might have a negative influence on the Company's business*

*Our results from operations may be negatively affected should the supply agreements between Valorplast and Sorepla not be continued*

*The Company's business may suffer if it is unable to obtain or defend intellectual property protection for its products*

*The Company's growth depends on the successful upgrade of its plastic recycling facility*

*The Company has been, and may continue to be, subject to litigation*

*The growth of our business can be affected if tests of our new, innovative compactors are not successful or applications to approve the incorporation of these compactors in other RVM manufacturer's machines are refused*

*The Company's business is dependent on legislation. The limitation or recall of existing deposit legislation will result in loss of business, which would have a negative impact on the Company's earnings.*

*The Company may not be able to successfully manage its growth*

*The Company is dependent on the performance of third-party manufacturing subcontractors and suppliers and the Company would face disruption of its business should failure in performance occur*

*The loss of key personnel or inability to retain highly skilled personnel in critical functions could adversely affect the Company's business*

*The Company is subject to general development risks and flaws in designs and undetected errors may adversely affect the Company's business*

*The Company may be unable to raise additional financing in the future to enable development of new products*

*Our business is subject to currency and exchange risks*

*One major shareholder, Alexandre Bouri, will be able to exercise control over the Company, and his decisions may not always be in the best interest of the minority shareholders*

*The price of the Shares may be volatile and affected by a number of factors, many of which are beyond the control of the Company*

*Raising additional capital by issuing securities may cause dilution to existing shareholders*

*There has been no public market for the Shares prior to the Admission to Trading, the volume of trading in the Company's shares and the DRs has been historically low and the Company cannot assure that an active trading market in the Shares will develop*

*The price and trading volume of the Shares could decline depending on market appraisal*

*The Company has never paid any dividends and does not intend to pay dividends for the foreseeable future*

*The VVPR Strips may not give right to the reduced withholding tax rate*

The above risks are described in more detail in the section "Risk Factors" in this Prospectus. Although we believe that the risks and uncertainties described in the section "Risk Factors" are our most material risks and uncertainties, they are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business, results of operations or financial condition and could negatively affect the price of the Shares and the VVPR Strips.

## **RISK FACTORS**

*Our business, the Shares and the VVPR Strips are subject to risks and uncertainties, including those described below. If any of those risks actually occurs, our business, results of operations or financial condition could be materially adversely affected and the value of the Shares could decline. Although we believe that the risks and uncertainties described below are the material risks and uncertainties we are facing, they are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business, results of operations or financial condition and could negatively affect the price of the Shares.*

### **Risks related to the Company's business**

***The Company's business has been affected by the global financial crisis and could be further affected if the downturn in general economic conditions in the countries in which the Company operates continues or worsens***

The global financial crisis resulted in the failure of a large number of financial institutions, unprecedented levels of government intervention in the capital markets, a result of which was the substantial reduction in the availability of bank financing to businesses. The financial crisis was immediately followed by a slowdown in the general economy in many countries throughout the world, including the countries in which the Company operates. The events relating to the financial crisis, such as the weakening of consumer confidence, declining income and assets values in many areas and other adverse factors related to the current deteriorating global economic conditions, have resulted and may continue to result in our current and potential customers as well as the end-users postponing or reducing spending on our products. Furthermore, the financial crisis has had a negative impact on the global economy and has resulted or may result in an increase in the interest rates on bank loans, stricter conditions for receipt and/or renewal of financing, and a reduction in the market values of real estate properties. Any of these results may have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company faces competition from a dominant competitor and several other developers of Reverse Vending Machines and might not be able to continue to compete with those competitors***

Tomra Systems ASA is the dominant competitor in most areas where the Company does business in its Reverse Vending Machines (RVMs) and related services business segments. Tomra's strong balance sheet and market share provide a tough competitive landscape which may have a significant negative impact on the Company's profitability. The Company might not be able to continue to compete with Tomra or other competitors should they develop and market products that are more cost effective than the Company's products.

***The Company's revenues could be affected by an increase of the unit cost of raw materials***

An increase of the unit cost of raw materials Sorepla has to pay for its feed stock will have a negative impact on the Company's revenues if unit selling prices cannot be aligned accordingly. Due to a growing industry, there are a growing number of new recyclers competing in the market place putting severe pressure on availability and sustainability of feedstock - PET and HDPE - at commercially reasonable prices. Prices of recycled PET may increase to higher levels than virgin prices, reducing the demand for our recycled products.

***The Company's business partially depends on a limited number of customers***

The Company's RVM business in the Northeast US deposit markets is for 48% dependent on two large retail customers. 66% of the Company's turnover in its plastics recycling business depends on seven customers, including one customer accounting for 15% of the Company's total turnover in this segment. Should any one of these customers be lost and not be replaced, the Company would suffer significant adverse financial consequences.

***The Company is dependent on several partnerships and the loss of partnerships might have a negative influence on the Company's business***

The Company, directly and indirectly, has developed partnerships with municipalities and companies across the globe in order to develop workable systems that will meet the specific goals of each respective partner. One of these partnerships is our partnership with Coca Cola Recycling LLC for the development of a recovery system for used beverage packagings in non-deposit markets. Should Coca Cola or other partners decide to terminate their partnerships with the Company, this may have a negative influence on the Company's business.

***Our results from operations may be negatively affected should the supply agreement between Valorplast and Sorepla not be continued***

Valorplast has supported and continues to support Sorepla with supply agreements. This support is expected to be transitioned out in the near future. Valorplast supplied 40% of Sorepla's PET and HDPE feed stock during 2010 under a renewable contract which currently expires on 31 December 2011. Sorepla expects this contract to be renewed for a further three years, as has been the practice in the past. If the contract is not renewed, Sorepla will have to buy the tonnage of PET and HDPE feed stock previously supplied by Valorplast in the open market. Our profitability will be negatively affected if we are not able to secure the supply of sufficient feed stock for our plastic recycling business at commercially viable prices.

***The Company's business may suffer if it is unable to obtain or defend intellectual property protection for its products***

Because of the importance of proprietary technology in the RVM industry, the Company makes active use of patents to protect its technology innovations. The success of the Company's business is highly dependent on its ability to enforce patent protections. Patents may not provide the protections as envisaged, patents may be invalidated, the Company may lack the financial resources to enforce patents, all undermining the competitive advantage purported to be provided by patents. In addition, the Company's business involves a substantial risk of overlap with third party patents and subsequent litigation with competitors or patent-holders. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause the Company to enter into licensing agreements or otherwise force the Company to change its business practices.

***The Company's growth depends on the successful upgrade of its plastic recycling facility***

The upgrade of the Company's plastics recycling facility is expected to be completed in the last quarter of 2011. Until such upgrade has been completed, the Company is not able to produce recycled PET for use in food contact packaging. Because of the higher market prices of recycled PET for use in food contact packaging compared to other recycled PET, the upgrade of our recycling facility will provide significant business growth opportunities. We will not be able to benefit from these opportunities as long as the upgrade has not been completed.

***The Company has been, and may continue to be, subject to litigation***

In the ordinary course of the Company's business, legal actions, claims against and by the Company have arisen and may continue to arise. The Company may be subject to litigation from suppliers, partnerships, customers, competitors, current or former employees or third parties. The outcome of such claims, arbitration and legal proceedings could adversely affect the Company's business, results of operations and financial position.

***The growth of our business can be affected if tests of our new, innovative compactors are not successful or applications to approve the incorporation of these compactors in other RVM manufacturer's machines are refused***

The Company's new, innovative compactor has been approved by DPG (Deutsche Pfandsystem GmbH) for incorporation into Tomra's T-710 and T-820 RVM's. Tests of these types of RVM's incorporating our compactors are being carried out in a large German supermarket chain and applications are under consideration for approval of incorporation in other RVM manufacturer's machines. We expect significant growth of our business should these

tests and applications be successful. However, we will not be able to capitalize on our investment should these tests and applications not be successful.

***The Company's business is dependent on legislation***

The Company's current RVM business model in established mandatory deposit markets is predicated on legislation. The limitation or recall of existing deposit legislation will result in loss of business, which would have a negative impact on the Company's earnings. Furthermore, should that legislation change to eliminate mandatory deposits or the requirement to return beverage containers to retail locations, the Company's business would be adversely impacted.

The plastics recycling segment anticipates to produce approved food grade recycled PET for packaging applications, based on current legislation. Should changes be made to modify current safety rules and regulations for recycled PET, the Company may not be in a position to meet those requirements, which could negatively impact its market share and profitability.

***The Company's market share in the RVM business in the Oregon market may suffer a negative impact***

The Oregon Beverage Recycling Cooperative has recently signed an RVM distribution agreement with Tomra Oregon (formerly Can & Bottle Systems, Inc) an RVM manufacturer recently acquired by Tomra. Tomra's upcoming presence in the Oregon market through this distribution agreement is likely to have a negative impact on the Company's market share in the RVM business in the Oregon market.

**Operational risks**

***The Company may not be able to successfully manage its growth***

The Company aims to expand its operations in the near future, in terms of size and, potentially, geographical location. It is likely that the operational complexity and scale of the Company's development of products and the responsibilities of its management will increase as a result of this targeted growth, placing significant strain on the Company's management and other key personnel. The Company will need to continue to improve its operational and managerial controls and procedures to keep pace should this targeted growth be realised. If the Company fails to manage its growth effectively, it may not be able to execute its business plans, which could have a material adverse effect on its business, financial condition and results of operations.

***The Company is dependent on the performance of third-party manufacturing subcontractors and suppliers and the Company would face disruption of its business should failure in performance occur***

The Company relies on a network of subcontractors to develop and manufacture a number of key components. Should these relationships be terminated, it may not be possible to replace them at a cost acceptable level. It also may not be feasible for the Company to substitute internal manufacturing capabilities should new subcontractors not be secured. The PET recycling business depends upon suppliers honoring their agreement to supply contracted quantity, type and quality of feedstock. Failure in deliveries can result in substantial losses which may even force a shutdown of the processing plant.

***The loss of key personnel or inability to retain highly skilled personnel in critical functions could adversely affect the Company's business***

The Company has a number of key personnel in critical functions in research and development, manufacturing, sales and operations. Should any of these individuals leave the Company, plans may be adversely affected as well as future financial performance. The qualities and costs of final products of the PET recycling segment produced for resale depend to some extent on experienced personnel running the different processes. Inability to replace this personnel may negatively affect production and overall profitability.



***The Company is subject to general development risks and flaws in designs and undetected errors may adversely affect the Company's business***

The Company depends on the development of new products for the growth of its business. Product development involves a large number of risks and uncertainties, including, but not limited to, the following:

- The Company might incur additional costs should products not perform according to design requirements;
- the Company might incur liability should newly developed products contain flaws in designs and/or undetected errors in design, production, assembly or installation;
- the costs of product development might exceed our budget;
- product manufacturing targets might not be reached as the introduction of new products depends on their acceptance in the market;
- products might not perform satisfactorily in the market;
- changes in existing legislation or the interpretation or application thereof might affect the marketability of newly developed products.

These risks and other risks over which the Company has little or no control, may increase costs, give rise to liabilities or otherwise create difficulties or obstacles to the development and sale of new products.

**Financing risks**

***The Company may be unable to raise additional financing in the future to enable development of new products***

In order for the Company to continue to develop new products in accordance with its long term strategy, it may need to raise further funds in the future through, for example, issuing shares, undertaking loans and issuing debt instruments. There can be no guarantee that such further fundraising or any type of fundraising would be successful. The development and growth of the business of the Company may be constrained if fundraising is not successful or if funds are raised on unfavourable terms, which could have a material adverse effect on the Company's business, financial condition and results of operations.

***Currency and exchange risk***

An increasing part of our business is carried out in US dollars when compared to the Euro, our reporting currency. Significant and negative fluctuations in foreign exchange rates between Euros and other currencies, especially US Dollars, may have a significant impact on our results.

**Risk factors relating to the Shares**

***One major shareholder, Alexandre Bouri, will be able to exercise control over the Company, and his decisions may not always be in the best interest of the minority shareholders***

As of the date hereof, Alexandre Bouri, directly and indirectly, owns 66.67% of all the outstanding and issued share capital of the Company. As the Company's largest beneficial shareholder, Alexandre Bouri will have the ability to use his majority voting power to exercise control over the Company's operations and business strategy, and will be able to significantly influence the Company's affairs and actions, including the following:

- matters requiring shareholder approval, such as election and removal of members of the Board of Directors, mergers, consolidations or acquisitions;
- the sale of all or substantially all of the Company's assets and other decisions affecting the Company's capital structure;

- amendment of the Company's articles of association; and
- dissolution and liquidation of the Company.

The interests of Alexandre Bouri may conflict with the interests of the Company's minority shareholders. His control of the Company could delay, deter or prevent acts that the minority shareholders may favour, such as hostile takeovers, changes in control of the Company and changes in management. As a result of such actions, the price of the Shares could decline.

***The price of the Shares may be volatile and affected by a number of factors, many of which are beyond the control of the Company***

The market price of the Shares may be subject to wide fluctuations in response to various factors, some of which would be specific to the Company and its operations and some of which would be related to the recycling industry, economic conditions and equity markets, regardless of the Company's actual performance. The Company cannot therefore guarantee that investors will be able to sell Shares at or above the purchase price they paid for them. In addition, our major shareholder may sell a substantial number of Shares in the public market and this, or the perception that such sale may occur, could adversely affect the market price of the Shares.

***Raising additional capital by issuing securities may cause dilution to existing shareholders***

The Company may seek to raise capital in the future through public or private debt or equity financings by issuing additional shares, debt or equity securities convertible into shares, or rights to acquire these securities and exclude pre-emptive rights pertaining to the then outstanding shares. Any additional capital raised through additional shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional financing the Company may not be available on favorable terms or at all, which could adversely affect the Company's future plans and profitability. Any additional offerings of shares by the Company or the public perception that an offering may occur, could impact the trading price of the shares and could increase volatility in the trading price of the Shares.

***There has been no public market for the Shares prior to the Admission to Trading, the volume of trading in the Company's shares and the DRs has been historically low and the Company cannot assure that an active trading market in the Shares will develop***

Until the Admission to Trading our shares have not been and will not be publicly traded. The DRs, which are currently being publicly traded, represent only a minor portion of our outstanding shares. As a result, there has been no significant trade in our shares and the average daily trading volumes of DRs have been historically low, which has resulted in an adverse effect on liquidity, marketability and market price of our shares and the DRs, and may continue to result in an adverse effect on liquidity, marketability and market price of the Shares. The average daily trading volumes could increase as all of our outstanding shares will be publicly tradeable after the Admission to Trading. However, the Company cannot predict the extent to which an active market in the Shares will develop or be sustained after the Admission to Trading, or how the development of such a market might affect the market price of the Shares.

***The price and trading volume of the Shares could decline depending on market appraisal***

The trading market of the shares may be influenced by the research and reports that industry or securities analysts may publish about the Company or its business. Recommendations on trading on the Company shares by analysts may have an adverse impact on the market price and trading of the Shares. Absence of coverage by analysts may cause the market price of the Shares and the trading volumes to decline.

***The Company has never paid any dividends and does not intend to pay dividends for the foreseeable future***

The Company has never paid any dividends to its shareholders and it does not intend to pay any dividends for the foreseeable future. Payment of future dividends to shareholders will effectively be at the discretion of the General Meeting of Shareholders and is subject to the positive balance of the dividend reserve. In addition, payments of future dividends may only be made to the extent that the Company's shareholders' equity exceeds the sum of the

paid and called-up part of the share capital and the reserves required to be maintained by Dutch law and by the Company's Articles of Association.

**Risk factors relating to the VVPR Strips**

***The VVPR Strips may not give right to the reduced withholding tax rate***

There are no precedents or guidelines with respect to the issuance of VVPR Strips as part of a public offer of DRs (instead of a public offer of the underlying Shares) and the status of VVPR Strips following the cancellation of the relevant DRs within the context of the Admission to Trading. There can be no assurance that the Belgian tax authorities will take the position that the VVPR Strips will effectively give right to the reduced withholding tax rate.

## IMPORTANT INFORMATION

No person is or has been authorized to give any information or to make any representation in connection with the admission to trading of the Shares and the VVPR Strips on the regulated market of Euronext Brussels, other than as contained in this Prospectus, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Company or the Listing Agent. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the Company's knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus.

### Notice to Investors

This Prospectus has been prepared in connection with the application for admission to trading of the Shares and the VVPR Strips on the regulated market of Euronext Brussels. It has not been prepared in connection with an offer of the Shares or the VVPR Strips and no action has been taken in any jurisdiction that would permit an offer of the Shares or the VVPR Strips, or the possession or distribution of this Prospectus or any other offering material relating to the Company or the Shares or the VVPR Strips, where action for that purpose is required. Accordingly, this Prospectus may not be relied on in connection with any offer of the Shares or the VVPR Strips for which a prospectus is required under any applicable law.

The distribution of this Prospectus in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdictions.

### Presentation of Financial and Other Information

In this Prospectus, "Envipco", the "Group", "we", "our", "us" and similar terms refer to the Company and its subsidiaries.

Our consolidated financial information in the Prospectus has been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS differ in certain significant respects from US GAAP as they relate to our consolidated financial information. Investors should consult their own professional advisors for an understanding of the differences between IFRS and US GAAP.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

All references in this Prospectus to "Euros" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. All references to "US dollars", "US\$" or "\$" are to the lawful currency of the United States. See "Exchange Rates".

Certain RVM and recycling industry terms and other terms used in the Prospectus are defined in "Definitions".

## **Market Data**

All references to market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, organizations, analysts, publicly available information or our own knowledge of our sales and markets. Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although we believe these sources are reliable, as we do not have access to the information, methodology and other bases for such information we have not independently verified the information and therefore cannot guarantee its accuracy and completeness.

In this Prospectus, we make certain statements regarding our competitive position. We believe these statements to be true based on market data and industry statistics regarding the competitive position of certain of our competitors.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. In this Prospectus, any information which is followed by (*Source:*) should be read as information sourced from third parties.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events. Forward-looking statements can be identified by the use of words such as “should”, “may”, “will”, “believes”, “assumes”, “expects”, “estimates”, “plans”, “intends”, “is of the opinion”, “to the knowledge of”, “according to estimates” and similar expressions.

This applies in particular to statements set forth in certain sections of this Prospectus containing information on future financial results, plans, or expectations regarding our business and management, its future growth or profitability as well as general economic and regulatory conditions and other matters affecting us.

Forward-looking statements are based on current estimates and assumptions made by the Company to the best of its present knowledge. The occurrence or non-occurrence of a contingency could cause actual financial condition and results of operation to differ materially from, or disappoint expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate.

In light of the risks, uncertainties and assumptions, it is possible that the future events mentioned in this Prospectus may not occur, and forward-looking estimates and forecasts derived from third party studies (see - “*Important Information – Market Data*”) may prove to be inaccurate. As a result, none of the Company, its management or the Listing Agent can give any assurance regarding the future accuracy of the opinions set forth in this Prospectus or as to the actual occurrence of any predicted developments. Neither the Company nor the Listing Agent assume any obligation to update such forward-looking statements or to adjust them to reflect future events or developments, save as required by law.

## DIVIDEND POLICY

The Company has not paid any dividends since its incorporation and currently intends to retain future earnings, if any, to finance the growth and development of its business. As a result, the Company does not anticipate paying any dividends for the foreseeable future.

The Company's dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effective after the approval of the General Meeting of Shareholders as recommended by the board of directors (*bestuur*) of the Company (the “**Board of Directors**”) after taking into account various factors including our business prospects, cash requirements, financial performance, new product development, plans for international expansion and the requirements of Dutch law (for more information see "*Description of the Company, the Share Capital and Corporate Governance - Share Capital - Dividends and Other Distributions*"). In addition, payment of future dividends may be made only if the Company's shareholders' equity exceeds the sum of our called up and paid-in share capital plus the reserve required to be maintained by law and by the Company's articles of association (the “**Articles of Association**”).

## EXCHANGE RATES

The Company publishes its consolidated financial statements in euros. The exchange rates below are provided solely for information and convenience. No representation is made that the euro could have been, or could be, converted into US dollars at these rates.

The table below shows the high, low, average and end period exchange rates expressed in US dollars per €1.00 for the years given as computed using the rates provided by the “OANDA Forex Trading Rates” during the period indicated.

Year ended 31 December	High	Low	Average <sup>(1)</sup>	End of period
<b>(US dollars per euro)</b>				
2010	1.2021	1.4463	1.3275	1.3252
2009	1.2612	1.5017	1.3904	1.4333
2008	1.2588	1.5888	1.4641	1.4097

(1) The average rates on the last business day of each month during the relevant period.

The table below shows the high and low rates expressed in US dollars per €1.00 for the first six months during 2011.

	High	Low
<b>(US dollars per euro)</b>		
Jan 2011	1.2910	1.3710
Feb 2011	1.3499	1.3822
Mar 2011	1.3785	1.4219
Apr 2011	1.4170	1.4839
May 2011	1.4842	1.4054
Jun 2011	1.4638	1.4152

On 30 June 2011, the O and A Forex Trading Rate for the euro was €1.00 = \$1.4390.



## CAPITALIZATION AND INDEBTEDNESS

*The table below sets forth the Company's capitalization and indebtedness as of 30 June 2011. This information has not been audited.*

*You should read this table together with the Company's consolidated financial statements and the related notes thereto, as well as the information under "Management's Discussion and Analysis of Financial Condition and Results of Operation". The table below is prepared for illustrative purposes only.*

<i>In € thousands</i>	<i>30 June 2011</i>
Share capital	1,236 <sup>1</sup>
Share Premium	48,916
Retained Deficit	(35,311)
Other Reserves	1,644
<b>Total equity</b>	<b>16,485</b>
Current Liabilities *	18,542
Non-Current Liabilities * *	8,701
<b>Total Liabilities</b>	<b>27,243</b>
<b>Total Equity and Liabilities</b>	<b>43,728</b>

\* €2,075 of the current portion of the debt included in Current Liabilities is secured debt

\* \* €8,503 of the long term portion of the debt included in Non-Current Liabilities is secured debt

---

<sup>1</sup> As of 30 June 2011, the share capital of the Company amounted to €1,236,303.36. As the Company has issued 12.000.000 Class B Shares to the Stichting Employees Envipco Holding on 20 July 2011 and 14 Class B Shares to the Stichting Employees Envipco Holding on 25 July 2011 the current share capital of the Company amounts to €1,356,303.50 (Please see "Description of the Company, the Share Capital and Corporate Governance - Share Capital - Authorised and Issued Share Capital").

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

*The selected consolidated financial information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and the consolidated financial information and notes thereto included elsewhere in this Prospectus. The year-end consolidated financial information is extracted from the Company’s consolidated financial information that has been audited by BDO Audit & Assurance BV, independent auditors. The financial statements and accounts from which the selected consolidated financial information set forth below has been derived were prepared in accordance with IFRS. The selected consolidated financial information set forth below may not contain all of the information that is important to you.*

### Selected consolidated income statement data

ALL FIGURES IN EURO THOUSANDS

INCOME STATEMENT FOR THE YEAR ENDED	2008	2009	2010
Revenues	41.717	33.092	47.566
Cost of revenues	(31.905)	(25.335)	(34.543)
Leasing depreciation	(1.229)	(1.207)	(1.143)
Gross profit	8.583	6.550	11.880
Selling, general and administrative expenses net of other income	(8.276)	(9.846)	(11.491)
Operating profit / (loss)	307	(3.296)	389
Net financial items	(399)	(326)	(68)
Profit / (loss) before taxes	(92)	(3.622)	321
Taxes	(215)	798	(24)
Net results from continuing operations	(307)	(2.824)	297
Net results from discontinued operations	(235)	-	-
Net results	(542)	(2.824)	297
Other comprehensive income	(591)	340	791
Total comprehensive income			

	(1.133)	(2.484)	1.088
Net results attributable to:			
- Owners of the parent	(541)	(2.788)	309
- Non-controlling interest	(1)	(36)	(12)
Net results	(542)	(2.824)	297
Earnings /(loss) per share for profit attributable To the ordinary equity holders of the parent during the year			
From continuing operations			
Basic (euro)	(0,003)	(0,023)	0,002
Fully diluted (euro)	(0,003)	(0,023)	0,002
From total operations			
Basic (euro)	(0,005)	(0,023)	0,002
Fully diluted (euro)	(0,005)	(0,023)	0,002

#### **Selected consolidated balance sheet data**

ALL FIGURES IN EURO THOUSANDS

BALANCE SHEET AS AT 31 DECEMBER	2008	2009	2010
ASSETS			
Intangible assets	1.266	1.957	2.829
Tangible assets	12.311	10.744	14.629
Investments and other assets	625	461	560
Total fixed assets	14.202	13.162	18.018
Cash	1.444	1.096	1.037
Other current assets	21.256	16.822	21.617
TOTAL ASSETS	36.902	31.080	40.672
LIABILITIES & EQUITY			
Shareholders equity	18.000	15.552	

			16.652
Non-controlling interest	140	104	92
Total equity	18.140	15.656	16.744
Long-term liabilities	5.179	3.540	4.835
Bank overdraft	1.811	1.307	1.619
Current liabilities	11.772	10.577	17.474
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>36.902</b>	<b>31.080</b>	<b>40.672</b>

**Selected consolidated cash flow data**

ALL FIGURES IN EURO THOUSANDS

CASH FLOW FOR THE YEAR ENDED 31 DECEMBER	2008	2009	2010
Operating result	307	(3.296)	389
Cash flow (used in) / provided by non-cash adjustments	3.245	2.880	3.079
Cash flow (used in) / provided by changes in working capital	(4.698)	2.340	2.070
Cash flow (used in) / provided by continuing operations	(1.146)	1.924	5.538
Cash flow (used in) / provided by discontinued operations	(235)	-	-
Net cash flow (used in) / provided by operating activities	(1.381)	1.924	5.538
Net cash flow (used in) / provided by investing activities	4.346	(2.123)	(7.109)
Net cash flow (used in) / provided by financing activities	(600)	372	1.135
Foreign currency differences and other changes	233	(17)	65
Net cash flow for the period	(1.193)	156	(371)
Opening cash position at 1 January	826	(367)	(211)
Closing cash position at 31 December	(367)	(211)	(582)
Closing cash position consists of :			
- Cash and cash equivalents	1.444	1.096	

			1.037
- Bank overdraft	(1.811)	(1.307)	(1.619)
	<hr/>		
	(367)	(211)	(582)
	<hr/>		

Note: certain numbers in 2008 and 2009 Annual reports have been reclassified to be consistent with 2010 Annual report

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the other information in this Prospectus, including our consolidated financial information and related notes thereto incorporated by reference into this Prospectus.*

### Overview

The Group revenue increased by 43.7% in 2010 from the previous year, which had a drop of 20.7% over 2008 revenues. Price collapse in the PET market contributed to the decrease in revenue in 2009. With the recovery of PET market in 2010, revenues of our plastics recycling segment increased by 47% when compared to 2009 figures.

The RVM segment revenues were steady in the years 2008 and 2009. However, in 2010, this segment saw 40.5% increase in its revenues. This was due to strong machine sales and increased redemption volume resulting from expansion of deposit legislation in New York and Connecticut to include plastic water bottles.

In 2009, the Group suffered an increased net loss of €2.8 million (2008: loss of €0.5 million) which has been turned around in 2010 to a net profit of €0.3 million. The Group's net equity in 2010 also increased to €6.7 million after a drop in 2009 to €15.7 million (2008: €18.1 million). The Group saw an increase in its debt to equity ratio from 1.0 in 2008 to 1.4% in 2010, having remained steady at 1.0 in 2009.

Cash flow generated by continuing operations increased from negative €1.7 million in 2008 to €1.9 million in 2009 and €5.5 million in 2010.

Earnings before interest, tax, depreciation and amortization ("**EBITDA**") from operating activities increased to €3.3 million in 2010 from €3.2 million in 2008 after recording a loss in 2009 of €0.4 million.

We believe the Group has an adequate liquidity position as of 31 December 2010, with a current ratio (current assets over current liabilities) of 1:1.2, along with credit facilities in place and a balance of €3.8 million due to be received in 2011 from proceeds of an earlier share issue/loan to shareholder. For more information, see "*Related Party Transactions*".

Our 2008 figures include results of discontinued operations in respect of our helicopter maintenance business segment which was disposed of in March 2008.

### Key Factors Affecting Our Results of Operations and Financial Condition

We believe the following factors have had and will continue to have a material effect on our results of operations and financial condition:

#### ***RVM business segment***

1) *Concentration of credit risk.* We depend on two customers for about 48% of our turnover in this segment. If we lose one of these customers or both, this will negatively impact our earnings. For more information, see "*Business - RVM business segment - Customers*".

2) *Legislation changes in states with deposit legislation in the US.* Expansion of deposit legislation will generate new business ground while conversely limitation or recall of existing deposit legislation will result in loss of business, negatively impacting earnings. For more information, see "*Business - RVM business segment - Background*".

3) *Success of the pilot program with our joint venture partner in non-deposit states in the US.* Success of the pilot would provide significant business growth opportunities. Failure of the pilot would not impact current operational activities but would negatively impact our growth. For more information, see "*Business - RVM business segment - Our products for non-deposit markets - Closed loop recycling solutions*".

### **Plastics recycling business segment**

1) *Fluctuation in unit cost of raw materials.* An increase of the prices we have to pay for our feed stock will have a negative impact on our revenues if unit selling prices cannot be aligned accordingly. For more information, see "*Business - Plastics recycling business segment - Background*".

2) *Concentration of credit risk.* We depend on seven customers for about 66% of our turnover in this segment, including one customer accounting for 15% of total turnover. If we lose one of these customers, and are unable to replace it, this will negatively impact our earnings. For more information, see "*Business - Plastics recycling business segment - Customers*".

3) *Completion of the upgrade of our plastics recycling facility.* When we complete the upgrade of our plastics recycling facility to enable it to produce recycled PET for use in food contact packaging, this will provide significant business growth opportunities. We will not be able to benefit from these opportunities as long as the upgrade has not been completed. For more information, see "*Business - Plastics recycling segment - Plastics Recycling Process*".

## **Results of Operations during the Periods under Review**

### **Revenues**

The following table sets forth our revenues by business segment for the periods indicated.

	For the year ended 31 December		
	2008	2009	2010
	(in thousands of Euro) <sup>1</sup>		
RVM (Reverse Vending Machines)	16,367	16,995	23,881
Plastics	25,350	16,097	23,685
<b>Total</b>	<b>41,717</b>	<b>33,092</b>	<b>47,566</b>

The RVM segment revenues increased significantly in 2010 over 2009 due mainly to increased machine sales and higher volumes since the expansion of the Bottle Bills in New York and Connecticut to include the recycling of water bottles. In 2009, the Company suffered an exceptional downturn in the plastics recycling segment, due to the shrinkage in markets for recycled PET and the collapse of construction industries that traditionally use the HDPE recycled plastics. The market of the plastics segment was volatile and sales were negatively impacted in 2009, but reverted to near normal levels during 2010.

The following table sets forth our revenues by geographical segment for the periods indicated. In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of customers.

	For the year ended 31 December					
	2008	% of total	2009	% of total	2010	% of total
	(in thousands of Euro) <sup>1</sup>					
Europe	25,350	60.77%	16,097	48.64%	23,685	49.79%
North America	15,673	37.57%	16,334	49.36%	23,291	48.97%
Rest of the world	694	1.66%	661	2.00%	590	1.24%
<b>Total</b>	<b>41,717</b>	<b>100.00%</b>	<b>33,092</b>	<b>100.00%</b>	<b>47,566</b>	<b>100.00%</b>

European revenues dropped in 2009 when compared to 2008 because of the volatile market in the plastic recycling in France, which stabilized during 2010.

North American revenues were fairly stagnant in 2008 and 2009 but increased during 2010 as a result of increased revenues in the RVM segment of our business.

The following table shows the growth/decline in our revenues by segment and product line for each of the three years indicated:

	For the year ended 31 December		
	2008	2009	2010
	(in Euro 000)1		
Growth / (decline) in product line			
RVM	(1,776)	628	6,886
Plastics recycling	220	(9,253)	7,588
<b>Total</b>	<b>(1,556)</b>	<b>(8,625)</b>	<b>14,474</b>

### *Cost of Sales*

The following table sets forth our cost of sales for the periods indicated.

	For the year ended 31 December		
	2008	2009	2010
	(in thousands of Euro)1		
RVM (Reverse Vending Machines)	12,512	11,762	15,925
Plastics	20,622	14,780	19,761
<b>Total</b>	<b>33,134</b>	<b>26,542</b>	<b>35,686</b>

Cost of sales for the RVM segment in 2010 increased significantly over 2009, but in line with increased machines sales. As explained in the revenues section, plastics segment had a decrease in cost for 2009 due to a volatile market, but recovered to near normal levels in 2010.

### *Administrative Expenses*

The following table sets forth our administrative expenses for the periods indicated.

	For the year ended 31 December		
	2008	2009	2010
	(in thousands of Euro)1		
Bad debts provision	291	359	160
Depreciation / amortisation	1,622	1,651	1,671
Research & development	344	1,293	963
Expenses under operating leases	375	404	448
Audit & advisory services	90	98	82
Other administrative expenses	5,303	5,772	7,577
<b>Total</b>	<b>8,025</b>	<b>9,577</b>	<b>10,901</b>

Increased incentive provisions for improved performance, higher product support, increase in number of senior management, and additional cost of managing our new joint venture pilot program contributed to higher other administrative costs. Success of the new joint venture pilot will provide new business growth to justify increase in



other administration expenses. Conversely, failure of the pilot will lead to elimination of associated other administrative expenses.

Costs of compensation including salaries, incentives and benefits in the plastics segment increased by about €353 thousand and in the RVM segment by nearly €16 thousand from 2009 to 2010.

#### ***Operating profit before financing costs (EBIT)***

EBIT for 2010 of €490 thousand increased significantly from a negative €3,277 thousand in 2009 due mainly to profitable machines sales. EBIT for 2008 was €126 thousand. The volatile market in the plastics recycling segment resulting in a substantial loss contributed significantly to the reduced EBIT in 2009.

#### ***Financial Income***

Due to a loan receivable from a major shareholder (For more information, see - "*Related party transactions*"), interest income in 2010 was higher than in 2009 and 2008. Foreign exchange gains also contributed significantly. In 2009, the plastics segment received a one-time award of €395 thousand for a legal settlement.

#### ***Financial Expense***

Due to repayments and refinancing of long term liabilities, interest paid on debt was lower in 2010 as compared with 2009 and 2008. Interest payments were also lower in 2009 compared with 2008.

#### ***Income Tax***

The plastics recycling segment had a considerable loss in 2009 resulting in an income tax credit, which has been almost fully recovered in 2010. The RVM segment has significant net operating losses that are carried forward, and does not pay federal income tax but only state mandated taxes in the US. Net operating losses for the US operation amount to \$27 million as of 31 December 2010, which may be offset against future taxable profits.

#### ***Profit for the Period***

2010 was a considerably better year for both the RVM segment and the plastics recycling segment. In 2010 the Group as a whole recorded its first profitable year since 2005. Major machines sales and the increase in water bottle volumes having been implemented for a full year since the introduction of the Bottle Bill in the states of New York and Connecticut in the RVM segment in North America contributed significantly towards this position. The plastics recycling segment bounced back when prices of PET and HDPE recovered to near normal levels, and reduced the significant loss of €1.4 million in 2009 compared to a loss of €0.06 million in 2010.

#### ***Liquidity and Capital Resources***

##### ***Overview***

Our operations are funded primarily through sales revenues, capital raisings and bank debt.

We expect to receive an amount of €3.8 million from our majority shareholder in 2011 (of which an amount of €1.6 million has been received by the Company as at 31 March 2011) in respect of an outstanding loan and balance of payment on shares issued to that shareholder in 2008. For more information, see "*Related Party Transactions*".

As of 31 December 2010, we had total bank debt of €7.3 million. Our ratio of debt to equity as at that date was 1:1.4290.

##### ***Working capital statement***

In our opinion, our working capital (i.e. our ability to access cash and other available liquid resources) is sufficient for us to meet our liabilities as they become due for at least the next 12 months.

### Historical Consolidated Cash Flow

The following table highlights selected cash flow data for the periods indicated.

	For the year ended 31 December		
	2008	2009	2010
	(in thousands of Euro)		
Net cash (used) / provided by operating activities	(1,381)	1,924	5,538
Net cash (used) / provided in investing activities	4,346	(2,123)	(7,109)
Net cash (used) / provided by financing activities	(3,720)	372	1,135
<b>Total net cash (used) / provided by all activities</b>	<b>(600)</b>	<b>156</b>	<b>(371)</b>
<b>Foreign currency differences and their charges</b>	<b>155</b>	<b>(17)</b>	<b>65</b>

#### Year Ended 31 December 2009 Compared to Year Ended 31 December 2008

The net cash generated by operating activities improved in 2009 over 2008 due mainly to profitable machine sales and cost rationalization. From 2008 to 2009, our net cash from investing activities declined significantly due largely because the sales proceeds of €7.5 million from the discontinued operations was part of the 2008 positive cash figure. Capitalized research and development expenditure in 2008 was €0.6 million whereas in 2009 it was €0.7 million. Investment in the plant upgrade of the plastics recycling segment was €0.3 million in 2009 and the RVM segment spent €1.0 million. In 2008, plastics recycling segment invested €1.6 million on capital equipment whilst the RVM segment spent €1.1 million. However, net cash from financing activities declined from 2008 to 2009 due to a settlement of loan to a related party of €5.7 million in 2008.

#### Year Ended 31 December 2010 Compared to Year Ended 31 December 2009

The net cash flow from operating activities improved significantly in 2010 over 2009 mainly due to profitable machine sales and increased water bottle volume activity in the RVM segment and the recovery of the plastics recycling segment. However, this was offset by significant increase of net cash used in investing activities largely due to the €3.7 million investment in the upgrade of the plastics recycling plant in France in 2010. €0.7 million was spent on capital equipment for the joint venture pilot program, €1.2 million on RVM lease placements, €0.6 million on other fixed assets, and €0.9 million was used for capitalized research and development in the RVM segment. Net cash provided by financing activities improved from 2009 to 2010 due to a cash injection in 2010 via debt from the plastics segment.

### Historical Debt

The following table sets forth our financial liabilities as of the dates indicated:

	As of 31 December		
	2008	2009	2010
	(in thousands of Euro)		
Long-term debt (net of current portion)	4,017	3,247	4,534
Current portion of long-term debt	1,100	1,005	1,227
Other long-term liabilities	1,162	293	301
Current liabilities (net of current position of long-term debt)	<u>12,483</u>	<u>10,879</u>	<u>17,866</u>
<b>Total liabilities</b>	<u>18,762</u>	<u>15,424</u>	<u>23,928</u>

The collapse of the PET market in 2009 led to the reduction in inventories of our plastics recycling segment which in turn reduced the overall trade payables by €1.4 million in 2009. Also, the debit balance on the overdraft facility of our plastics recycling subsidiary reduced by €0.5 million in 2009.

The increase of our current liabilities from 2009 to 2010 is largely due to a EUR 6.4 million increase of our debt towards trade creditors caused by increased profitable activities during 2010. New financing of the upgrade of our recycling facility in France (for more information, see "*Business - Plastics recycling business Segments – Plastics Recycling Process*") has contributed significantly to the increase of our overall long term debt in 2010.

You can find additional information about the liabilities listed in the table above in notes 16, 21, 22 and 24 to each of our consolidated financial statements for the relevant years.

### **Capital Expenditure**

The following table sets forth our capital expenditure for tangible and intangible assets for the periods indicated.

<b>For the year ended 31 December</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>
	(in thousands of Euro)		
Tangible assets	<b>3,823</b>	<b>2,212</b>	<b>6,502</b>
Intangible assets	<b>587</b>	<b>511</b>	<b>992</b>
<b>Capital expenditure</b>	<b>4,410</b>	<b>2,723</b>	<b>7,494</b>

The following table sets forth the changes in the net book value of our tangible and intangible assets in the periods indicated.

(in thousands of Euro)

	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Intangible assets</b>			
Net Book Value			
At beginning of year	678	1,266	1,957
Additions (Capital expenditure) (A)	587	511	992
Others, net of amortization, depreciation and disposals	1	180	(120)
At end of year	<b>1,266</b>	<b>1,957</b>	<b>2,829</b>
<b>Tangible assets</b>			
Net Book Value			
At beginning of year	12,396	12,311	10,744
Additions (Capital expenditure) (B)	3,823	2,212	6,502
Others, net of amortization, depreciation and disposals	(3,908)	(3,779)	(2,617)
At end of year	<b>12,311</b>	<b>10,744</b>	<b>14,629</b>
<b>Total capital expenditure (A+B)</b>	<b>4,410</b>	<b>2,723</b>	<b>7,494</b>

In 2010 our expenditure on tangible assets amounted to EUR 6.5 million. This included an amount of €4.5 million paid in 2010 towards the upgrade of our recycling facility in France (For more information, see: "*Business - Plastic recycling business segment - Plastics recycling process*"). Our expenditure on tangible assets more than offset €2.7 million of depreciation and €10 thousand in disposals and currency translations in 2010. As a result, tangible assets increased by €3.9 million in 2010.

Investment in intangible assets in 2010 was €92 thousand. This is mainly due to the capitalisation of development costs in 2010 (For more information, see Note 13 in our Annual Report 2010 as incorporated by reference into this Prospectus).

In 2009, our expenditure on tangible assets amounted to €2.2 million. This included €1.6 million of investments on assets in the RVM segment and €608 thousand in the plastic recycling segment. Our depreciation of €2.3 million and the disposals and currency translation of €52 thousand more than offset the investment in 2009. As a result, tangible assets decreased by €1.6 million in 2009.

Intangible assets increased in 2009 by €511 thousand due mainly to the capitalisation of development costs. Reclassification of research and development costs of €64 thousand more than offset the depreciation and currency translation to make the net change a positive €180 thousand.

During 2008, our expenditure on tangible assets totaled €3.8 million. This included €2.0 million in the plastic recycling segment and €1.8 million in the RVM segment. This was more than offset by depreciation of €2.8 million and disposals and currency translations of €1.0 million. As a result, tangible assets decreased by €85 thousand in 2008. Intangible assets increased by €87 thousand primarily due to capitalisation of development costs.

### Summary of Commitments and Contingent Liabilities

The following table provides a maturity analysis of certain of our contractual obligations as of 31 December 2010.

Payments Due In				
Type of Obligations	Up to 1 year	1 to 5 years	More than 5 year	Total 31 December 2010
	in euro thousands			
Bank loans	1,227	4,471		5,698
Trade accounts payable	13,672	-		13,672
Non-trade & Other liabilities	4,194	301		4,495
	19,093	4,772		23,865

### Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial risks due to our business and international operations. Our financial risk management focuses specifically on the areas of currency risk, liquidity risk and the risk of changes in the pricing of raw materials and end-products. The overall objective of our risk management is to evaluate and eliminate, to the extent possible, any financial risk in order to maintain our profitability and financial performance.

### *Currency risk*

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Japanese Yen. We are conscious of the exposure to currency risk and we manage the currency risk by closely monitoring the currency fluctuations and by buying Euros for the US entity from time to time when the exchange rates are relatively favorable. We currently do not use foreign exchange contracts or foreign currency options to hedge our currency risk.

### *Credit risk*

Our credit risk reflects the fact that some of our customers may not be able to fulfill their contractual obligations towards us. To manage this risk, we carefully assess the risk of doing business with new or foreign customers and have a vetting process before confirming any transactions. Typically, with US customers in the RVM business segment, a deposit or partial prepayment is required, provided there is acceptable creditworthiness. With most of our non-US customers in the RVM business segment, irrevocable letters of credit secure our position. 90% of all sales proceeds are insured by credit agencies in the plastic recycling segment, with the balance from credit-worthy customers.

### *Liquidity risk*

Our management monitors the rolling cash flow by preparing and reviewing cash summaries for each of the group entities on a daily, weekly, bi-monthly, monthly and quarterly basis. Liquidity is managed by invoice factoring in Europe and closely pursuing receivables collections in the US and also by keeping committed credit lines in place.

### *Price risk on oil-based components*

Most of our products are based on plastic materials such as PET or PVC. These products are made out of oil. Accordingly, prices might vary with oil prices. Such prices are generally passed on to consumers.

### *Interest rate risk*

We are exposed to interest rate risks due to borrowings with variable interest rates. We try to negotiate fixed rate financing to the extent possible to ensure that interest rate exposure is at a manageable level, and we explore the possibility to refinance existing facilities for improved terms from time to time.

We have entered into an interest rate swap agreement to hedge against the changes in interest rates on a seven-year term loan for USD 1,875,000 entered into by Envipco Pickup and Processing Services Inc. in 2007. The swap agreement will terminate with the term loan on 15 May 2014.

## **Recent Business Developments and Outlook**

The most significant recent business developments are:

- We have entered into a joint venture with Coca-Cola Recycling LLC to pilot and operate our newly developed Closed Loop Recycling Systems in the Texas market. Currently 3 units of our Reimagine recycling center are under test in Texas, an additional three units are anticipated to be installed before the end of 2011. This new system handles large volumes of beverage containers in bulk at low cost. The results of the first pilot so far are encouraging. Following the success of other pilot sites, it is the intention of the partners to start a roll out program from 2012 onwards. Investments in the joint venture are currently in progress and amounted to an investment of USD 700,000 in 2010, which investment was funded internally. For more information about Closed Loop Recycling Systems and our joint venture with Coca Cola, see "*Business - RVM business segment - Our products for non-deposit markets - Closed Loop Recycling Systems*".
- Over the last three years, we invested heavily in the development of new recycling technology platforms. Several of these platforms were completed during 2010 with more expected to be introduced during 2011.

Investments on these platforms are currently in progress and amounted to, together with investments on our innovative compactors, an investment of USD 900,000 in 2010, which investment was funded internally. For more information, see "*Business - RVM business segment - Our products and services for deposit markets*".

- We have successfully completed pilot tests with a major German retailer on our innovative compactors, which can be easily retrofitted into other company's Reverse Vending Machines. The results are encouraging and we expect these tests will result in increased sales of our compactors. The potential is very large as the compactor is one of the key components in an RVM. On 10 August 2011, we received the first commercial order for 500 of our compactors from one of the large German supermarket chains. For more information on our compactors, see "*Business - RVM business segment - Compactors*".

- The upgrade of our plastic recycling plant is expected to be completed by the last quarter of 2011. The upgraded facility will allow us to generate food grade approved recycled PET which will provide added value and wider market opportunities. The investments on our plastic recycling plant are currently in progress and amount to a total investment of EUR 5,500,000, which investment was funded externally. For more information, see "*Business - Plastics recycling business segment - Plastics Recycling Process*".

In 2011 Sorepla, a company duly registered with European Food and Safety Authority (EFSA) was also granted a non-objection approval letter from Direction générale de la concurrence, de la consommation et de la répression des fraudes (DGCCRF), an endorsement which is expected to significantly enhance the marketability of our recycled PET. Customers can comply with the law and rely on quality and safety standards when using Sorepla products.

- On 24 January 2011, Environmental Products Corporation, our US subsidiary, signed credit facilities totaling \$7.5 Million with TD Bank N.A., to fund additional working capital expansion needs and business development initiatives discussed above. For more information, see "*Business - Material contracts*".

- We are evaluating options to sell up to 20% of our plastic recycling business to strategic partners for both its downstream and upstream applications.

- The Oregon Beverage Recycling Cooperative has recently signed an RVM distribution agreement with Tomra Oregon (formerly Can & Bottle Systems, Inc) an RVM manufacturer recently acquired by Tomra. Tomra's upcoming presence in the Oregon market through this distribution agreement is likely to have a negative impact on the Company's market share in the RVM business in the Oregon market.

- On 22 June 2011, the Company has reached an out of court settlement with Tomra in relation to the complaint the Company had filed on 9 November 2010 for unfair trade practices and uncompetitive behavior. Tomra has agreed to remove or disclaim all exclusive vendor provisions with its retailer customers and to refrain from entering into designated exclusive agreements in the future.

- Tomra and Envipco have also resolved a market issue created in the state of Michigan. Under this agreement, Tomra is granting Envipco an exclusive CBSI technology distribution agreement for the state of Michigan until 31 December 2014. CBSI was bought by Tomra last year. Envipco will acquire certain sales and service agreements and take over existing Michigan operations from Tomra.

- The recovery of plastics recycling business has slowed down due to the general economic situation. We, therefore, expect the second half of 2011 to show only a modest increase of the net profit generated by the Company's plastics recycling business, when compared to the second half of 2010.

Despite the slowdown of the recovery of the plastics recycling business, the Company expects that as a net result of these business developments, it will show further improvement of its results in 2011 and beyond.

## **BUSINESS**

### **Overview**

Envipco, with its main operations in the United States of America and France, is active in two main business segments:

- Reverse Vending Machines; and
- Plastics recycling.

A reverse vending machine (RVM) is an advanced piece of equipment designed to identify, sort, collect and process used aluminum, glass and plastic beverage containers, and provide the user with a voucher slip that can be redeemed for cash or merchandise at the location in which the machine is installed. We develop, manufacture and sell RVMs. We also offer turnkey solutions for the recovery of used beverage containers covering all aspects of beverage container recycling from recovery, validation (of the eligibility of authorized containers), compaction, sorting, transportation and logistics to accounting for every container and recycling and processing used beverage containers to prepare for conversion into new containers and consumer products.

In the plastics recycling segment we operate a plastic processing facility in France, which produces plastic (PET and HDPE) flakes and pellets, a product derived from post-consumer plastic beverage containers. The product is sold to various customers for packaging and fiber applications.

### **History**

Envipco Holding N.V was incorporated on 26 June 1998.

Our first acquisition was the purchase of 99.85% of the shares in Environmental Products Corporation, a US registered corporation, on 18 July 1998, by means of an exchange of shares. EPC is involved in the post consumer beverage container redemption services.

In 1998 we acquired 100% of Sorepla Technologies S.A. which, in turn, held 56% of Sorepla Industrie S.A., a French plastics recycling company. Together with the 15% stake of Sorepla Industrie S.A. then owned by EPC, this brought our stake in Sorepla Industrie S.A. to 71%. Between 1998 and 2003 we acquired a further 26.5% of Sorepla Industrie S.A. to bring our ownership to 97.5%. The remaining 2.5% is held by Mr. Haissam Dib, the CEO of Sorepla.

In 1998 we acquired EM Gerätebau Rucknahmesysteme GmbH, a German company involved in the automated recovery of post consumer containers using RVMs in Germany. We closed the operations of EM Gerätebau Rucknahmesysteme GmbH in 2004.

In 1999 we acquired 100% of Posada Holding B.V., the holding company of a group of companies engaged in helicopter maintenance and repair. We sold this group in 2008 as it did not fit into our business segments.

On 18 July 2001, we incorporated Envipco Pickup & Processing Services, Inc., a Delaware registered corporation, for the acquisition of the New York metro materials handling business of Metro Mining LLC.

On 4 March 2002, we formed a 50/50 joint venture with Fuji Electric Co. Ltd., named Envipco Japan Ltd., for the development of the RVM business in Japan and in the Pacific. As it entered the Japanese market prematurely, Envipco Japan Ltd. incurred substantial losses. The joint venture was terminated in 2005 with Envipco taking over the shares held by Fuji Electric Co. Ltd. Envipco continues to maintain a small presence in the Japanese market.

In November 2002, we formed Envipco Automaten GmbH a Germany company for the design, research and development of all our beverage container recovery technology. Envipco Automaten GmbH required assets of MRV in April 2006.

On 6 December 2005, EPC incorporated Enviromental Products Recycling Inc. as its wholly owned subsidiary for its materials handling business in the states of Connecticut and Massachusetts.

In March 2008, Posada Holding BV sold all of its ownership interests in Aeromaritime America Inc, Aereomaritime Medeterranean Ltd, Aeromaritime UK, and Component Process Repair Ltd to ITP (Industria de Turbopropulsores, SA.).

## **RVM business segment**

### ***Background***

With world population approaching 7 billion people, managing the world's waste of beverage packaging is becoming a major focus area for governments, environmentalist and businesses. As a result of increasing governmental legislation over the protection of the environment, expansion of activism surrounding energy conversation, and increasing demands for high value scrap commodities, cost effective recovery and recycling of packaging is becoming a growing industry.

In the US alone approximately 224 billion packaged beverages were sold in 2006, up from 190 billion in 2000 (*Source: the Container Recycling Institute at [www.container-recycling.org](http://www.container-recycling.org)*). Beverage packaging recovery has proven to play a significant role in reducing roadside litter. Littered beverage containers make up to as much as 40-60% of all litter in the United States (*Source: the Container Recycling Institute at <http://bottlebill.org>*).

Besides reducing air and water pollution, recycling used packagings saves energy. This is because recycled materials have already been refined and processed once; manufacturing the second time is less energy-intensive than the first. For example, manufacturing with recycled aluminum cans uses 95 percent less energy than creating the same amount of aluminum with bauxite (*Source: Stanford University Buildings and Ground Maintenance at <http://bgm.stanford.edu>*).

Today an increasing number of nations are addressing the problems caused by used beverage packagings through deposit legislation, incentives, taxes or law enforcement (*Source: the Container Recycling Institute at [www.container-recycling.org](http://www.container-recycling.org)*).

In the market for used beverage container recycling a distinction must be made between markets with and markets without deposit legislation, i.e. legislation obliging producers to sell beverages in containers with deposit value and to redeem empty containers. Deposit systems, unlike other recycling methodologies, offer cash incentives for consumers to return beverage packaging in a voluntary participation system outside of taxpayer funded programs. Deposit systems, while costly to operate, are significantly more effective than other recycling programs such as municipal curbside recycling.

Today eighteen countries, including the United States of America, have national or regional deposit laws in place (*Source: the Container Recycling Institute at <http://bottlebill.org>*). Ten states in the United States of America currently have enacted bottle deposit legislation (*Source: the Container Recycling Institute at [www.container-recycling.org](http://www.container-recycling.org)*).

Envipco automated packaging recovery technology can be used in both the deposit and non-deposit markets. In both markets our programs are based on the return-to-retail concept where consumers return beverage packagings as a part of regular shopping trips. Based on proprietary and patented hardware and software, we believe Envipco automation reduces costs and improves the packaging recovery economics for stakeholders. The diverse benefits of Envipco automation include:

- Accurate container recognition: laser scanning, optical recognition, infrared sensors
- Space saving compactors: reduces logistics expense
- Reliable modular design
- High speed consumer in-feeds
- Customized software platforms: reconciliation and administration



## ***Our products and services for deposit markets***

### ***RVMs: how they work***

Reverse Vending Machines are typically installed in a public setting. Consumers insert their empty beverage containers into the RVM one at a time. The UPC on the container is scanned for validation and if validated, the UPC is recorded in a corresponding distributors account for later reimbursement to the operator and the container is processed and crushed to reduce its size and to increase storage capacity. If the container is not validated it is returned to the consumer.

RVMs offer operators significant reduction in labor and storage costs associated with the processing of returned containers.

### ***Market classification***

Our primary targets for RVM's in deposit markets are food and beverage retailers, and redemption centers. Each segment of the market will fit into one of three capacity profiles: Low, Medium or High. Low capacity needs are typically establishments that process under 52,000 containers on average per month. The medium capacity profile consists of establishments with redemption rates of greater than 52,000 but not more than 450,000 containers on average per month. High Capacity profile begins above 450,000 containers and can reach as high as 1,000,000+ containers on average per month.

### ***Product offering***

Envipco offers a wide range of reverse vending equipment for use in these deposit markets. The matrix below positions each of our RVM product lines as they relate to the capacity profiles.

<b>RVM Product Line Position</b>				
Capacity				
High			ULTRA HDS	XMT
Medium		CF 1500	ULTRA	
Low	Flex			
	Small	Medium	Large	Footprint

### *Low Capacity Profile*

Retail outlets in this profile consist mainly of fuel stations, pharmacies and convenience stores. These establishments will process on average 52,000 containers or less per month. Envipco offers two product lines to support this profile.



#### *Flex*

For locations with very low redemption rates and limited space, this RVM offers retailers a compact solution that processes both aluminum and plastic containers through one opening.

Standard features include barcode scanning, receipt printing and customer display. A dual stage compactor flattens aluminum and plastic containers.

Processed containers are removed through the front of the machine when capacity is reached allowing the machine to be installed as a free standing unit anywhere in the store.



#### *CF 1500 TRI*

The CF 1500 TRI is designed for establishments that process a moderate to maximum number of containers in this profile. This RVM can be configured to accept only aluminum and plastic containers or, if needed, a glass option can be added to the side of the machine allowing the machine to process all three commodity types through a single opening.

Features include barcode scanning, receipt printing, customer display and continuous in-feed. Container densification can be configured to flatten aluminum and plastic bottles, and crush or soft drop whole glass bottles.

Processed containers are removed through the front or rear of the machine when capacity is reached and can be installed as a free standing unit or through the wall.

### *Medium Capacity Profile*

The medium capacity profile consists of mid-sized grocery stores, liquor stores and redemption centers. These establishments will process on average between 52,000 and 450,000 containers per month. Envipco offers two product lines to support this profile.



#### *CF 1500 Series*

This line of equipment offers retailers a flexible solution to processing containers depending on the need. A single machine can be configured to accept one to three container commodity types through a single opening.

Features include barcode scanning, receipt printing, customer display and continuous in-feed. Container densification can be configured to flatten aluminum cans, shred or flatten plastic bottles, and crush or soft drop whole glass bottles.

Flexible cabinet design allows for free-standing or through the wall installation with front or rear access for commodity removal.



#### *ULTRA Series*

New to our product lineup in 2011 is the ULTRA series. Like the CF line, it can be configured to accept one to three container commodity types through a single opening.

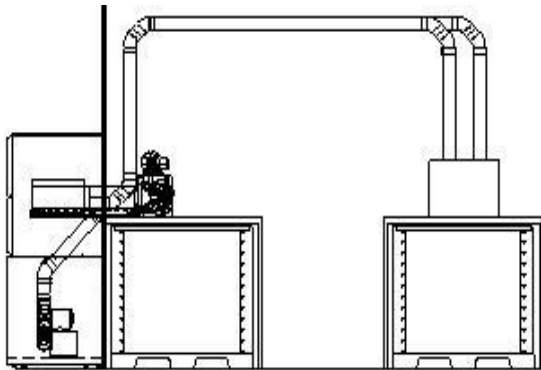
The Ultra offers retailers advanced features over the CF line such as new compaction technology that provides greater efficiencies in container densification and storage. The consumer interface has a 10" multi colored display and the in-feed is illuminated with red and green LED lighting that change colors to indicate machine readiness.

Features include barcode scanning, receipt printing and continuous in-feed. Container densification can be configured to flatten aluminum cans, shred or flatten plastic bottles, and crush or soft drop whole glass bottles.

Flexible cabinet design allows for free-standing or through the wall installation with front or rear access for commodity removal.

### *High Capacity Profile*

The high capacity profile consists mainly of large supermarkets, redemption centers and big box merchants with high container redemption rates. These establishments will process on average 450,000 containers to 1,000,000+ containers per month. Envipco currently offers two product lines for this profile.



#### *CF 1500 XMT Series*

The XMT is a unique high capacity solution that offers retailers flexibility to compact and store containers away from the machine. High capacity storage bins can be setup in a remote part of the bottle room or even another room altogether.

Aluminum and plastic containers are accepted through a single opening and transported on conveyors and through an airveyor system to dedicated high capacity bins where they are compacted and stored.

The glass machine is configured to soft drop whole containers, segregating them by colors into two separate storage bins located to the side and back of the machine.

Features include barcode scanning, receipt printing, customer display, continuous in-feed and aluminum and plastic container compaction.



#### *HDS*

New to the market in 2011 is Ultra HDS. This high capacity solution designed to sit on top of large collection bins where processed containers are stored allowing this system to fit into a smaller space.

HDS is only available as aluminum and plastic combination machine with a single opening, and a standalone glass machine. A typical installation will include two aluminum and plastic combination openings that feed three high capacity bins - one bin for aluminum and two separate bins for plastic. The glass machine is configured to soft drop whole containers, segregating them by colors into two separate storage bins.

Features include barcode scanning and receipt printing. New compaction technology is used to provide greater efficiencies in container densification. The consumer interface has a 10" multi colored display and "wide open" continuous in-feed.

Lower cabinet design allows for free-standing or through the wall installation with front or rear access for commodity removal.

### *Interactive Marketing Platform*

The Interactive Marketing package is designed to provide our customer and the consumer with an enhanced recycling experience that increases customer loyalty and drives merchandise sales. This platform can be installed in any one of our reverse vending products.

Features include a 15" touch screen for showing advertising videos, display static images, and select coupons to dispense. A loyalty card dispenser and reader can be configured to interface with retailers' point-of-sale and loyalty card databases. Through the charity feature, retailers can provide functionality for consumers to donate their redemption values to organizations right from the machine.



### *BRC-71 Trash Compactor*

This consumer operated trash compactor is designed to manage and streamline the waste handling needs of retailers with high redeeming bottle rooms. Bulky materials, such as cardboard boxes, empty bags, non refundable containers and other refuse left over when consumers are through redeeming containers is compacted into small manageable cubes. By compacting trash where it originates, much of the labor and handling time needed to service waste bins is eliminated.

Standard features include a large in-feed opening, small footprint and 1000psi compaction force.

Cabinet design allows for free-standing installation with front access for waste removal.

### *SortAfterProgram*

In deposit states, retailers sell beverages in containers with deposit value and have the obligation to redeem the empty container packaging. Where RVM's are not utilized, retailers are required to manually sort containers by package size and beverage distributor brand. The manual handling of redemption is labor intense and time consuming for the retailer. Envipco's proprietary SortAfter program takes away this work. As part of the SortAfter program, we provide a scheduled logistics service to collect commingled containers in bulk from each retailer location for ultimate processing through Envipco's high speed centralized counting equipment branded BulkMaster. After the containers are processed through the equipment, SortAfter software accumulates processing data and transmits those data to our billing department. We use the data to perform various administrative functions, including billing and activities reporting to both retailers and beverage distributors. The patented BulkMaster technology is Envipco designed and manufactured.

Envipco is the sole company to offer a program of this type. The program currently operates in New York City. Envipco plans to expand this program to other deposit states.

### ***Deposit Redemption Programs***

Under deposit redemption programs, participating retailers and other participants lease or purchase RVMs from the Company. The Company then collects deposits and handling fees on redeemed containers from participating beverage distributors and distributes deposit refunds and handling fees to participating retailers and other participants. In addition, the Company provides various services to participating distributors and retailers and other participants, including container collection, disposition, and accounting services.

### ***Our products for non-deposit markets***

#### ***Closed loop recycling solutions***

Partnering with the world's largest beverage company, Coca-Cola, we have designed a system to recover material at what we believe may be one of the lowest engineered costs in the industry. In cooperation with Coca-Cola Recycling LLC, we developed a unique brand called "Reimagine". Reimagine is an unmanned, automated drop off center targeting aluminum and PET containers for recovery. Utilizing multiple patented technologies Reimagine can accept 100 containers a minute from consumers who simply "bulk feed" all of their containers at once into the machine. Once accepted the machine uses optical sorting and material identification to only accept aluminum and PET and reject everything else. The result is nearly 100% pure aluminum and PET feedstock that does not require costly processing to sort out contaminants.



Bulk Feed technology makes it easy and efficient for consumers to recycle and they are rewarded for it too. Consumers can sign up at the unit via a loyalty card system that is dispensed to the consumer on demand. Consumers recycling activity is logged on a remote server which can track how many containers they recycle on each trip allowing consumers to bank recycling points for high value rewards or sweepstakes offers. Once a consumer elects to receive a reward they can scroll through a touch screen menu of offers, make their selections and have the reward printed at the machine.

Reimagine also serves as a community center allowing for schools and other community groups to recycle in exchange for rewards. Reimagine addresses a need to recycle containers where no existing curbside recovery systems exist or in multi-family homes and apartments where curbside recovery programs cannot be deployed. Reimagine also offers a solution for small businesses to recycle and for products that are consumed away from home.

#### ***Low Cost RVMs (LCRVMs)***

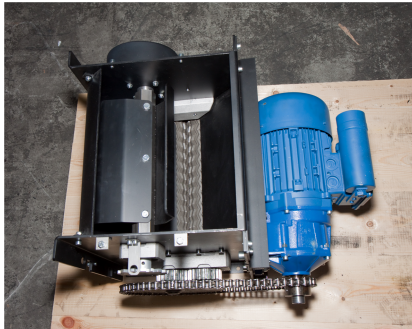


We have engineered a low cost RVM (LCRVM) for use in non-deposit areas. The machine runs on 110 volt power making installation in most vending forums easy to accomplish. The LCRVM is configured to accept aluminum cans and PET bottles and has full state of the art compaction holding 290 cans and 225 PET bottles respectively. The LCRVM is a modular platform that can be upgraded with a loyalty card dispenser, touch screen, card reader and printer making it flexible for all possible marketing applications. The LCRVM is marketed towards major soft drink companies' cold drinks vending businesses, sports and recreational venues, and to supplement and support the Reimagine platform.



### *Compactors*

We have developed a new compactor with new design features and improved reliability, superior container compaction and a longer service life, which has been approved by DPG (Deutsche Pfandsystem GmbH) for incorporation into Tomra's T-710 and T-820 RVMs. Applications are under consideration for approval in other RVM manufacturer's machines.



The compactor is the most consumable part in a Reverse Vending Machine, and requires refurbishment and replacement multiple times during an RVM's equipment life. We estimate the annual German market potential alone for new and replacement compactors to exceed 10,000 units.

Currently, a German company, HSM GmbH & Co. KG, supplies compactor technology to several reverse vending companies, which we believe to include Tomra, Sielaff, Repant and Wincor Nixdorf. We aim at capturing a significant market share of this business based on our new innovative design and attractive price performance.

### *Support services*

Envipco equipment placements in both deposit and non-deposit markets require varying types of support services dependent upon market conditions and legislative requirements.

Our business in the traditional deposit market is a business-to-business model, providing to retailers collection logistics, container accounting, deposit settlement, scrap processing and commodity marketing, and container recognition, container accounting, deposit settlement, compaction and extensive consumer interface for self service.

In non-deposit markets, unlike in deposit markets, our services are directed at consumers and we have stakeholder relationships with the beverage industry and retailers. Also, since non-deposit markets do not have cash incentives for recycling, promotional marketing is an important factor for the success of our beverage packaging recovery in non-deposit states. In the non-deposit markets we offer memberships, promotions, and reward points to consumers, and automated collection, container processing, logistics and scrap marketing to our stakeholder partners.

The diversity of support services provided by Envipco include: technical services, material handling, and data administration.

#### *Technical Services*

Organized as a specialized operation department, our technical service group is responsible for preventive maintenance, warranty work, in-field repairs, data uploads and downloads, parts sales and supply sales. We maintain decentralized parts inventory and service vehicle fleets necessary to meet the requirement of each market. To enhance technician efficiencies and cost effectiveness, our equipment incorporates self-diagnosis software, on-line data transfer software, and modular machine design for ease of component replacement and upgrade.

#### *Material Handling*

As part of a turn-key business model, we provide, where applicable, a full range of material handling services, including packaging collection logistics, commodity processing and marketing. In certain key markets we own and operate both trucking and plant processing assets. However, most of our material handling support services are outsourced to third party providers or allocated to packaging stakeholders.

#### *Data Administration*

Our proprietary data administration systems provide foundational support over both deposit and non-deposit products and services. They are able to accurately count, accumulate, and categorize billions of container

transactions per year into auditable activity reports. Our data are used for deposit reconciliation, service billings, and non-deposit rewards program reconciliation.

## **RVM markets**

### ***United States of America***

#### ***The US deposit markets***

##### **General**

In the US, ten states have bottle deposit legislation (bottle bills) largely concentrated in the three geographical regions of the northeast, mid-west, and west. In the northeast region, bottle bills have been implemented in New York (1983), Connecticut (1980), Massachusetts (1983), Vermont (1973) and Maine (1978) serving a population of 31,454,000, approximately 10% of the US population. The mid-west region bottle bills are located in Michigan (1978) and Iowa (1979), serving a population of 12,930,000, approximately 4% of the US. In the West region, bottle bills have been enacted in Oregon (1972), California (1987) and Hawaii (2005) serving a population of 42,445,000, approximately 14% of the US. (*Sources: the Container Recycling Institute at [www.bottlebill.org](http://www.bottlebill.org) and the United States Census Bureau at [www.census.gov](http://www.census.gov)*). Envipco operates its RVM business in all bottle bill states with the exceptions of California and Maine.

##### **Northeast Region**

Envipco RVM operations in the Northeast are largely lease portfolios (94%) deriving its revenue from volume based price formulas. Envipco northeast operations may be affected by seasonal fluctuations due to weather and consumer consumption of beverages. Typically in the first quarter of the year there is less beverage consumption and corresponding RVM volumes. Conversely, the third quarter typically generates the highest RVM volume. As of first half of 2011, Envipco has over 3,000 RVM placements in the northeast which Envipco management estimates to be a 26% market share versus its region's sole RVM competitor, Tomra. Envipco operates in all northeast bottle bill states except for Maine. Due to Maine's sparsely populated demographics, Envipco does not believe entry to the market would be a profitable undertaking at the current time. Maine excluded, Envipco offers its full range of services in the northeast to include RVM sales and lease, service, administration and material handling.

##### **Mid-west Region**

Unlike the northeast, Envipco RVM operations in the mid-west are largely sold RVM accounts with no revenue derived from container volume. As such, there is no seasonal fluctuation due to weather and consumer consumption of beverages. As of the first half of 2011, Envipco has approximately 800 RVM placements. Envipco management estimates its RVM market share at 11% versus competition, largely Tomra. In Michigan only, in addition to Tomra, Envipco competes with a third local RVM company, Kansmaker, which Envipco management estimates to have approximately 250 RVM placements. Envipco services in the region are RVM sales and lease, service and administration. Material handling activities are coordinated directly by the retailer through beverage distributor cooperatives or agents. Contracting material handling operations with distributors is a future business development opportunity for Envipco.

##### **West Region**

While the bottle bills in the west region serves the highest populations (14% of the US), the market dynamics and structure of the legislation is largely unfavorable for Envipco's RVM business. In Oregon, the RVM market is controlled by a state-wide distributor cooperative, Oregon Beverage Recycling Cooperative (OBRC). Envipco has over the years, placed over 1,500 RVMs in the Oregon market through OBRC representing about 90% of the markets. OBRC has recently signed an RVM distribution agreement with Tomra Oregon (formerly Can & Bottle Systems, Inc) an RVM manufacturer recently acquired by Tomra. Tomra's upcoming presence in the Oregon market through this distribution agreement is likely to have a negative impact on the Company's market share in the RVM business in the Oregon market. Moreover, both the California and Hawaii Bottle Bills are largely characterized by manual operations to include traditional scrap yards, and regionalized redemption centers which do not offer a high



number of RVM placement opportunities as compared to the traditional return-to-retail Bottle Bill models in the northeast and Midwest. Envipco has no market presence at this time in California but continues to evaluate opportunities for future market entry. Envipco services in Hawaii are limited to less than 10 RVM sales. In Oregon, Envipco offers RVM sales and leasing, service, and administration.

#### *The US non-deposit markets*

The remaining 40 states have no Bottle Bill legislation currently in place. However, there are several states which are currently considering Bottle Bill legislation as an effective way to increase the recycling rate of beverage containers. Some of the states considering this kind of legislation include Florida, Georgia, Indiana, Kansas, Maryland, Nevada, New Jersey, South Carolina and Texas. (Source: the Container Recycling Institute at [www.bottlebill.org](http://www.bottlebill.org)).

If enacted, these new states shall provide opportunities for all RVM manufacturers. Envipco expects to benefit from them as they launch new technology.

Envipco is also pursuing potentially large opportunities to recover beverage containers through its new innovative CLRS platform. (See "Business - RVM business segment - Our products for non-deposit markets - Closed Loop Recycling Systems")

We believe there are only a handful of RVM's in the US non-deposit market under different pilot projects.

#### **Europe**

##### *The European deposit markets*

In Europe today, the following countries have enacted deposit legislation (Source: the Container Recycling Institute at [www.container-recycling.org](http://www.container-recycling.org)):

*Germany	*Finland	*Austria
*Belgium	*Norway	*Switzerland
*Sweden	*Croatia	
*Denmark	*Netherlands	

There are currently no Envipco RVMs in these countries. Envipco aims to become a major supplier of compaction devices for RVMs used in this market. On 10 August 2011, we received the first commercial order for 500 of our compactors from one of the large German supermarket chains. For more information on our compactors, see "Business - RVM business segment - Compactors".

##### *The European non-deposit markets*



In 1994 the European Parliament and the European Council adopted a directive on packaging and packaging waste (Directive 94/62/EC; the Packaging and Packaging Waste Directive). This Directive aims to harmonize national measures in order to prevent or reduce the impact of packaging and packaging waste on the environment. It contains provisions on the prevention of packaging waste, on the re-use of packaging and on the recovery and recycling of packaging waste. In 2004, the Directive was reviewed to increase the targets for recovery and recycling of packaging waste. In 2005, the Directive was revised again to allow new EU Member States transitional periods for attaining the recovery and recycling targets.

The Packaging and Packaging Waste Directive, as amended, requires most EU Member States to take the necessary measures to attain, among other things, the following minimum recycling targets for materials contained in the packaging waste before 31 December 2008:

- o 60% by weight for glass;
- o 60% by weight for paper and board;
- o 50% by weight for metals; and
- o 22.5% by weight for plastics, counting exclusively material that is recycled back into plastics.

Greece, Portugal and Ireland will be bound by these targets by the end of 2011 and most new EU Member States by the end of 2015.

The Packaging and Waste Directive resulted in agencies being created to comply with the implementing legislation of each respective country: Eco-Emballage in France, DSD in Germany, Fost Plus in Belgium, Replastic in Italy, Ecoembalajes in Spain, and Valpak in the United Kingdom. In general, these agencies are financed by industry on the principle that the polluter pays for recycling. Thus, new material producers, packaging companies, and retailers are involved in a cooperative effort. The concept is for these agencies to grant subsidies to local authorities and waste management firms to develop collection and sanitation systems.

Due to the Packaging and Waste Directive, recycling has become a pressing issue for states, regions, and cities in the EU. However, agency subsidies are often insufficient and local councils are under severe budget constraints. In addition, the two traditional collection methods, the drop-off system and curbside collection, have certain disadvantages which make it difficult to satisfy the targets set by the Packaging and Waste Directive.

Drop-off systems are used in urban areas with vertical habitats and consist of large storage bins strategically placed for consumers to drop off glass, plastic, and paper waste. There is significant contamination due to commingling of package types and trash. Furthermore, the materials placed into these bins are not condensed. Therefore, the drop-off system leads to high collection costs, high secondary costs for sorting containers, and lower market values for recycled materials due to contamination. In addition, due to visual pollution and the lack of space, the drop-off systems are fast approaching their limits and are becoming very difficult to expand in European city centers.

Curbside systems consist of consumers sorting waste into small bins and placing these bins at the curb for collection by the local waste hauler. These curbside programs are utilized in suburbs or horizontal habitats. As with drop-offs, curbside schemes have similar problems: high collection costs, high secondary sorting costs, and low market value for materials due to contamination.

In view of the targets set by the Packaging and Waste Directive and the problems involved with the traditional collection methods, we believe that there is market potential for our Closed Loop Recycling Systems and low cost RVMs in many European countries. Therefore, we intend to focus our efforts on countries such as France, Italy, Portugal, Greece, Spain and the United Kingdom via the introduction of our new product portfolio, including the CLRS and low cost RVMs. There are currently around 300 Envipco RVMs in these countries.

Together with our partner in Greece, Texan Environmental Recycling Management S.A., Envipco RVMs have been placed in kiosks in Greece for the recovery of beverage and other containers.

### **The Asian Pacific**

The recycling of packaging materials is developing rapidly in the Asian Pacific region. Some countries - notably Japan, Korea, Taiwan and Australia - currently have national policies relating to the management of packaging waste. In Japan, the country's 1995 Packaging Waste Reduction Law as further amended in 2009, aims to reduce municipal solid waste and promote recycling. In Taiwan, a redemption value system for containers has been implemented. Deposit regulations also apply in the state of South Australia. Elsewhere, notably in China and India, container collection and processing continues to be developed.

We currently have around 300 RVMs in Japan, representing about 60% of the current market based upon our analysis of the market. This market is slow to develop due to the high costs of RVM technology. We are in the process of disinvesting our business in Japan, as we believe that more potential can be achieved through local partners.

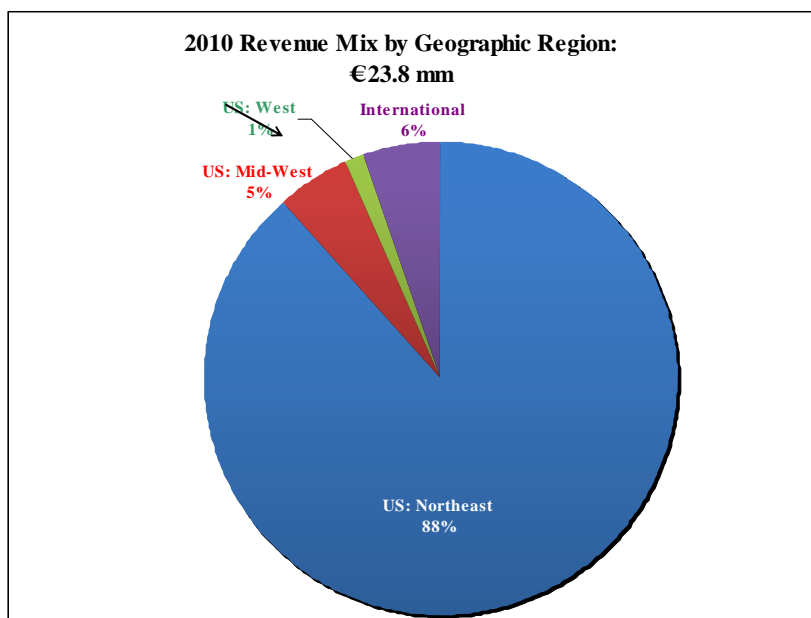
We recently entered the Australian market where our pilot tests are proving to be successful even in non deposit states. We plan further expansion with Envirobank Recycling Pty. Ltd., our Australian partner. We expect strong growth in the Australian market with container deposit laws in the Northern Territory of Australia expected to come in force as from January 2012 (*Source: Northern Territory Government at [www.cashforcontainers.nt.gov.au](http://www.cashforcontainers.nt.gov.au)*). On a fully rolled out basis we estimate the size of the entire Australian market to be around 5000 RVMs.

### South America

Traditionally, markets in South America have predominantly packaged beverage containers in refillable glass and plastic bottles, and deposit systems have been implemented for the recovery of refillable containers in a number of countries, including Argentina, Brazil and Chile. The use of refillable containers under this system has ensured successful recycling of beverage containers.

Package producers in South America have started to shift from refillable containers to disposable containers. In particular, disposable containers such as the aluminum can and PET bottle have grown in popularity. As the transition to disposable containers continues, the pressure increases to implement a deposit system on these containers because these countries have traditionally enjoyed successful recycling systems with beverage containers, thus creating a large market for traditional Reverse Vending Machines for one way containers. We believe we have the right product portfolio to meet the demands of this market. During the next few years, we are planning to enter this market with the introduction of our Closed Loop Recycling Systems, similar to the Reimagine beverage recycling program described earlier. We believe the characteristics of this market suggest that a CLRS program can be successful.

### Customers



*Source: Approximate RVM 2010 revenues compiled by Envipco Management*

In the Northeast United States, 48% of our RVM placements are with two customers who have been with the Company for over 20 years. Losing those customers and not being able to replace them will have a significant

negative impact on the Company's future profitability. Despite this concentration, the Company is currently not subject to any credit risk exposure, as the Company is entitled to monthly set off deposits and handling fees outstanding to deposit initiators by the Company on behalf of these two customers against the money due from these two customers for RVM placements.

### ***Competition***

Tomra Systems ASA, a Norwegian public company, is the dominant competitor in most areas where we do business in our Reverse Vending Machines and related services business segments. Tomra's strong balance sheet, market share and operational leverage provide a tough competitive landscape which has a significant negative impact on our profitability. In Michigan only, in addition to Tomra, Envipco competes with a local RVM company, Kansmaker.

Repant ASA, a Norwegian company, and Wincor Nixdorf GmbH and Sielaf GmbH, both German companies, also compete with us in the RVM business, mainly in European non-deposit markets.

### **Plastics recycling business segment**

Through our French subsidiary Sorepla Industrie S.A., we operate a plastic recycling 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.

### ***Background***

Sorepla recycles PET and HDPE, from used beverage containers made from PET and HDPE, the most familiar types of plastic packaging in households around the world. Bottles made from PET are used for carbonated drinks such as soft drinks and, increasingly, mineral water. Bottles made from HDPE are used for milk and consumer products such as detergents and soap. PET and HDPE account for 70% and 30% respectively of the tonnage recycled by Sorepla.

Sorepla's finished products are PET and HDPE flakes and pellets which are used by the plastic industry to make bottles, flasks, tubes, films, sheets, outdoor furniture and almost any type of containers. In 2010, Sorepla recycled 15,000 metric tons of HDPE and 35,000 metric tons of PET, making it one of the biggest non integrated (as its sole activity is plastic recycling) plastics recycling companies in Europe. We estimate this tonnage to represent around 20% of all plastics recycled in France in 2010. Sorepla's recycling facility is located at Neufchateau in the North East of France.

Sorepla was created in 1991 and financed with the help of major industrial companies such as Danone, with the objective to become the premier recycler of plastics in France. Valorplast, the national French organization tasked with organizing the recycling of plastic bottles, supported and continues to support Sorepla with supply agreements. Valorplast supplied 40% of Sorepla's PET and HDPE feed stock during 2010 under a renewable contract which currently expires on 31 December 2011. Sorepla expects this contract to be renewed for a further three years, as has been the practice in the past. If the contract is not renewed, Sorepla will have to buy the tonnage of PET and HDPE feed stock previously supplied by Valorplast in the open market.

### **Plastics Recycling Process**

At the Sorepla recycling facility, used bottles are first de-baled, then pre-washed and contaminants such as other plastics or metals are sorted. The second part of the process consists of grinding into flakes. The third part is to insert the flakes into a flotation tank to separate PP (poly propylene) from PET and HDPE. The flakes are then washed and rinsed with clear water, dried and re-sorted by an automatic flake sorter. A quality assurance program provides for the material to be thoroughly analyzed to ensure compliance with customer specifications prior to shipment.

In 1997, Sorepla began operation of a hot water wash recycling line developed and installed by Sorema, an Italian company specializing in turn-key recycling lines. This recycling line initially had a capacity of 25,000 metric tons per year for cleaning both HDPE and PET post consumer containers, which was increased to 50,000 metric tons in 2002 by the installation of another line. Bales of plastic waste received by Sorepla undergo a preliminary automatic

treatment which can be carried out in two lines, one operating at cold water temperatures for certain qualities and the other line operating at a hot temperature to yield different qualities.

In 2010 Sorepla invested EUR 3.7 million in an upgrade of its plant. The upgrade consists of the installation of two major systems to enable it to produce recycled PET with almost identical properties as virgin PET, for use in food contact packaging. EREMA Engineering Recycling Maschinen und Anlagen GmbH and Buhler Technologies LLC were chosen to perform this upgrade. The total costs of the upgrade amount to EUR 5.5 million. The completion of this upgrade is expected by December 2011.

### ***Plastics Recycling Industry Overview***

The recovery and recycling of plastics are issues that have reached a high level of public awareness in all markets throughout the world. As a result, recycling of plastics is one of fastest growing industries worldwide (*Source: PlasticsEurope at [www.plasticseurope.org](http://www.plasticseurope.org)*).

Throughout the EU, a large number of schemes focus on recovering PET and HDPE packaging as part of the effort of each EU member state to meet the requirements of the Packaging and Packaging Waste Directive. One of the main components of the Packaging and Packaging Waste Directive is recycling rate targets set for each EU Member State, by product types such as PET, aluminum, paper etc. For more information, see "*Business - RVM business segment - the European non-deposit markets*". Historically, recovery rates of plastics packaging have been low in most EU Member States, but rates are expected to rise, as new recycling systems become fully operational.

Another important incentive for the plastic recycling industry in Europe was the adoption in 2008 of the EU Regulation on recycled plastic materials and articles intended to come into contact with foods (282/2008/EC) allowing recycled PET to be used for food contact packaging.

In France, president Sarkozy instigated the Grenelle Environnement (the Environment Round Table) in 2007, which resulted in a recycling target for France of 75% of household waste by 2012. This motivated the largest beverage producers to start introducing recycled materials (up to 25%) in PET bottles. In 2010, Danone, a major French company, started using 25% recycled PET in its 1.5-liter Evian spring water bottle (*Source: [www.danone.com](http://www.danone.com)*). Nestlé Waters in France and Coca-Cola Enterprises (CCE) have announced the same level of commitment.

Based on these developments, we believe Sorepla has a good opportunity to achieve growth in its home market of France and in surrounding countries.

Sorepla currently operates at its full capacity. PET collection in Europe is in a slight decrease, revealing an over-capacity problem. This overcapacity may put an upward pressure on baled PET prices. An increase of the unit cost of raw materials will have a negative impact on the Company's revenues if unit selling prices cannot be aligned accordingly. Also, prices of recycled PET may increase to higher levels than virgin prices, reducing the demand for our recycled products.

The following table sets forth the collection of PET and the PET recycling capacity in thousands of tons for each of the countries indicated.

Country	Collection 2008 (thousands of tons)	Recycling Production Capacity 2008 (thousands of tons)
France	150	185
Germany	320	350 - 360
Italy	120	210 - 220
Netherlands	30	100
Switzerland	40	40

Spain	35	80 – 90
UK	20	30
<b>Total</b>	<b>715</b>	<b>1025</b>

Source: PCI PET Packaging , Resin Recycling Ltd., July 2010 report

### ***Recycled Plastics Market***

The plastics processing operations in France generate nearly all of their revenues from the sale of clear and green recycled PET, and HDPE. Prices for recycled plastics vary depending upon the grade of quality and color (i.e. high-quality clear PET commands the highest price). The following is an outline of the many markets for recycled plastics:

*Fiber.* One of the earliest markets for recycled PET was the fiber market. Recycled PET is used to make staple fiber, which is a filler for pillows, jackets, sleeping bags, and non-woven blankets. However, the fastest growing market today is its use as carpet tufting in the form of a facing yarn. In addition, another fiber market has opened where recycled PET is used in clothes, T-shirts, and fine-fleece fabrics. Estimates show that the fiber markets now account for over one-half of the recycled PET market (Source: *the Association of Postconsumer Plastic Recyclers at [www.epr.org](http://www.epr.org)*). Fiber markets predominantly use lower-grade clear PET but there is a growing market for green PET. This type of use is at the low end of the pricing scale for PET flake.

*Sheet.* The sheet market is a rapidly growing market for recycled PET and is used to produce laundry detergent scoops, blister packs, clamshells, and other thermoformed packaging items. Applications in this market require high-grade green and clear material and therefore, prices are higher than in the fiber market.

*Strapping.* This was an early market for recycled PET, since it replaced metal strapping for pallet wrapping. The application requires high-quality green material that is metal free and therefore, prices are higher than in the fiber market.

*Non-Food Bottles and Containers.* This is a relatively new market that uses high-grade clear flake and pellets. End-use markets for containers made from 100% recycled PET include bottles for floor polishes, disinfectants, cleaners, and dishwasher liquid. This type of use is at the high end of the pricing scale for PET flake.

*Food Bottles.* The food-grade bottle is a rapidly growing market for high grade clear material. The market for recycled content PET food containers is expected to grow substantially over the next several years. This type of use is at the highest end of the pricing scale for PET flake. Sorepla expects to participate in this market when the upgrade of its plant to enable it to produce high-grade PET flake for use in food contact packaging is completed. For more information, " *Business - Plastic Recycling Process*".

### ***Plastics Recycling Competition***

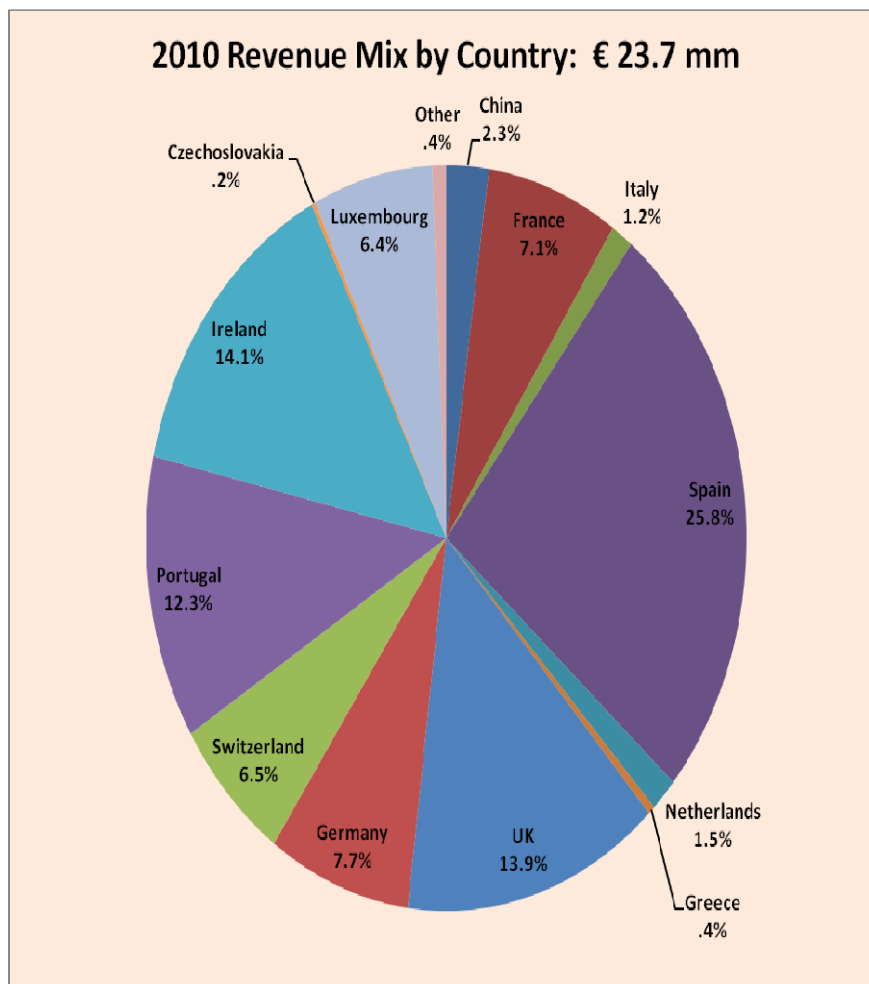
The table below shows Sorepla's main competitors in the EU, the countries where they are located and our estimates of their capacity.

<b>Group name</b>	<b>Tons (thousands)</b>	<b>Country</b>
Sorepla	50	France
Sita/Paprec (FPR)	40	France
Schöeller	20	Germany
PET Compania	35	Spain
Aliplast	30	Italy
Freudenberg Polytex	80	Italy, France
Wellman	60	Netherlands & France
APPE	50	France
Roxane	10	France
Dentis	30	Italy
Montelo	30	Italy
CEDO	10	Netherlands
Marsinkof	10	Netherlands

Sorepla considers PET Compania for the flake activity and FPR for the future food contact activity as its main competitors.

### ***Customers***

The following chart shows a breakdown of the total revenues from our plastics recycling business in 2010 by geographic market:



Sorepla has a wide and diversified range of customers. However, 7 customers represent 66% of its revenues with one customer accounting for approximately 15% of the total. Should any one of these customers be lost and not be replaced, we would suffer significant adverse financial consequences.



## Property, Plant and Equipment

The following chart summarises our facilities and any major encumbrances thereon and indicates their current usage and practical production capacity:

Location	Owned or Leased	Area (m <sup>2</sup> )	Capacity per Annum	Lien(s)
<u>USA</u>  Reverse Vending Machine Assembly and Material Handling  <i>99 Great Hill Road Naugatuck, CT 06770</i>	Owned	5,538.46	2,400 Machines	Wells Fargo mortgage
<u>France</u>  PET/HDPE Recycling  <i>Chemin de Grety B.P 89 88303 Neufchateau Cedex France</i>	Owned	58,700.00	PET/HDPE recycling 135mt/day 50,000 metric tons	Banque Palantine and Banque Populaire
<u>Germany</u>  Research & Development, Prototyping and OEM Assembly Compactor  <i>Ludwig-Erhard Str 16 D-85375 Neufahrn Germany</i>	Leased	800	1,000	—

Our property in the US, located at 99 Great Hill Road, Naugatuck, CT 06770, was acquired by us on 26 March 2003. As of 31 December 2010, Wells Fargo bank has a first preferred mortgage on this property in relation to an outstanding amount of \$1.7 million as of 31 December 2010 which is repayable by 15 May 2014. There are no environmental issues known to us that may affect our utilisation of this property.

Our property located at Chemin de Grety B.P 89, 88303 Neufchateau Cedex, France, was acquired as follows:

June 1992	Building	3,700 square meters
March 2002	Additional Building	5,000 square meters
March 2007	Land	50,000 square meters

This property is mortgaged to Banque Palantine and Banque Populaire in relation to an outstanding amount of EUR 200,000 and EUR 300,000 respectively as of 31 December 2010, which is repayable by 31 December 2013. There are no environmental issues known to us that may affect our utilisation of this property.

We are leasing the property, located at Ludwig-Erhard Str 16, D-85375 Neufahrn, Germany, since September 2009. There are no environmental issues known to us that may affect our utilisation of this property.

## Research and Development

We established a wholly owned German subsidiary principally responsible for all research and product development for our RVM business segment. Envipco Automaten GmbH has 12 employees most of whom are experienced scientists, engineers and other professionals with long and outstanding experience in the RVM business. Its mission is to design and develop innovative technologies which can create a competitive edge in its fields.

We do not conduct any research and development for our plastics recycling business segment.

The following table sets forth the total amounts we spent on research and development in the periods indicated:

All figures in thousands of euros	2008	2009	2010
Total R&D	929	2,044	1,863

Based on the work carried out by our R&D people we have been granted more than 45 patents.

## Material Contracts

The following contracts are the only contracts (other than contracts entered into in the ordinary course of business) that we have entered into within the two years immediately preceding the date of this Prospectus which are material or which were entered into at any other time and which contain provisions under which we have an obligation or entitlement that is material as of the date of this Prospectus:

### 1. Credit Agreement regarding credit facilities with TD Bank N.A.

On 24 January 2011 two of our US subsidiaries, EPC and EPR, signed a credit facility with TD Bank N.A. The total USD 7.5 million credit facility includes a USD 5.0 million revolving line of credit and a USD 2.5 million term loan. The \$5.0 million revolving line of credit, which is subject to a monthly borrowing base, matures on 24 January 2013 and is renewable for a further 24 months. The \$2.5 million term loan is repayable in 60 monthly installments with a final maturity date on 24 January 2016. The Company has provided a corporate guarantee and subsidiaries' assets as collateral and injected USD 1.8 million of additional capital into one of the borrowing subsidiaries.

### 2. Sale contract regarding helicopter maintenance business

In March 2008 we entered into a sale contract with Industria de Turbinas de Helicopteros SL (ITH) for the sale of our four companies that were active in the helicopter maintenance business to ITH. As part of the sale, an earn-out clause was agreed which provides that we are entitled to a certain percentage of the proceeds from the sales of certain products to the US Army in the four years from 2008 to 2011. We are currently engaged in arbitration proceedings with Industria de Turbo Propulsores, S.A. ("ITP") as successor in title of ITH, with respect to certain elements of this contract, including the earn-out provision. For more information, see - "*Business - Litigation*".

## Intellectual Property

We take customary measures under the intellectual property laws of applicable jurisdictions to protect our rights on our technologies which are being used in the design and development of our equipment to automatically handle and recover post consumer beverage containers and in our security marking technology. Our policy is to regularly identify patentable inventions developed with the group, but mainly by our Research and Development center, and when appropriate acquire patent rights with regard to such technologies. We seek to obtain reasonably broad territorial protection for our patented technologies.

We have over 45 patents on certain technologies for the application, reading and identification of deposit security markings and bar codes, for compaction devices, deposit clearing processes and systems, commodities bulk feed systems, and for materials handling, recognition, identification and sorting.

Due to the importance of proprietary technology in the RVM industry, our business involves a substantial risk of overlap with third party patents and subsequent litigation with competitors or patent-holders. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays, cause us to enter into royalty-bearing licensing agreements or otherwise force us to change our business practices.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Policing unauthorized use of our property is difficult, and while we are sometimes able to determine and reduce the extent to which misappropriation of our intellectual property rights occurs, such infringement can be expected to be a persistent problem. In addition, the laws of some countries do not protect our proprietary rights to the same extent as the laws of the European Union and the United States. Our means of protecting our proprietary rights might not be adequate and our competitors may be able to independently develop similar technology, products, and designs without infringing upon our patents and licenses.

We currently believe that certain companies have been using technology which infringes upon our patents and violates our exclusive usage rights. To protect our rights, we have filed suit against DPG (Deutsche Pfandsystem GmbH) in Germany. For more information, see “*Business - Litigation*”.

## Employees

As of 31 December 2010, we employed 226 employees in North America and Europe. In 2010, 57.08 percent of our employees were located in North America, with the remaining employees located in Europe and one employee in Japan.

We do not belong to any employers’ associations and are not bound by any collective bargaining agreements. We have never experienced any industrial action and believe we have a good relationship with our employees.

Due to the limited size of our Dutch workforce, we are not required by Dutch law to establish a works council, as this requirement applies only to business enterprises in the Netherlands with a work force of more than 50 persons.

The following table sets forth the numbers of employees in each of our business segments and in each of the geographic regions indicated.

<b>Employees</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>RVM Segment</b>				
North America		110	121	128
Japan		1	1	1
Europe		9	9	15
<b>Total RVM Segment</b>		<b>120</b>	<b>131</b>	<b>144</b>
<b>Plastics Recycling</b>				
Europe		86	81	82
<b>Total Plastics Recycling Segment</b>		<b>86</b>	<b>81</b>	<b>82</b>
<b>Grand Total</b>		<b>206</b>	<b>212</b>	<b>226</b>

## Litigation

Other than as set out below, no governmental, legal or arbitration proceedings have been pending or threatened in the twelve months preceding the date of this document, of which we are aware and that may have, or have had in the recent past, significant effects on our financial position or profitability:

i. On 3 August 2009, Envipco Holding N.V. has filed a law suit against DPG Deutsche Pfandsystem GmbH for alleged infringements of Envipco's intellectual property rights on the IRS (Infra Red Security Systems). DPG Deutsche Pfandsystem GmbH was established in 2005 on the initiative of the German trade sector and the drink industry with the aim to assist the trade sector and the drink industry in realizing the extensive deposit-refunding obligations applying within the German drinks economy under the German Verpackungsverordnung (Packaging Ordinance). The DPG provides the legal and organizational framework for settlement of the deposits (deposit clearing) between those companies participating in the system. The IRS relates to the application, reading, and identification of valid security markings for deposits on beverage containers sold in Germany. Envipco is alleging that several users, including Reverse Vending Machine companies, bottlers, retailers and security markings companies, under the direction of DPG, are unlawfully using the same technologies owned and patented by Envipco. Envipco is seeking damages for these infringements which may amount to several million Euros if the competent court agrees with our claims.

ii. In January 2010 Sorepla Industrie S.A., a subsidiary of Envipco Holding N.V., lodged a complaint with a French commercial court against Sita Negoce S.A (a subsidiary of Suez Environment), a French waste management company, for breach of contract, claiming up to 7.0 million Euros in damages. Sorepla has a contract with Sita for the supply of about 6,000 tons of PET to Sorepla per annum for six (6) years, ending January 2012. In 2009, Sita reduced and then subsequently stopped delivery of materials to Sorepla. The matter is currently with the court.

iii. On 8 March 2011, Posada Holding B.V., the former holding company of our disinvested helicopter maintenance business, initiated arbitration proceedings for breach of contract against Industria de Turbo Propulsores, S.A. ("ITP") (a Spanish company whose majority shareholders are Sener Aeronáutica and Rolls Royce) in the United Kingdom. As part of the sale of the helicopter maintenance business in March 2008 to ITP, an earn-out clause was agreed which provides that Posada is entitled to a certain percentage of the proceeds from the sales of certain products to the US Army in the four years from 2008 to 2011. The earn out amount for each of these years should have been paid into an escrow account each year within six weeks following the end of the relevant year, with an accompanying statement setting out how the payment was calculated. ITP breached this obligation. After the filing of our request for arbitration ITP paid an amount of €363,733 into the escrow account, allegedly representing the agreed earn-out amounts for 2008, 2009 and 2010. We believe this amount does not represent our share of the relevant sale proceeds in those years as agreed with ITP. Based on the provisions of the sale agreement we are also claiming an amount equal to the sums held in the bank accounts of the divested entities on the date of closing of the sale, amounting to approximately \$ 100,000, from ITP. On 9 May 2011 ITP has filed its response to our request for arbitration, announcing counterclaims up to around \$ 900,000 based on alleged breach of contract on our part. Although we have attempted to negotiate an out of court settlement, we failed to reach an amicable resolution with ITP.

iv. Environmental Product Corporation, a subsidiary of Envipco Holding N.V., on 9 November 2010 filed a complaint against Tomra North America Inc. and its Norwegian parent company Tomra Systems ASA in the US Federal court for unfair trade practices and uncompetitive behavior. On 22 June 2011, the parties reached an out of court settlement. As part of the settlement Tomra has agreed to remove or disclaim all existing exclusive vendor provisions in agreements with its retailer customers and to refrain from entering into designated exclusive agreements in the future.

v. In 2002 a conflict arose between Sorepla and its founder and general manager Mr. Jean Jacques Nardin concerning a conflict of interests between Mr. Nardin and Sorepla. In 2003 Sorepla commenced litigation against SAMO Gestion, Mr. Nardin's personal management company, claiming repayment of all sums paid to SAMO Gestion under the management contract with Sorepla. In 2009 the Paris Cour d' Appel ruled in favor of Sorepla and SAMO Gestion paid to Sorepla an amount of EUR 245,626.30. In 2011 the French Cour de Cassation confirmed the judgment of the Cour d'Appel, thus effectively terminating the litigation.

**Insurance**

It is our policy to carry property, product liability, public liability, and other insurance for standard business risks. We believe that we have adequate coverage for which we pay fair and reasonable premiums. However, there can be no assurance that we will not incur losses that either are not covered by, or exceed the level of, our insurance policy coverage, or that we will be able to obtain adequate insurance coverage in the future.

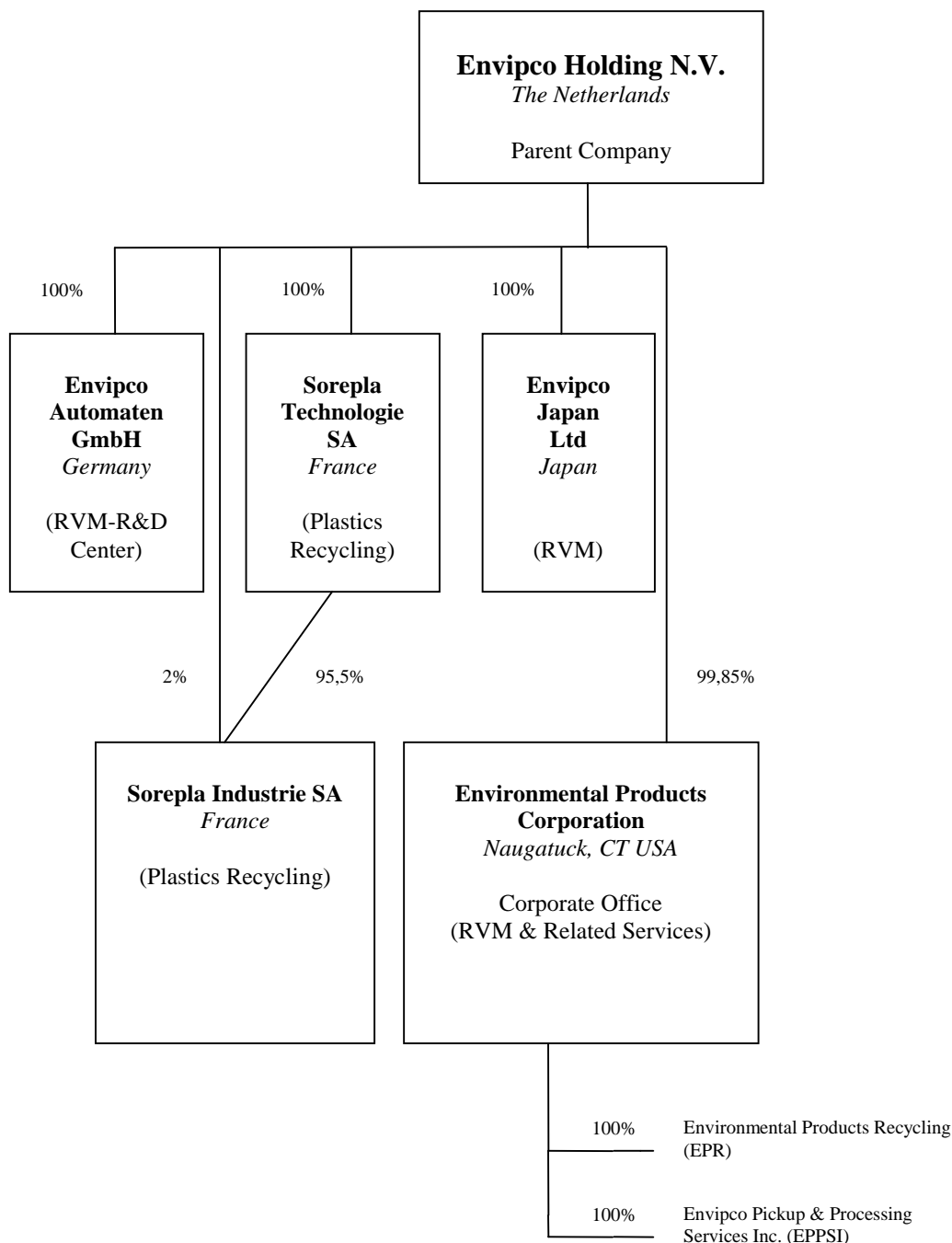
**Regulation**

We are subject to certain legal requirements concerning health, safety and environment in the jurisdictions in which we operate. When marketing our products, we are subject to various regulatory requirements governing testing and marketing approval for our products, and our products are subject to safety requirement in the jurisdictions in which they are sold. To the best of our knowledge, we are in compliance with all such requirements but we cannot eliminate the risk of injury to employees who are working in our facilities or damage to third parties or environmental damage caused by our products or our production processes. In the event of any such injury or damage, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have.

## GROUP STRUCTURE OF THE ENVIPCO GROUP

Envipco Holding N.V. is the holding company of our group. Our main operating companies are Environmental Products Corporation, which is 99.85% directly owned by Envipco Holding N.V., and Sorepla Industrie S.A., which is 97.5% directly and indirectly owned by Envipco Holding N.V.

The following chart shows the current structure of the Envipco group (excluding dormant companies):



## DIRECTORS AND SENIOR MANAGEMENT

### General

Set out below is a summary of some relevant information concerning the Board of Directors and Senior Management of the Company and a brief summary of certain significant provisions of Dutch corporate law and the Company's articles of association in respect of the Company's Board of Directors as they will read after the execution of the Deed of Amendment, which was approved by the General Meeting of Shareholders on 27 June 2011. See "*Description of the Company, the Share Capital and Corporate Governance - General*".

### Governance Structure

The Dutch civil code currently explicitly recognizes two types of governance structures for a limited liability company such as the Company: a structure with one board consisting only of directors who are responsible for the day-to-day management of the company, and a structure with two boards, i.e. a management board (*bestuur*) consisting only of directors who are responsible for the management of the company, and a supervisory board (*raad van commissarissen*) consisting only of directors who are responsible for supervising the management of the company. The Dutch civil code currently does not explicitly recognize a governance structure with one board consisting of both executive directors (*uitvoerend bestuurders*) and non-executive directors (*niet-uitvoerend bestuurders*) (often referred to as a one-tier board structure).

The structure with two boards (often referred to as a two-tier board structure) is mandatory for Dutch limited liability companies which have had at least 100 employees in the Netherlands and a Dutch works council and which have met certain other requirements during three consecutive years. The Company has not met and does not expect to meet these requirements during three consecutive years, and is therefore not obliged to have a two-tier board structure.

The Company's Board of Directors is a one-tier board, i.e. it has one board of directors consisting of both executive directors (*uitvoerend bestuurders*) and non-executive directors (*niet-uitvoerend bestuurders*). Although this type of board is currently not recognized by the Dutch civil code, it is generally accepted in Dutch legal practice and recognized by the Dutch corporate governance code.

Although all members of a one-tier board are officially directors (*bestuurders*) of equal status, the articles of association of the relevant company can provide that the board shall consist of executive directors who are responsible for the day-to-day management of the company (similar to members of the management board in a two-tier structure), and non-executive directors who are responsible for supervising the day-to-day management of the company (similar to members of the supervisory board in a two-tier structure). All statutory provisions relating to the board of directors apply in principle to all members of a one-tier board, and all responsibilities of the board of directors are, therefore, the collective responsibility of all members of the board of directors. The number of executive and non-executive directors is determined in the articles of association of the relevant company (and can be amended by means of an amendment of the articles of association of the company, which requires a resolution of the general meeting of shareholders of the company). The directors are appointed by the general meeting of shareholders.

On 31 May 2011, the Upper House of Dutch Parliament (*Eerste Kamer*) adopted a bill containing rules for companies having a one-tier board structure in which both executive and non-executive directors form part of one board. This bill will enter into force by Royal Decree (*Koninklijk Besluit*), which is expected to be issued by the Dutch government in the near future. The bill will probably have legal effect on 1 January 2012. See "*Description of the Company, the Share Capital and Corporate Governance - Corporate Governance - Legislative proposal: one-tier board*".

## **Board of Directors**

### ***Term and Composition***

According to the Articles of Association, the Company shall have a Board of Directors consisting of two executive directors and five non-executive directors. The non-executive directors may only be natural persons. Both natural persons and legal entities may reside as executive director on the Board of Directors.

Members of the Board of Directors are appointed by the General Meeting of Shareholders. A resolution to appoint a member of the Board of Directors can only be adopted by a three-fourth majority of the votes cast at a meeting. The non-executive members directors shall elect the Chairman of the Board of Directors among themselves and may, at their discretion, appoint a Vice-Chairman.

The General Meeting of Shareholders may suspend or dismiss members of the Board of Directors at any time with a majority of at least two-thirds of the votes cast at a meeting, representing at least half of the Company's issued share capital.

The Board of Directors resolved on 27 June 2011 to propose to the General Meeting of Shareholders that the number of non-executive directors is decreased to four after the Admission to Trading.

### ***Duties and Responsibilities***

The Board of Directors is charged with the management of the Company, subject to the restrictions contained in the Articles of Association and provided by law and is collectively responsible for the management, general and financial affairs, policy and strategy of the Company and its enterprise.

The Board of Directors has adopted board regulations on 27 June 2011 (the "**Board Regulations**") which, inter alia, provide rules regarding the responsibilities, composition and the decision making procedures of the Board of Directors, and the appointment and dismissal of the members of the Board of Directors.

The executive directors are responsible for the day-to-day management of the Company's operations. The executive members will prepare all matters which require a resolution of the Board of Directors. One of the executive directors shall be the CEO (*chief executive officer*), who, together with the other executive director is responsible for managing the operational running of the Company and its enterprise.

The non-executive directors supervise the policies of the CEO and the other executive director and the general affairs of the Company and its enterprise, and they assist the CEO and the other executive director by providing advice. The majority of the non-executive directors shall be independent from the Company as prescribed by the Dutch Corporate Governance Code and also set out in the Board Regulations.

The Board of Directors as a whole is authorized to represent the Company. In addition, two members of the Board of Directors acting jointly are entitled to represent the Company. The Board of Directors may grant to one or more persons a power of attorney to represent the Company and, if so required, give any such attorney (*procuratiehouder*) the title of deputy managing director or such other title as it deems appropriate.

### ***Meetings***

The Board of Directors shall at least meet quarterly or more frequently according to need. Meetings may be held physically or by means of telephone or audio-visual communication facilities.

The contemporaneous linking together by telephone or audio-visual communication facilities of all the members of the Board of Directors, wherever in the world they are, shall be deemed to constitute a meeting of the Board of Directors for the duration of the connection, unless a member of the Board of Directors objects thereto. Minutes of the matters dealt with at such meeting shall be sufficient evidence thereof and of the observance of all necessary formalities, provided that these minutes are certified by the acting chairman of the relevant meeting.



Resolutions of the Board of Directors can be adopted by an absolute majority of the votes cast in a meeting where at least four members of the Board of Directors are present, comprising of at least the CEO and the Chairman or Vice-Chairman. Each member of the Board of Directors has the right to cast one vote in such meeting.

Resolutions of the Board of Directors may also be adopted without holding a meeting, provided that they are passed in writing, which shall include electronic messages, facsimiles, or any other form of message transmitted via accepted means of communication and received or capable of being produced in writing, and that all members of the Board of Directors are familiar with the resolution to be passed and none of them objects to this method of decision-making.

The Articles of Association and Dutch corporate law provide that decisions of the Board of Directors concerning a major change in the character or identity of the Company are subject to the approval of the General Meeting of Shareholders. Such changes include:

- a transfer of the whole or almost the whole of the Company's business to any third party;
- the entering into or the dissolution of a sustainable cooperation of the Company or a subsidiary (*dochtermaatschappij*) with another legal entity or company, or as fully liable member of a limited partnership (*commanditaire vennootschap*) or a general partnership (*vennootschap onder firma*), if this cooperation or dissolution is of major importance for the Company;
- the acquisition or divestiture of a participation in the share capital of a company by the Company or any of its subsidiaries, amounting to at least one-third of the amount of assets according to the consolidated balance sheet and explanatory notes as shown in the latest annual accounts of the Company.

In addition, the Board of Directors must obtain the approval of the General Meeting of Shareholders for all such Board of Directors resolutions as the General Meeting of Shareholders has explicitly specified in a resolution to that effect and has notified to the Board of Directors thereof. At the date of this prospectus, no such resolutions are in force.

#### ***Audit Committee***

The Company has established an audit committee which operates pursuant to the terms of reference adopted by the Board of Directors, which are published on the Company's website. The audit committee was established by the Board of Directors on 27 June 2011 and is composed of three non-executive directors appointed by the Board of Directors. The terms of reference of the audit committee are included in the Board Regulations. The audit committee is chaired by the person appointed thereto by the Board of Directors, provided that this chairman i) shall be independent (in the manner prescribed by the Dutch Corporate Governance Code, and set out in the Board Regulations), ii) shall not be the chairman of the Board of Directors, nor a former executive director, and iii) shall have the necessary qualifications. The audit committee shall meet at least four times per year, or more frequently according to need.

Currently, the audit committee consists of Mr Stalenhoef as chairperson and financial expert, Mr Garvey and Mr Lefebvre.

The audit committee supervises the activities of the Board of Directors with respect to the operation of the internal management and control systems, including supervision of the enforcement of relevant primary and secondary legislation, and supervising the operation of codes of conduct; the provision of financial information by the Company (among others, choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts and work of internal and external auditors); compliance with recommendations and observations of internal and external auditors; the role and functioning of the internal audit function, if any; the policy of the Company on tax planning; relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the Company; the financing of the Company; and the applications of information and communication technology.

### *Members of the Board of Directors*

The Board of Directors is currently composed of the following members:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Member Since</b>	<b>Term</b>
Bhajun Santchurn	57	Executive director, CEO	26 June 1998	30 June 2013
Christian Yves Louis Pierre Crepet	57	Executive director, Vice President	26 June 1998	30 June 2013
Gregory Steven Garvey	55	Chairman, non-executive director	8 December 2008	30 June 2013
Guy Arthur Jean Marie Louis Edmond Lefebvre	66	Non-executive director	30 June 1999	30 June 2013
Theodorus Jozef Maria Stalenhoef	65	Vice Chairman, non-executive director	8 December 2008	30 June 2013
Alexandre Bouri	76	Non-executive director	8 December 2008	30 June 2013
David Francis D'Addario	49	Non-executive director	8 December 2008	30 June 2013

The business address of all members of the Board of Directors is Herengracht 458, 1017 CA Amsterdam, the Netherlands.

#### *Bhajun Santchurn*

A citizen of the United Kingdom, 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 Aeromaritime Systembau GmbH, Busa Holding Inc, Univest portfolio Inc, Metalsa S.A and Seabulk Investments S.A., Libexim Management Services Limited, Vestuni Holding B.V., Aeromaritime Systems Group B.V., and the Aeromaritime Investment Company. 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 Yves Louis Pierre Crepet*

A citizen of France, is the Managing Director of Sorepla Industrie S.A. He has been with the Company for over 12 years. Mr. Crepet is also a member of the Board of Petcore and of EUPR (European Plastics Recyclers). He is also a co-founder and member of EPBP (European PET Bottle Platform). He was also a senior manager of Eni Chem France. Mr. Crepet is the holder of a degree in law and executive MBA from Haute Etude Commerciales, Paris, France.

#### *Guy Arthur Jean Marie Louis Edmond Lefebvre*

A citizen of Belgium, is a partner of Lefebvre-Lahaye, a law firm with offices in France and Belgium. He is the holder of a law degree from the Université Libre of Brussels, Belgium, and a graduate of the Institut d'Etudes Europeennes de Bruxelles, Belgium.

#### *Theodorus Jozef Maria (Dick) Stalenhoef*

A citizen of the Netherlands, is an independent consultant and director and principal shareholder of Stahold B.V. He has previously served as Vice Chairman of the Board of Delta Lloyd Bank, Amsterdam, Chief Executive Officer of Smeets Securities N.V in Antwerp, Belgium and Managing Director of Chase Manhattan Bank, Amsterdam. Mr. Stalenhoef is the holder of a Civil Law degree from the University of Tilburg. Mr. Stalenhoef was director of Milders, Heijboer & Stalenhoef B.V.

#### *Alexandre Bouri*

A citizen of Greece and Lebanon, is the Chairman of the boards of Seament International Sal and Seabulk S.A, within a much-diversified conglomerate including the world's largest independent cement handling and shipping

company doing business under "Seament" and "Seabulk" trade names. He is the Chairman of the boards of Seament Net Sal Offshore, B F 737 Sal, Al Ikar Sal, Universal Bulk Holding Sal, Bouri Trading Sal, Al Kharoubi Sal, Al Moutell Al Ikariat Sal, Medorient Holding Sal, Southern Sal and Al Ziraieh Sal. In addition, Mr Bouri is a member of the board of directors of Seament Holding Sal, Seament Int'l Sal (Offshore), Sleimanieh Sal, Seament Albania SHPK, Elbassan Cement Factory SHPK and United Quarries SHPK. Mr. Bouri is also the principal owner of several companies. Mr. Bouri is the holder of a BSC from the American University in Beirut.

*Gregory Steven Garvey*

A citizen of the United States of America, is currently the Chairman of Virtual Hold Technology LLC, a privately held software company based in Ohio, USA. He has served as Vice Chairman of Tomra Systems ASA and CEO and President of Tomra North America Inc. He also serves on the Board of Wise Metals Group LLC and was previously Vice Chairman of Tandberg ASA, a publicly traded video conferencing company based in Norway. In both companies, Mr. Garvey has been a principal investor. Mr. Garvey is a graduate of the University of New Haven, holding a BS in Financial Accounting and is also a Certified Public Accountant.

*David Francis D'Addario*

A citizen of the United States of America, is currently the Chairman and Chief Executive Officer of Wise Metals Group, also known as Wise Alloys, North America's 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. Mr. D'Addario holds a B.A. degree from Yale University. Mr. D'Addario is a member of the following boards of directors: The Aluminum Association, Inc., Barnum Festival Foundation, Bridgeport Hospital, Bridgeport Regional Business Council, The School for Ethical Education, and the University of Bridgeport.

### **Senior Management**

The Company's Board of Directors is supported by the following other members of the management team ("**Senior Management**"):

*Haissam Dib (2)*

*President / Chief Executive Officer, Plastics Recycling, Sorepla, France*

A citizen of France, is Chairman and General Manager of Sorepla Industrie S.A., General Manager of Aeromaritime Systembau in France, Director of Sorepla Technologie S.A. in France, Banthor Gourmet S.L. in Spain, Notre Ban S.L. in Spain and Magic Construciones e Directions S.L. in Spain, Chairman of Metalgraphica Malaguena S.A. in Spain, co-Director of Jardines del littoral S.L. in Spain. He also serves as Adviser to the chairman of Seament / Seabulk Group on several investments in Europe and North Africa. He has an MBA from Concordia University Montreal, Canada, and a BA in Business Administration from Concordia University Montreal, Canada.

*Dilraj (Raj) S. Chawla (1)*

*Vice President, Finance*

A citizen of the United Kingdom, is Chief Financial Officer of Envipco with over 15 years of Finance and Accounting experience in manufacturing and service industries. He oversees all Accounting functions for Envipco North America and is responsible for Group reporting. Mr. Chawla is a director of both BUSA Holdings Inc, and Aeromaritime Investment Company. An associate member of The Institute of Chartered Accountants in England and Wales, he holds an Accounting degree from Guru Nanak Dev University in India.

*Robert Lincoln (1)*

*President, Envipco, USA*

A citizen of the United States, he joined Environmental Products Corporation in July 2010 as corporation president with leadership responsibility over the company's technology development initiatives, core business development, and non-deposit market activities. Prior to joining Envipco, Mr. Lincoln was the president of Tomra North America, Inc., the leading worldwide recycler of beverage containers. At Tomra, Mr. Lincoln had full profit and loss responsibility over the entire technology platform and played a key role in growing Tomra's market position in both the US and Canada. Mr. Lincoln, a native of Connecticut, is a graduate of St. Lawrence University and began his career at Proctor & Gamble before being engaged in the recycling industry.

*Michael Wellman (1)*

*President, Collection Services Division, Envipco USA*

A citizen of the United States, President of Container Collection Services at Envipco with more than 25 years experience in beverage container recycling and solid waste management. Prior to Envipco, he held executive positions as Region President for Waste Management Inc., COO of Tomra North America Inc., the largest worldwide recycler of deposit beverage containers and Executive Vice President for TransLoad America Inc., a private equity portfolio company. He is an alumnus of Wake Forest University and holds a Masters in Political Science from Connecticut State University.

*William Black (1)*

*Vice President, Manufacturing, Engineering and Supply Chain*

A citizen of the United States residing in Connecticut with over 30 years experience in new product program management, supply chain management, vending machine design, beverage dispenser engineering and ice machine development. Prior to joining Environmental Products Corporation in 2009, he held executive positions with Crane Co., The Pepsi-Cola Company, Scotsman Ice Systems and IMI Cornelius. He is an alumnus of St. Cloud State University and holds an MBA from The University of St. Thomas.

*Johann Loening (3)*

*Special Advisor: Technology Innovation, Envipco Germany*

A citizen of Germany, was the founder and Managing Director of Prokent A.G, a German Reverse Vending Company. He then became associated with Ziellaff A.G. to develop a new range of Reverse Vending Machine for the German market. Through his network and team, he has a very thorough knowledge and understanding of the various RVM technology platforms used in today's market. He assisted the Group in the design of several modern innovative reverse vending machines. Until 2006, Mr Loening has been a director of the Institut für Serviceautomation 98693 Ilmenau.

The business address of the members of our Senior Management is:

(1) Envipco - 99 Great Hill Road, Naugatuck, CT 06770 USA

(2) Sorepla - Chemin de Grety, B.P 89, 88303 Neufchateau Cedex, France

(3) EAG - Gartenkamp 8c, 49492 Westerkappeln, Germany

### **Remuneration**

According to the Dutch Civil Code, our General Meeting of Shareholders has adopted a remuneration policy in respect of the remuneration of our Board of Directors, which is published on our website. Our non-executive directors propose the remuneration of the individual executive members of our Board of Directors to the General Meeting of Shareholders, taking into account the policy adopted by our General Meeting of Shareholders. The General Meeting of Shareholders determines the remuneration of each executive and non-executive member of the Board of Directors.

Our current remuneration policy is aimed to attract, motivate and retain members of the Board of Directors of the highest calibre, with an international background that is essential to the successful leadership and effective

management of a young and fast- growing company with the ambition to be a world leader in beverage recovery and recycling.

The compensation of the executive directors comprises:

- Short-term compensation, consisting of base salary and bonus
- Long-term compensation, consisting of stock options, and
- Retirement compensation and other benefits.

The remuneration of our senior management is determined by the Board of Directors.

The following table sets forth the total remuneration, including salary, benefits and bonuses, paid to each of our executive directors in 2010:

***Remuneration of the Executive Directors:***

		Short Term Benefits	Pension	Share Based Payments	Amounts in thousands of €  Total
2010	Fee				
B. Santchurn	272	68	4	-	344
C. Crepet	118	-	11	-	129
<b>Total</b>	<b>390</b>	<b>68</b>	<b>15</b>	<b>-</b>	<b>473</b>

The following table sets forth the total remuneration, including salary, benefits and bonuses, paid to each of our non-executive directors in 2010:

***Remuneration of the Non-Executive Directors***

		Short Term Benefits	Pension	Share Based Payments	Amounts in thousands of €  Total
2010	Fees				
G. Garvey	53	-	-	378 <sup>(1)</sup>	431
D. Stalenhoef	18	-	-	-	18
G. Lefebvre	10	-	-	-	10
A. Bouri <sup>(2)</sup>	-	-	-	-	-
D. D'Addario <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>459</b>

(1) The long-term incentive reflects the market value of shares (conditionally) granted to the members of the Management Board.

(2) No fees have been paid to these Non-Executive Directors

The following table sets forth the total remuneration, including salary, benefits and bonuses, paid to each of the members of our senior management in 2010:

**Remuneration of Senior Management**

						Amounts in thousands of €
2010	Title	Salary	Short Term Benefits	Pension	Share Based Payments	Total
Dilraj Chawla	CFO- EHN/EP	189	64	2	-	255
Robert Lincoln	President-EP	208	32	-	-	240
Michael Wellman	President-EP Container Collection Services	189	51	-	-	240
Johann Loening	R&D-EAG Technology	138	42	-	-	180
William Black	VP-EP Manufacturing	121	15	2	-	138
Haissam Dib	CEO Sorepla	252	-	5	-	257
Hugues Letellier	VP Sorepla	127	-	0	-	127
<b>Total</b>		<b>1,224</b>	<b>204</b>	<b>9</b>	<b>-</b>	<b>1,437</b>

**Shareholdings**

The numbers of ordinary shares (excluding options to purchase the Company's ordinary shares, (see "Description of the Company, the Share Capital and Corporate Governance - Stock Option Plan") or DRs legally or beneficially owned by members of the Board of Directors and Senior Management as of 1 August 2011 were as follows:

	<u>Number of Ordinary Shares/DRs Owned</u>
Bhajan Santchurn <sup>(1)</sup>	2,024,006 (1.49%)
Christian Yves Louis Pierre Crepet	350,000 (0.26%)
Gregory Steven Garvey <sup>(2)</sup>	20,101,367 (14.82%)
Alexandre Bouri <sup>(3)</sup>	90,428,383 (66.67%)
<b>Total</b> .....	

<sup>(1)</sup> The holding is indirect. The shares are directly held by Univest Portfolio Inc, which is fully owned by Mr and Mrs. Santchurn.

<sup>(2)</sup> The holding is indirect. The shares are directly held by EV Knot LLC, which is 52.75% owned by Mr Garvey.

<sup>(3)</sup> Part of the holding is indirect. 19,307,225 shares are directly held by Megatrade International SA, which is fully owned by Mr Bouri.

In addition to his shareholding, Mr. Garvey currently owns 12,000,000 stock options (please see "Description of the Company, the Share Capital and Corporate Governance - Stock Option Plan").

## **Conflicts of Interest of the Board of Directors and Senior Management**

A member of the Board of Directors shall immediately report any conflict of interests or potential conflict of interests that is of material significance to the Company and/or to such member of the Board of Directors, to the non-executive directors, and shall provide all relevant information in relation thereto. Such member of the Board of Directors may not take part in the assessment by the Board of Directors of whether a conflict of interests exists and neither may such member take part in a discussion and/or decision-making on a subject or transaction in relation to which this member has a conflict of interest with the Company.

All transactions in which there are conflicts of interests with any member of the Board of Directors shall be agreed on terms that are customary in the sector concerned and decisions to enter into such a transaction require approval of the Board of Directors. Such transactions shall be published in the Company's annual report. The same applies to transactions with other (legal) persons who hold at least 10% of the Company's shares.

To the best knowledge of the Company, there are no potential conflicts of interest between the duties of any member of the Board of Directors, Supervisory Board or Senior Management to the Company and their private interests or other duties, except that mr. Bouri, who is one of our non-executive directors, is also a debtor of the Company as described under “*Related Party Transactions*”. As a result, mr. Bouri and the Company may have conflicting interests if decisions are to be made in relation to the amount owing to the Company by mr. Bouri.

## **Employment and Severance Agreements**

Mr. Bhajun Santchurn has an employment agreement with us for a period of three years ending on 31 December 2014. The agreement provides for a base salary of €248,000 per annum plus a bonus with a maximum of 90% of the base salary to be paid out in cash. The bonus is conditional upon reaching targets agreed upon annually with the remuneration policy as approved by the General Meeting of Shareholders.

In the event of a new controlling shareholder of the Company deciding not to maintain Mr. Santchurn in a function at least equivalent to his current one, Mr. Santchurn has the right to leave us within two months. In such case pay of the monthly based salary will continue for a period of twenty-four months. This compensation shall replace all claims Mr. Santchurn may have with regard to us in relation to the termination of the employment agreement.

Mr. Santchurn is subject to a non-competition covenant for a period of six months following the termination of his employment.

Mr. Christian Crepet has an employment agreement with us for a period of four years, subject to termination upon twelve months' notice. The agreement provides for an initial base salary of €142,000 per annum plus a bonus with a maximum of 30% of the base salary conditional upon reaching targets set by our Chief Executive Officer and a travel allowance of €15,000 per annum. As per the French employment law, he is entitled to 3 years pay as severance upon termination.

Mr. Crepet is subject to a non-competition covenant for a period of six months following the termination of his employment.

The employment agreements with the members of Senior Management provide for severance payments of one year salary, except for Mr. Haissam Dib which provides a severance payment of three years in the event of termination.

## **Directors Liability and Insurance**

Under Dutch law, members of management are jointly and severally liable to the Company for damage in the event a serious blame (*ernstig verwijt*) can be made to them. If the matter relates to the duties of two or more members of the Board of Directors all directors are responsible for such matter, unless a director cannot be made a serious blame and that director has not been negligent in taking measures to limit the consequences of negligence of another director. In certain circumstances, members of the Board of Directors may also incur civil or criminal liabilities. Members of the Board of Directors, the Senior Management and certain other officers of the Company are insured

under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers.

The insurance policy is governed by the laws of the United States and covers fiduciary liability up to \$2,000,000. Under this policy, \$1,000,000 cover is provided for the directors and officers' liability for any claim made against them and wrongful acts committed by them in their respective capacities. The policy also provides \$1,000,000 cover for Employment Practices Liability. The insurance policy has global coverage.

### **Other information**

At the date of this Prospectus, no member of the Board of Directors or Senior Management has, in the previous five years (i) been convicted of any offences relating to fraud; (ii) held an executive position at any company at the time of or immediately preceding any bankruptcy, receivership or liquidation; (iii) been subject to any official public sanction by any statutory or regulatory authority (including any designated professional body); and (iv) been the subject of any official public incrimination or been disqualified by the court from acting as a member of the administrator, management or supervisory bodies of a company or from acting in the management or from conduct of the affairs of any company.

No family relationships exist between the members of the Board of Directors or Senior Management.

### **Pension plan**

Group companies provide pension benefits for their employees (including the members of the Board of Directors and Senior Management). 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 2010, expenses related to defined contribution plans amounted to €41,000. The corresponding contributions for 2009 and 2008 were €27,000 and €37,000 respectively.



## PRINCIPAL SHAREHOLDERS

### Principal Shareholders

#### *Holdings of the Principal Shareholders*

The following table presents information about the ownership of Class A Shares and Class B Shares of the Company as of the date of this Prospectus for each person or group of affiliated persons we know to beneficially own 5% or more of the Company's issued and outstanding ordinary shares.

	Shares owned by the Principal Shareholders	
	Total	%
Alexandre Bouri	71,121,158	52.44
Megatrade International SA (beneficially owned by Alexandre Bouri)	19,307,225	14.23
EV Knot LLC*	20,101,367	14.82
Stichting Employees Envipco Holding	12,000,014	8.85
	122,529,764	90.34

\* EV Knot LLC is holding these shares for the following beneficial owners:

Gerald Davis	2,011,263
Peter Doyle	2,000,000
David D'Addario	4,022,526
Jeffrey Lincoln	595,930
Michael Jellomaine	595,930
Gregory Garvey	10,602,857
Kathleen Garvey	272,861
Total	20,101,367

The following table presents information about the ownership of the Shares of the Company after the execution of the Deed of Amendment for each person or group of affiliated persons we know to beneficially own 5% or more of the Company's issued and outstanding ordinary shares, based on the assumption that the numbers of shares and DRs beneficially owned by these persons do not change between the date of this prospectus and the date of the Deed of Amendment.

	Shares owned by the Principal Shareholders	
	Total	%
Alexandre Bouri	1,422,423	52.44
Megatrade International SA (beneficially owned by Alexandre Bouri)	386,144	14.23
EV Knot LLC	402,027	14.82
Stichting Employees Envipco Holding	240,000	8.85
	2,450,594	90.34

Except as disclosed above, we are not aware of any person who, as of the date of this Prospectus, directly or indirectly, has an interest as beneficial owner in shares which represent 5% or more of the issued and outstanding shares of the Company.

Our major shareholders do not have different voting rights compared to our other shareholders.

Due to his 66.67% direct and indirect shareholding, Mr. Bouri is effectively able to control the Company's general meeting of shareholders and thus influence all matters requiring a shareholders' decision, including the election and dismissal of members of the Board of Directors. No specific measures have been put in place to ensure that such control is not abused.

## RELATED PARTY TRANSACTIONS

We have not entered into any transactions with related parties (as defined under IFRS) between 1 January 2008 and the date of this Prospectus, except for the following:

### Transactions with Alexandre Bouri

Prior to 1 January 2008, Mr. Bouri provided loans to the Company aggregating €23 million of which €17.3 million was converted into capital in the Company by issuing 69,200,000 Class B shares at a price of €0.25 each on 26 April 2006, with €1 million being repaid leaving an outstanding balance of €4.7 as of 1 January 2008. This balance was settled on 13 March 2008.

In 2008 we provided loans up to €850,000 to Indara Transportes Maritimos E Trading LDA (the "**Indara Loans**"), a company beneficially owned by Mr. Alexandre Bouri. These loans are unsecured and interest bearing. On 31 December 2010 the amount outstanding under these loans, including accrued interest, was €683,912.

On 8 December 2008, the Company issued 30,022,525 Class A shares, each of a nominal value of €0.01 to Mr. Alexandre Bouri at a price of €0.2486 each. An amount of €0.2386 per share was agreed as non-stipulated share premium (*niet bedongen agio*). Of the total issue price of €7.46 million, €2 million was received by the Company at the time of this subscription and the balance of €5.46 million payable in installments until 31 December 2009. Out of this amount of €2 million €300,225.25 has been paid as the nominal amount of the new shares issued to Alexandre Bouri. The balance of €5.46 million did not carry any interest. The first two installments due on 31 January 2009 and 30 April 2009 were not paid. The parties agreed on 10 June 2009 to change the installment plan so that the first installment would fall due on 31 August 2009 and the last installment due 31 December 2009.

On 30 December 2009, the first two installments under the revised plan, totalling €1 million, had been paid and the third installment was overdue. The following new installment plan was agreed for the remaining balance of €4.46 million: €1.5 million to be paid by 15 March 2010, another €1.5 million to be paid by 30 September 2010 and the balance of €1.46 million plus interest to be paid by 31 December 2010. It was agreed that interest would be due on the outstanding amount from 1 January 2010. Interest of €107,545 was charged through 31 December 2010. €1.5 million was repaid on 15 March 2010 leaving a balance of €3,071,145 on 31 December 2010.

The total outstanding amount of approximately €3.8 million (the outstanding amount under the Indara Loans and the amounts due pursuant to the subscription agreement) was restructured on 31 December 2010 to be payable as follows: €1.6 million to be paid by 31 March 2011, another €1.0 million to be paid by 30 June 2011 which has since been rescheduled to be paid by 30 September 2011. The balance of €2.2 million plus interest is to be paid by 30 September 2011. The amount payable under this revised scheme as at 31 March 2011 has been received by the Company.

### Transactions with Gregory Garvey

On 8 December 2008, Mr. Garvey has been granted an option to acquire 12,000,000 Class B shares (equal to 240,000 Shares) at the strike price of €0.32 per share in the Company as an incentive bonus subject to fulfillment of key performance targets, as agreed. The options in relation to the Class B Shares granted to Mr. Garvey have been replaced by the 12,000,000 options granted to him by the Stichting Employees Envipco Holding (please see "*Description of the Company, the Share Capital and Corporate Governance - Stock Option Plan*").

### Other Related Party Transactions

A director had an unsecured loan of €35,000 at the end of year 2008, from a subsidiary, which was repaid in 2009.

## DESCRIPTION OF THE COMPANY, THE SHARE CAPITAL AND CORPORATE GOVERNANCE

### General

Envipco Holding N.V. is a public company with limited liability (*naamloze vennootschap*) incorporated on 26 June 1998 under Dutch law. The Company is registered with the Trade Register of the Chamber of Commerce and Industry (*Kamer van Koophandel en Fabrieken*) of Amsterdam, the Netherlands under number 33304225. The Company's corporate seat is in Amsterdam, the Netherlands. The Company's business address is Herengracht 458, 1017 CA, Amsterdam, the Netherlands (tel: +31 (0)20 5216342).

Set out below is a summary of certain relevant information concerning the Company, its share capital, certain significant provisions of Dutch corporate law and a brief summary of certain provisions of the Company's Articles of Association.

On 27 June 2011, the General Meeting of Shareholders of the Company resolved to amend the Articles of Association. The amendment will become effective by execution of a notarial deed of amendment, which is expected to occur on the date of admission to trading of the Shares of the Company. The Company will announce the entry into effect of the amendment by way of a press release and on the Company's website. The brief summary of the Company's Articles of Association in this Prospectus is based on the Company's Articles of Association as they will read after the implementation of the proposed amendment of the Articles of Association at the day when the Shares will be admitted to trading.

This summary does not purport to give a complete overview and should be read in conjunction with the Company's Articles of Association, or with relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Company's Articles of Association is available, in Dutch and English, at the Company's registered offices in Amsterdam during regular business hours. The Articles of Association are also available in Dutch and English on the Company's website at [www.envipco.com](http://www.envipco.com).

### Legislation under which the Company operates

The Company is a public limited liability company operating under the laws of the Netherlands. The Netherlands is the home member state of the Company for the purposes of Directive 2004/109/EC (the "**Transparency Directive**") as a consequence of which the Company is subject to the FSA in respect of certain ongoing transparency and disclosure obligations. See "*Description of the Company, the Share Capital and Corporate Governance - Disclosure of Information*". The Company is and will, following the admission to trading of the Shares on Euronext Brussels, also be subject to the relevant provisions of Belgian law, to the extent applicable.

### Corporate Purposes

Pursuant to Article 2 of the Company's Articles of Association, the Company's corporate purposes are:

- to participate in, to finance or to have any other interest in, or to conduct the management of, other companies or enterprises;
- to furnish guarantees, provide security, warrant performance or in any other way assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;
- to acquire, exploit and alienate industrial and intellectual property rights; and
- to do anything which is, in the widest sense of the word, connected with or may be conducive to the attainment of these objects.

## Share Capital

### *Authorized and Issued Share Capital*

The following table presents information about the share capital of the Company immediately before the execution of the Deed of Amendment and immediately after the execution of the Deed of Amendment.

	Immediately before the execution of the Deed of Amendment			Immediately after the execution of the Deed of Amendment
	Class A shares	Class B shares	Class A shares and Class B shares	Shares
<b>Number of authorized shares</b>	200,000,000	200,000,000	400,000,000	8,000,000
<b>Authorized share capital</b>	€2,000,000	€2,000,000	€4,000,000	€4,000,000
<b>Number of issued shares</b>	65,200,000	70,430,350	135,630,350	2,712,607
<b>Issued share capital</b>	€652,000	€704,303.50	€1,356,303.50	€1,356,303.50
<b>Nominal value</b>	€0,01	€0,01	€0,01	€0,50

Prior to the execution of the Deed of Amendment, the Company holds 68,113 shares in its own capital. Immediately after the execution of the Deed of Amendment, the Company will hold 1362 shares in its own capital. As per 1 January 2011, the number of outstanding shares of the Company amounted to 123,630,336 shares, divided into 65,200,000 Class A shares and 58,430,336 Class B shares. As at the date of this Prospectus and immediately before the execution of the Deed of Amendment, the number of outstanding shares of the Company amounts and will amount to 135,630,350 shares, divided into 65,200,000 Class A shares and 70,430,350 Class B shares. Immediately after the execution of the Deed of Amendment, the number of outstanding shares of the Company will amount to 2,712,607 Shares.

All Shares that are issued and outstanding at the date of this Prospectus are fully paid up.

On 8 December 2008 the Company issued 30,022,525 Class A shares (equal to 600,450.5 Shares) to Mr. Alexandre Bouri. The nominal amount of these Class A shares is €0.01. In addition to this amount Mr. Alexandre Bouri had to pay €0.2386 as non-stipulated share premium (*niet bedongen agio*). Out of the non-stipulated share premium an amount of €1,494,611 is still outstanding.

On 19 July 2011 and 25 July 2011 respectively, the Company issued 12,000,014 Class B shares (equal to 240,000 Shares) to the Stichting Employees Envipco Holding. The Class B shares issued on 19 July 2011 have been issued following the assignment of 12,000,000 stock options of Greg Garvey to the Stichting Employees Envipco Holding on the same date. The shares issued to the Stichting Employees Envipco Holding in 2011 are fully paid up. (for further details see "*Description of the Company, the Share Capital and Corporate Governance - issue of options and option plan*").

### *Issue of Shares, Pre-emption Rights*

The Articles of Association provide that the Company may issue Shares in the form of ordinary shares only. Under the Articles of Association, the General Meeting of Shareholders has the power to resolve the issuance of Shares and to determine the conditions under which such shares are issued, unless the General Meeting of Shareholders has designated another corporate body with that power. Such designation can be made for a period not exceeding five years and may be renewed from time to time for periods not exceeding five years. On the date of this prospectus, no such designation has been made.

No resolution is required by the General Meeting of Shareholders for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares (option). The Company may only issue rights to subscribe for shares following a resolution of the General Meeting of Shareholders allowing such issuance.

Dutch law and the Company's Articles of Association give shareholders the right to subscribe on a pro rata basis for any issue of new shares or of rights to subscribe for new shares, subject to certain exceptions. This pre-emption right may be limited or excluded in relation to a particular issue by a resolution of the General Meeting of Shareholders or of the corporate body, if any, designated with the power to issue shares by the General Meeting of Shareholders.

### ***Reduction of Share Capital***

The General Meeting of Shareholders may resolve to reduce the Company's issued share capital by either cancelling Shares or reducing the nominal amount of the Shares by way of an amendment to the Company's articles of association. The relevant resolution of the General Meeting of Shareholders must specify the Shares to which the resolution relates and must contain arrangements for the implementation of the resolution. A resolution to cancel Shares may only relate to Shares held by the Company itself or in respect of which it holds the depositary receipts. The articles of association of the Company do not provide that a certain class of Shares can be cancelled.

### ***Dividends and Other Distributions***

The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the Company's shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves required to be maintained by Dutch law and by the Company's Articles of Association. Under the Company's Articles of Association, a dividend reserve shall be maintained in the Company's books. The profit that appears from the adopted annual accounts shall be at the disposal of the General Meeting of Shareholders for distribution of dividend on the Shares for adding to the dividend reserve or for such other purposes within the Company's objects as the General Meeting of Shareholders shall decide.

The General Meeting of Shareholders may resolve to distribute such amounts on the Shares up to the amount of the positive balance of the dividend reserve, if and to the extent the dividend reserve is sufficient. The General Meeting of Shareholders may only decide not to distribute the amounts referred to in the preceding sentence if and to the extent that it can be demonstrated that the Company's liquidity position does not allow this.

### ***Acquisition of Own Shares***

The Company may not subscribe for its own shares. The Company has the right to acquire fully paid-up shares in its own share capital at any time for no consideration (*om niet*) or, subject to certain provisions of Dutch law and the Company's Articles of Association, if (i) the Company's shareholders' equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any statutory reserves to be maintained by Dutch law and the reserves to be maintained by the Company's Articles of Association, (ii) after such an acquisition, the Company and its subsidiaries would not hold shares or hold a pledge over the shares in the Company's share capital with an aggregate nominal value exceeding 50% of the Company's issued share capital, and (iii) the Board of Directors has been authorized to make such an acquisition by the General Meeting of Shareholders.

Any shares the Company or a subsidiary holds in the capital of the Company may not be voted or counted for voting and quorum purposes. No distribution shall be made in favour of the Company on shares acquired by the Company in its own capital or by a subsidiary of the Company.

### ***Issue of Options and Option Plan***

The Board of Directors may issue options to purchase the Company's Shares, being new shares or shares the Company holds or will acquire for such purpose. An issue of new shares for the purpose of issuing options must be done in accordance with the manner set out in the Company's Articles of Association, as described above.

On 8 December 2008 the General Meeting of Shareholders approved an option plan for 13,500,000 shares for executives and employees. On 27 June 2011 the Board of Directors amended the stock option plan. Following the amendment it is possible to issue shares to a foundation (Stichting Employees Envipco Holding). The Stichting Employees Envipco Holding will for those shares issued to it grant options to the employees or executives of the Company and its affiliates. The options have not been finally allocated and the terms and conditions of the stock option plan are yet to be determined.

The stock option plan allows employees of the Envipco Group and its executives to acquire shares of the Company. Option is recognised as an employee cost with corresponding amount as other comprehensive income in equity.

Under certain conditions the stock options terminate automatically without any compensations. The conditions e.g. are a breach of an employment agreement by the employee, termination of an employment agreement which is predominately caused by an employee, a participant resigns as a member of the Board of Directors.

In case of a liquidity event such as sale of the Company or sale of the major assets of the Company, the Board of Directors can terminate the option plan. As a consequence of termination the Company would have to pay a fair consideration to the holders of vested and unvested options.

If an employee or executive director exercises the option vis-à-vis the Stichting Employees Envipco Holding, the Stichting Employees Envipco Holding shall upon payment of the strike price transfer the shares to the employee or executive director. The Stichting Employees Envipco Holding has to transfer the strike price to the Company less the amount paid upon issue of the shares to the Stichting Employees Envipco Holding.

The board members of the Stichting Employees Envipco Holding are Dick Stalenhoef and Guy Lefebvre.

In addition to the stock option plan, Mr Garvey has been granted a 12,000,000 share option on 8 December 2008, at the strike price of €0.32 per share in the Company as an incentive bonus for subject to key performance targets to be met on a yearly basis through 31 December 2011. The options are conditional on Mr Garvey remaining with the Company till 31 December 2011 (the vesting period) and can vest sooner if the Company meets targets relating EBITDA or stock market value. Up to 4,000,000 options are exercisable in each 2009, 2010 and 2011 if certain targets are met. The options expire 31 March 2012 and will be settled by transferring shares to Greg Garvey. As of 31 December 2010 none of the share options are vested. The fair value of the options was determined using Black-Scholes pricing models and amounts to €378,000. The volatility was calculated by using the last five years share prices and risk free interest rate used for long-term government bonds with no expected dividend payments by the Company and the assumptions that all the vesting conditions will be met as of 31 December 2011 and there is 100% probability that the options will be exercised.

Greg Garvey has transferred his 12,000,000 options to the Stichting Employees Envipco Holding on 19 July 2011. The Stichting Employees Envipco Holding has granted at the same date options to Greg Garvey to acquire 12,000,000 B shares in Envipco. The terms and conditions of the options granted to Greg Garvey are the same as the terms and conditions of the options granted by Envipco to Greg Garvey on 8 December 2008.

Upon acquisition of the options from Greg Garvey the Stichting Employees Envipco Holding has exercised those options and Envipco has issued 12,000,000 B shares to the Stichting Employees Envipco Holding. The Stichting Employees Envipco Holding has fully paid up those shares. After the execution of the Deed of Amendment, the Stichting Employees Envipco Holding owns 240,000 Shares.

## **Corporate Governance**

### ***General Meetings of Shareholders and Voting Rights***

The annual General Meeting of Shareholders must be held within six months after the end of each financial year. An extraordinary General Meeting of Shareholders may be convened by and as often as a member of the Board of Directors considers this necessary and must be convened within three months after the Board of Directors has considered it plausible that the shareholders' equity of the Company has decreased to an amount equal to or less than

one half of the paid and called up part of the capital to discuss any measures to be taken. Shareholders representing alone or in aggregate at least one-tenth of the Company's issued and outstanding share capital may, pursuant to the Dutch Civil Code, on their application be authorized by the interim provisions judge of the district court to convene a General Meeting of Shareholders. The interim provisions judge shall disallow the application if it does not appear to him that the applicants have previously requested the Board of Directors in writing, stating the exact matters to be considered, to convene a general meeting of shareholders and the Board of Directors has not taken all necessary steps so that the general meeting of shareholders could be held within six weeks after the request.

The notice convening any General Meeting of Shareholders shall contain an agenda indicating the items for discussion included therein. The agenda shall further include such items as one or more shareholders and others entitled to attend the meetings (i.e. the holders of depositary receipts for shares), representing at least 1% of the Company's issued and outstanding share capital or holding shares or depositary receipts for shares issued with the cooperation of the Company with a value of at least €50,000,000 (or any other amount determined by order in counsel (*algemene maatregel van bestuur*)) have requested the Board of Directors to include on the agenda. The inclusion of such items on the agenda are subject to the Company receiving such proposals no later than the 60th day before the General Meeting of Shareholders.

Unless a resolution is passed unanimously at a general meeting of shareholders at which the entire issued capital is represented, no legally valid resolutions may be passed in respect of matters not announced in the notice convening the meeting or announced in the same manner as required for the meeting. All notices to persons with meeting rights may also be published in a newspaper (*landelijk verspreid dagblad*) in the country where the shares have been admitted to an official quotation, if foreign regulations require such.

The notice for convening the General Meeting of Shareholders shall mention the registration date and the manner in which the persons with meeting rights at the General Meeting of Shareholders may procure their registration and the way they may exercise their rights. The registration date is the twenty-eight day prior to the date of the General Meeting of Shareholders.

Each of the Company's Shares is entitled to one vote. Persons with meeting rights (i.e. shareholders as well as holders of depositary receipts for shares issued with the cooperation of the Company) shall be entitled to attend, provided that they have such rights on the registration date and that they are recorded in a register designated by the Board of Directors, irrespective of who may be entitled to the shares or depositary receipts for shares issued with the cooperation of the Company at the time of the General Meeting of Shareholders.

Decisions of the General Meeting of Shareholders are taken by a majority of three-fourth of the votes validly cast, except where Dutch law or the Company's Articles of Association provide for a special or greater majority.

Unless the Company has receipt holders of which the depositary receipts have been issued with the cooperation of the Company, shareholders' resolutions may, instead of at a general meeting, be passed in writing, provided that all shareholders with the right to vote have voted in favour.

### ***Dutch Corporate Governance Code***

On 9 December 2003, the Dutch Corporate Governance Committee released the Dutch Corporate Governance Code which was subsequently updated effective as per 1 January 2009 (the "**Code**"). The Code contains 21 principles and 128 best practice provisions for a managing board, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditing, disclosure, compliance with and enforcement of the Code.

Dutch companies admitted to trading on a registered stock exchange or, under certain circumstances, registered on a multilateral trading facility, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if and to the extent they do not apply, to explain the reasons why.

The Company acknowledges the importance of good corporate governance. The Company supports the Code and applies the relevant provisions of the Code subject to the exceptions set out below:



The Company does not comply with the following provisions of the Dutch corporate governance code:

- II.2 The Company has not in place a formal risk management system. In view of the size of the Company this is not necessary in view of the Board of Directors of the Company. In the view of the Board of Directors the Company has adequate measures in place to monitor risks.
- II.2.14 The Company has not published on its website the main elements of the service agreements with the executive directors. In view of the size of the Company the Board of Directors takes the view that this is not necessary. The Company publishes in its financial statements the elements of the salary of the executive directors.
- III.3.1 The Company has not prepared a profile for the non-executive members of the Board of Directors. In view of the size of the Board of Directors the Board of Directors is of the opinion that this is not necessary.
- III.3.6 The Board of Directors has not made a schedule retirement by rotation. In view of the size of the Company the Board of Directors is of the opinion that this is not necessary.
- III.4.3 The Company has no secretary. Due to the size of the Company, the Company believes this is not necessary.
- III.5 The Company does not have a remuneration committee or a selection and nomination committee. The tasks to be performed by these committees are performed by the non-executive members of the Board of Directors. In view of the size of the Company there is no need to have a separate remuneration committee and a nomination and selection committee.
- III.7.1 The Company has granted stock options to Greg Garvey, the chairman of the Board of Directors. It is customary in the United States (the residence and working place of Greg Garvey) to grant share options also to non-executive directors.
- V.3 The Company has no internal audit function. In view of the size of the Company, the Company believes this is not necessary. The internal risks are in the view of the Board of Directors adequately monitored.

#### **Legislative proposal: one-tier board**

On 31 May 2011, the Upper House of Dutch Parliament (*Eerste Kamer*) adopted a bill (the "**Bill**") containing rules for companies having a one-tier board structure, in which both executive and non-executive directors form part of one board, such as the Company. See "*Directors and Senior Management - Governance structure*". This bill will enter into force by Royal Decree (*Koninklijk Besluit*), which is expected to be issued by the Dutch government in the near future. The bill will probably have legal effect on 1 January 2012.

After the Bill has entered into force, the Dutch Civil Code will also recognize a governance structure whereby a company has one board (*bestuur*), consisting of both executive directors (*uitvoerend bestuurders*) and non-executive directors (*niet-uitvoerend bestuurders*), as currently implemented by the Company pursuant to its articles of association. As a consequence companies required to establish a supervisory board (*raad van commissarissen*) (See "*Directors and Senior Management - Governance Structure*") may also choose to appoint non-executives on such company's board of directors, supervising the executive directors.

The Bill allows for a division of tasks among the members of a company's board of directors, such as a division between executive directors and non-executive directors. The tasks of a director consists of all the tasks which have not been attributed by law or the company's articles of association to one or more other directors.

The following tasks may not be attributed to the executive directors: presiding the board of directors, determining and adopting the remuneration policy in relation to the executive directors, supervising the executive directors, the nomination for the (re)appointment of directors, and, in case the company is required to establish a supervisory board pursuant to Dutch corporate law, the appointment of executive directors.

Pursuant to the Bill, all responsibilities in relation to the daily affairs of the Company remain the collective responsibility of all members of the board of directors. Each director is fully liable in case of mismanagement, unless such director cannot be seriously blamed (*geen ernstig verwijt gemaakt kan worden*) for this mismanagement, taking into account the division of tasks between the directors, or in case he or she cannot be found negligent in taking measures to prevent consequences of such mismanagement.

In relation to companies who have issued shares or depositary receipts for shares which are admitted to trading on a regulated market or a multilateral trading facility (or a similar platform on which such securities are admitted to trading), such as the Company after the Admission to Trading, the legal relationship (*rechtsverhouding*) will not be considered to be an employment contract (*arbeidsovereenkomst*). As a consequence, the directors are no longer considered as employees of such a company. Employment contracts dated prior to the entering into force of the Bill will not be affected by this new provision.

The Bill also limits the number of ancillary functions which a member of the board of directors or the supervisory board might hold with other Dutch companies. A person is not allowed to reside on the board of directors of a Dutch company, in case that person also i) resides on the supervisory board or acts as non-executive director of two or more Dutch companies that exceed certain thresholds in relation to their size, or ii) acts as chairman of the supervisory board of such a Dutch company or acts as chairman of the board in case this board consists of executives and non-executives.

The Bill also contains, among other things, new arrangements in case a director or supervisory board member has a (direct or indirect) conflict of interests with the company, and certain prescriptions (non mandatory) to procure a well-balanced division of man and women residing on the board of directors and supervisory board.

### **Dissolution and Liquidation**

The Company may only be dissolved by a resolution of the General Meeting of Shareholders. In the event of dissolution, the Company's business will be liquidated in accordance with Dutch law and the Company's Articles of Association and the liquidation shall be effected by the Board of Directors, unless the General Meeting of Shareholders appoints another person or persons as liquidators and, if the Company no longer has any assets at the time of its dissolution, it shall then cease to exist. To the extent possible, the Company's Articles of Association shall remain in effect during the liquidation. The balance of the Company's remaining equity after payment of debts and liquidation costs shall first be applied to paying back the amounts paid up on the Shares. Any remaining assets shall then be distributed among the shareholders in proportion to the aggregate nominal amount of their shares. No distribution upon liquidation may be made to the Company in respect of shares held by it.

### **Liability of Directors**

Under Dutch law, members of management are jointly and severally liable to the Company for damage in the event of a serious blame (*ernstig verwijt*) can be made to them. If the matter relates to the duties of two or more members of the Board of Directors all directors are responsible for such matter, unless a director cannot be made a serious blame and the director has not been negligent in taking measures to limit the consequences of negligence of another director. In certain circumstances, members of Board of Directors may also incur civil or criminal liabilities. Members of the Board of Directors and certain executive officers are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members.

### **Disclosure of Information**

As a Netherlands company with shares admitted to trading on Euronext Brussels only, the Company is required under the FSA to make annual financial statements (including the annual report) and its half-yearly financial statements (including the half-yearly report) generally available to the public ultimately within four months and two months, respectively of the end of a period to which the financial information relates. The annual financial statements shall be accompanied by an auditor's statement, the annual report and certain additional information required under Dutch law.

Upon adoption of the annual financial statements by the General Meeting of Shareholders, the annual financial statements shall be sent to the AFM within five days following adoption and will be filed by the AFM with the Chamber of Commerce and Industry (*Kamer van Koophandel en Fabrieken*) in Amsterdam. In addition, the Company must make generally available an interim management statement during each half-year period. An interim management statement must be made in the period between ten weeks after the beginning and six weeks before the end of the relevant half-year period.

Pursuant to the ASFR, the AFM supervises the compliance of the Company's annual financial statements with the applicable standards for reporting. The Company is obliged to submit its annual reports and annual accounts to the AFM within eight days of the annual accounts being adopted. The AFM incorporates annual reports and annual accounts into a public register, which can be consulted on the AFM website, within five days following the business day on which it received such annual reports and annual accounts. The ASFR is based on retrospective supervision by the AFM, that is after the annual accounts have been adopted. In order to encourage companies to comply with IFRS, the AFM may issue an announcement or recommendation. The AFM's supervision involves the AFM pointing out to the Company its responsibility for the correct application of the appropriate reporting regulations. If necessary, the AFM will initiate annual accounts proceedings at the Enterprise Chamber based on its independent authority, at which point the supervision will become public. The supervision is not only of a repressive nature. The AFM may, by executing and publishing the results of thematic inspections, ensure that more attention is focused on the application of a reporting regulation within a particular sector. In addition, the supervision of financial reporting is intended to ensure that International Financial Reporting Standards are complied with.

As a Netherlands company with shares admitted to trading on Euronext Brussels only, the Company is required under the FSA to make public without delay any change in the rights attaching to any class of shares. Any changes in the articles of association which result in a change in the rights attaching to any class of shares will be published by way of a press release.

In addition, issuers of securities admitted to trading on a regulated market in the Kingdom of Belgium, such as the Company, are required to communicate any current and periodic information to the FSMA (i.e. the “**Financial Services and Markets Authority**”) and to the public (through a press release through RNS or any newswire services provided). However the content of such information is determined by the laws of the home member state of such issuer, being the Netherlands in the case of the Company.

### **Obligations of Shareholders to Make a Public Offer**

In accordance with Directive 2004/25/EC of the European Parliament and of the Council of the European Union (the “**Takeover Directive**”) each EU Member State should ensure the protection of minority shareholders by obliging the person that acquires control of a company of which shares are traded on a regulated market to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Takeover Directive applies to all companies governed by the laws of a EU Member State of which all or some voting securities are admitted to trading on a regulated market in one or more EU Member States.

The laws of the EU Member State in which a company has its registered office (*statutaire zetel*), being the Netherlands regarding the Company, will determine the percentage of voting rights that is regarded as conferring control over that company. Pursuant to Article 5:70 of FSA, a party - whether acting alone or in concert with others - that acquires 30% or more of the voting rights of a company the shares of which are admitted to trading on a regulated market has to make an offer for the remaining shares of that company. This obligation does not apply to shareholders with existing controlling interests of more than 30% of the voting rights at the time that the shares of the Company are admitted to trading on a regulated market for the first time. The obligation to make a public offer does in principle only apply to such shareholder once its voting rights in the Company's share capital decreases below 30% and then again increases to 30% or more.

The Enterprise Chamber may at the request of the Company, any shareholder of the Company, any holder of depositary receipts for shares issued with the cooperation of the Company or a foundation or association with full legal capacity which articles promote the interests of such company, shareholder or holder of depositary receipts, order a shareholder who has obtained 30% or more of the Company's voting rights or more to make a public offer in respect of all shares.

The above mentioned obligation for a person acting solely or together with others to make a public offer does not apply according to the Exemption Decree on Public Offers (*Vrijstellingbesluit overnamebiedingen Wft*) in cases where prior to, but no more than three months prior to, the acquisition of 30% or more of the Company's shares or voting rights, the General Meeting of the Company has approved such acquisition with 95% of the votes cast by others than the acquirer and the person(s) acting with him.

### **Dutch Squeeze-out Proceedings**

After a public offer, pursuant to Section 2:359c of the Dutch Civil Code, a holder of at least 95% of the outstanding shares and voting rights, which has been acquired as a result of a public offer, has the right to require the minority shareholders to sell their shares to him. Any such request to require the minority shareholders to sell their shares must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, in such a case, each minority shareholder has the right to require the holder of at least 95% of the outstanding shares and voting rights to purchase his shares. The minority shareholders must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. If 90% of the shareholders have accepted the public offer the offer price is presumed to be a fair compensation for the shares of the minority shareholders. Notwithstanding this presumption the Enterprise Chamber may appoint independent experts to determine a fair compensation.

In addition to the squeeze out proceedings pursuant to Section 2:359c of the Dutch Civil Code, which apply only after a public offer, article 2:92a of the Dutch Civil Code provides that a shareholder who for its own account holds at least 95 percent of the Company's issued share capital may institute proceedings against the Company's joint other shareholders for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and must be instituted by means of a writ of summons served upon the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts, who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer of the Enterprise Chamber becomes final, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he must also publish the same in a newspaper with a national circulation.

### **Obligations of Shareholders to Disclose Holdings**

#### ***Shareholding Disclosure and Reporting Obligations under Dutch Law***

Pursuant to the FSA, certain notification requirements apply in relation to the shares of an issuer incorporated in the Netherlands (or depositary receipts for such shares) traded on a regulated market. Thus, shareholders of the Company may be subject to notification obligations under the FSA and the Decree on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen*). The following description summarises those obligations. Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

Pursuant to the FSA, each person whose holding of voting rights and/or capital interest, directly or indirectly, amounts to 5% or more must notify the AFM without delay by means of a standard form or through the automated notification system of the AFM. Any person who, directly or indirectly, acquires or disposes of an interest in the Company's share capital or voting rights must without delay give written notice to the AFM, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

The Company is required to notify the AFM of any changes in its share capital and voting rights. More specifically, the Company is required to notify the AFM without delay of any changes in its share capital if its share capital has changed by 1% or more compared to the previous disclosure in respect of its share capital. The Company is also required to notify the AFM without delay of any changes in the voting rights, insofar as such a change in the voting

rights has not already been notified to the AFM pursuant to a previous or simultaneous disclosure in respect of a change in the Company's share capital. Changes in the Company's share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register.

If, as a result of such change, a person's direct or indirect interest in the Company's share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds, the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in the Company's share capital and/or voting rights in the public register. In addition, annually within four weeks after the end of the calendar year, every holder of 5% or more of the Company's shares or voting rights whose interest has changed in the period after his most recent notification to the AFM, which change relates to the composition of such holder's interest as a result of certain acts (e.g. the exchange of shares (an actual interest) for depositary receipts for shares (which is a potential interest) or the exercise of a right to acquire shares (pursuant to which the potential interest becomes an actual interest)) must notify the AFM of such changes.

The disclosure obligations also arise if the above-mentioned thresholds are reached or exceeded as a result of: (a) circumstances other than legal actions (e.g. amendments to the Company's statute or shareholder dilution), (b) the acquisition or disposal of financial instruments from which an unconditional right or obligation to acquire the already issued shares of the Company arises (i.e. options for existing shares, bonds convertible into existing shares), or (c) an indirect acquisition of shares in the Company as defined in the relevant laws (e.g. acquisition of shares by the purchaser's subsidiaries or the takeover over an entity holding shares in the public company).

For the purpose of the FSA an interest in the Company's share capital or voting rights that is held by a person's controlled undertakings as defined in the FSA is deemed to be held by that person. The controlled undertaking does not have a duty to notify the AFM because the interest is attributed to the undertaking in control, which as a result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the FSA. A person who has a 5% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled undertaking for purposes of the FSA must without delay notify the AFM. As of that moment, all notification obligations under the FSA will become applicable to the former controlled undertaking.

For the purpose of calculating the percentage of capital interest or voting rights, amongst others, the following interests must be taken into account: (i) Shares (or depositary receipts for shares) directly held (or acquired or disposed of) by any person, (ii) Shares (or depositary receipts for shares) held (or acquired or disposed of) by such person's controlled undertakings or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, and (iii) Shares (or depositary receipts for shares) which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of including, but not limited to, on the basis of convertible bonds).

A holder of a pledge or right of usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the FSA, if such person acquires the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

The FSA contains detailed rules that set out how its requirements apply to certain categories of holders, including but not limited to (managers of) investment funds, investment managers, custodians, market makers, clearing and settlement institutions, brokers and credit institutions. Pursuant to the FSA, members of the Board of Directors must notify the AFM of their interest in our share capital and voting rights within two weeks of their appointment as a member of the Board of Directors. Any subsequent change of their interest in the Company's share capital and voting rights must be notified to the AFM without delay. The notifications referred to in this paragraph should be made in writing by means of a standard form of electronically through the notification system of the AFM.

#### **Other Applicable Market Abuse Regulations**

### ***Dutch Market Abuse Regulations***

Some of the rules on preventing market abuse set out in the FSA are applicable to the Company, the members of the Board of Directors, other insiders and persons performing or conducting transactions in the Shares and any other securities whose value is determined by the value of the Shares. Certain important market abuse rules set out in the FSA that are relevant for investors are described hereunder.

It is prohibited under the FSA for any person to make use of inside information in or from the Netherlands by conducting or effecting a transaction in the Shares. In addition, it is prohibited for any person to pass on inside information to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction. Furthermore, it is prohibited under the FSA for any person to manipulate the market in or from the Netherlands, for instance by conducting transactions which could lead to an incorrect or misleading signal regarding the supply or demand of the Shares or the price of the Shares. The Company's insiders within the meaning of the FSA are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in the Shares or in securities the value of which is at least in part determined by the value of the Shares. Insiders within the meaning of the FSA in this respect are: (i) members of the Board of Directors, (ii) other persons who have a managerial position and in that capacity are authorized to make decisions which have consequences for the Company's future development and business prospects and who, on a regular basis, can have access to inside information relating, directly or indirectly, to the Company, and (iii) certain persons closely associated with the persons mentioned under (i) and (ii) designated by the Netherlands Market Abuse Decree (*Besluit marktmisbruik Wft*). This notification must be made no later than the fifth business day after the transaction date on a standard form drawn up by the AFM.

In case of violation of the Dutch market abuse regulations, the AFM may take enforcement action. It may impose administrative fines and issue injunctions. Furthermore, the AFM is in principle obliged to publish the fact that it imposes an administrative fine and/or issues an injunction, mentioning the name of the offender. In addition, non-compliance with certain prohibitions and obligations qualifies as a criminal offence.

The Company has adopted an internal Code on Inside Trading in respect of the holding of and carrying out of transactions in the Shares by the members of the Board of Directors and the Company's employees. This Code on Inside Trading prohibits members of the Board of Directors, persons who occupy management positions and employees to make use of knowledge of information of a precise nature which has not been made public, relating, directly or indirectly, to the Company or transactions relating to the Shares and which, if made public, would have a significant influence on the price of the Shares. Further, the Company has drawn up a list of those persons working for the Company who could have access to inside information on a regular or incidental basis and the Company has informed the persons concerned of the rules on insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

### ***Belgian Market Abuse Regulations***

Insider/market abuse Belgium

Issuers of securities admitted to trading on a regulated market in the Kingdom of Belgium, such as the Company, are required to disclose promptly any insider information to the FSMA, Euronext Brussels and to the public (through a press release), as well as to post such information on their website in accordance with the relevant provisions of Belgian law. Insider information is any information of a precise nature relating (directly or indirectly) to one or more issuers of financial instruments, one or more financial instruments, or acquisition or disposal of such instruments, which is of a precise nature and has not been made public and which, if made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments.

### ***Belgian Takeover Bid Rules***

Belgian public takeover bids

Public takeover bids for shares and other securities giving access to voting rights (such as subscription rights or convertible bonds) are subject to supervision by the FSMA. Any public takeover bid must be extended to all of the Company's voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus, approved by the FSMA prior to publication.

Belgium implemented the Thirteenth Company Law Directive (Directive 2004/25/EC) by an Act of 1 April 2007 and a Royal Decree of 27 April 2007 (the "**takeover bid legislation**").

According to these rules, the Belgian takeover bid legislation will be applicable to each voluntary takeover bid on securities made on the Belgian territory. The public nature of a takeover bid made on the Belgian territory shall be deemed (i) when a communication addressed to persons, in any form and by whatsoever means, containing sufficient information on the conditions of the bid to allow the holders of securities to decide whether to dispose their securities is circulated on the Belgian territory by the offeror or a person acting in concert with the offeror or by a person acting on behalf of these persons or (ii) as soon as publicity actions of any kind whatsoever, intending to announce, recommend the takeover bid are carried out on the Belgian territory by the offeror or a person acting in concert with the offeror or a person acting on behalf of these persons.

Furthermore, according to the above rules, the Belgian mandatory takeover bid legislation is applicable to mandatory takeover bids on securities with voting rights issued by a foreign EU issuer, if such issuer has its securities admitted on a regulated market in Belgium, such as the Company. The question whether a mandatory bid must be launched is an issue governed by Dutch law but (i) the issue of the determination of the bid price and (ii) the procedure of the takeover bid are two issues which will be governed by Belgian law.

## **MARKET INFORMATION**

### **Euronext Brussels S.A./N.V.**

The Company has applied for admission of the Shares and the VVPR Strips to trading on the regulated market of Euronext Brussels. Due to its listing in Belgium, the Company is and will be subject to Belgian securities regulations, in particular with regard to insider trading and publication of insider information, and will be subject to supervision by the Belgian FSMA in these areas.

### **Market Regulation**

The market regulator for the supervision of market conduct in the Netherlands is the AFM. The AFM also has supervisory powers with respect to the application of takeover regulations. As the Company does not have any securities that are admitted to trading on a regulated market in the Netherlands, Dutch rules relating to the publication of insider information with respect to the Company do not apply. Pursuant to the implementation of the Prospectus Directive in the Netherlands on 1 July 2005, the AFM in general is the competent authority for approving prospectuses relating to an offering or admission to trading on a regulated market of shares of issuers who have their corporate seat in the Netherlands, such as the Company.

This Prospectus was approved by the AFM. The Prospectus was passported into Belgium in accordance with the passporting rules of the Prospectus Directive.



## TAXATION

*This taxation summary solely addresses certain Dutch and Belgian tax consequences of the acquisition, ownership and disposal of Shares and is included for general purposes only. It does not consider every aspect of taxation that may be relevant to all categories of investors, some of which may be subject to special treatment under applicable law (such as investors that are subject to taxation in Bonaire, Sint Eustatius and Saba and trusts or similar arrangements). Any potential investor should consult its own tax adviser with regard to the tax consequences of investing in the Shares in their particular circumstances.*

*Except as otherwise indicated, this summary only addresses Dutch and Belgian national tax legislation and published regulations, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.*

### Dutch taxation

#### *Taxes on income and capital gains*

##### *Introduction*

This summary does not describe the consequences of Dutch taxes on income and capital gains for holders of Shares if:

- such holders are deemed to hold Shares pursuant to article 2.14a of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under which Shares registered in the name of a foundation, trust or similar vehicle can be attributed to the settler or beneficiary (or beneficiaries) as the case may be;
- such holders, and in the case of individuals, his/her partner as defined in article 1.2 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) (*partner*) or certain of their relatives by blood or marriage in the direct line (including foster children), have or are deemed to have a substantial interest in the Issuer under Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a holder of securities is considered to have a substantial interest in a company, if such holder alone or, in the case of an individual, together with his/her partner, directly or indirectly holds (i) a number of shares representing 5% or more of the Issuer's total issued and outstanding capital (or of the issued and outstanding capital of any class of the shares), or (ii) rights to acquire directly or indirectly, such interest, or (iii) profit participating certificates (*winstbewijzen*) giving the right to 5% or more of the Issuer's annual profit or to 5% or more of the Issuer's liquidation proceeds. Generally, a deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- such holders are individuals for whom the Shares or any benefit derived from the Shares have any connection with such individual's past, present or future employment or have a connection with such holder's membership of the management board (*bestuurder*) or of the supervisory board (*commissaris*);
- such holders are individuals who derive benefits from the Shares that are taxable as benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities that exceed normal, active portfolio management (*normaal, actief vermogensbeheer*);
- such holders are corporate entities that derive benefits from the Shares (including capital gains realised on the disposal thereof) which benefits are exempt under the participation exemption as set forth in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) or would be exempt under the participation exemption if such holder were a tax payer in the Netherlands. This may, inter alia, be the case if such holder has a shareholding of 5% or more in the Issuer's nominal paid-up capital;

- such holders are pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*), investment institutions (*fiscale beleggingsinstellingen*) and other entities that are exempt from corporation tax in the Netherlands, another Member State of the European Union, Norway or Iceland.

#### *Taxes on income and capital gains - resident shareholders*

If a holder of Shares is an individual who is resident or deemed to be resident in the Netherlands, including an individual who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes (a "**Dutch Resident Individual**"), any benefit derived or deemed to be derived from the Shares (including capital gains realised on the disposal thereof) will be subject to Dutch income tax at progressive rates (max. 52%) if the Shares are attributable to an enterprise from which the Dutch Resident Individual derives profits as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a shareholder.

If the abovementioned does not apply to a Dutch Resident Individual holder of Shares, the Dutch Resident Individual's Shares may be subject to the fixed yield tax regime. Irrespective of the actual income and/or capital gains, the annual taxable benefit deemed derived from the aggregate of all assets and liabilities of a Dutch Resident Individual that are taxed under this regime including, as the case may be, the Shares, is set at a fixed percentage. This percentage is 4% of the average fair market value of these assets and liabilities at the beginning of every calendar year (minus a tax-free amount). The income tax rate applicable to the fixed yield is 30%.

If a holder of Shares is a corporate entity (*lichaam*) that is resident or deemed to be resident in the Netherlands for Dutch corporation tax purposes (a "**Dutch Resident Entity**"), any benefits derived or deemed to be derived from the Shares (including any capital gains realised on the disposal thereof) are generally subject to corporation tax at a rate of 25%, while a rate of 20% applies with respect to taxable profits up to EUR 200,000.

#### *Taxes on income and capital gains - non-resident shareholders*

A holder of Shares that is neither a resident nor deemed to be a resident in the Netherlands (and, if such person is an individual, he or she has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes), will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Shares (including any capital gain realised on the disposal thereof) provided that such holder does not have an interest in an enterprise or deemed enterprise which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment (which term includes a deemed permanent establishment and a permanent representative) in the Netherlands and to which enterprise (or part thereof) the Shares are attributable.

#### ***Dividend withholding tax***

The Company is generally required to withhold Dutch dividend withholding tax at a rate of 15% from the gross amount of dividends distributed by the Company. The concept "dividends distributed by the Company" as used in this paragraph "*Dutch withholding tax*" includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognised as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of the repurchase or redemption of shares in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by the Company to a shareholder or an increase of the par value of shares to the extent that a contribution on the issue of the shares or on the increase of the par value has not been made or will not be made; and

- any repayment of capital, recognised as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) the Company's General Meeting of Shareholders has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to the Company's Articles of Association.

If a holder of Shares, whether an individual or an entity, is resident in a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and the shareholder is a qualifying resident for purposes of such treaty, such shareholder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund (in whole or in part) of the Dutch dividend withholding tax. It is noted that most tax treaties do not allow for a dividend withholding tax rate lower than 15% unless the dividend is paid to a corporate entity which holds more than 25% of the shares.

An exemption from dividend withholding tax is applicable on dividends paid to a Dutch Resident Entity, if it is the beneficial owner of the dividend (as defined below) and if the recipient of the dividend is entitled to claim the participation exemption in relation to this dividend income. This may, inter alia, be the case if the holder of the shares holds at least 5% of all outstanding shares. An exemption is also applicable to dividends paid to a corporate holder of shares resident in an EU country, Liechtenstein, Norway or Iceland, if the holder of the shares, had it been a corporate entity resident in the Netherlands, would have been entitled to claim the participation exemption in relation to the dividend income.

Dutch Resident Individuals (other than non-resident individuals who elected to be treated as resident of the Netherlands for Dutch income tax purposes) and Dutch Resident Entities may generally credit the dividend withholding tax against their personal income tax or corporation tax liability and are generally entitled to a refund of dividend withholding taxes exceeding their aggregate personal income tax or corporation tax liability, unless such individual or such entity is not the beneficial owner of the dividend. The same generally applies to holders of shares who are neither resident nor deemed to be resident of the Netherlands if the shares are attributable to a permanent establishment (as defined above) in the Netherlands of such non-resident holder.

Based on a legal provision, a recipient of dividends will not be considered the beneficial owner thereof if as a consequence of a combination of transactions:

- a person other than the recipient wholly or partly benefits from the dividends;
- the recipient is entitled to a larger reduction or refund of dividend withholding tax than such person; and
- such person retains, whether directly or indirectly, an interest in the shares on which the dividends were paid comparable with his position in similar shares before such combination of transactions.

The term "combination of transactions" includes the sole acquisition of one or more dividend coupons and the establishment of short-term rights of enjoyment on Company's Shares, while the transferor retains the ownership of the Shares. The provisions apply to the transfer of the Company's Shares and dividend coupons and also to transactions that have been entered into in the anonymity of a regulated stock market. The Dutch State Secretary of Finance takes the position that the definition of beneficial ownership also applies in the context of a treaty for the avoidance of double taxation.

### ***Gift and inheritance taxes***

If a shareholder disposes of the Shares by way of gift, in form or in substance, or if he/she dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

- the donor is, or the deceased was, resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or

- the donor made a gift of Shares, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift; or
- the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a donor who, at the time of the gift or the death, is or deemed to be resident of the Netherlands.

For the purposes of Dutch gift and inheritance tax, amongst others, an individual who holds the Dutch nationality will be deemed to be resident in the Netherlands if he/she has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for the purposes of Dutch gift tax, amongst others, an individual not holding the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the year preceding the date of gift. Applicable tax treaties may override deemed residency.

### ***Other taxes and duties***

No Dutch registration tax, transfer tax, stamp duty or any similar documentary tax or duty, other than court fees, is payable in the Netherlands by the Company's shareholders in respect of or in connection with (i) the subscription, issue, placement, allotment, delivery of Shares, (ii) the delivery and/or enforcement by way of legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Shares or the performance by the Company's obligations under such documents, or (iii) the transfer of Shares.

## **Belgian Taxation**

### ***Introduction***

The following is a general summary of the Belgian tax treatment of the acquisition, ownership and disposal of Shares and/or VVPR strips. It is based on Belgian tax laws, regulations and administrative interpretations in effect on the date of this Prospectus. Any changes in Belgian tax law, regulations, and administrative interpretations, including changes that could have a retrospective effect may affect the validity of this summary. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the Shares.

For the purposes of this summary, a Belgian resident is:

(i) an individual subject to Belgian personal income tax, i.e. an individual whose domicile is in Belgium or whose "seat of wealth" is in Belgium, or a person assimilated to a Belgian resident (a "**Belgian Resident Individual**"); (ii) a company subject to Belgian corporate income tax, i.e. a company that has its registered office, its main establishment, or its effective place of management in Belgium (a "**Belgian Resident Company**"); or (iii) a legal entity subject to Belgian tax on legal entities, i.e. a legal entity other than a company subject to corporate income tax, that has its registered office, its main establishment, or its effective place of management in Belgium (a "**Belgian Resident Legal Entity**").

### ***Dividends***

As a general rule, Belgian withholding tax at a rate of 25% is due by Belgian residents on the amount of dividends, after deduction of the Dutch withholding tax, paid on or attributed to their Shares, subject to such relief as may be available under applicable domestic or tax treaty provisions. Dividends subject to the dividend withholding tax include all benefits paid on or attributed to the Shares, irrespective of their form, as well as reimbursements of statutory capital, except reimbursements of fiscal capital made in accordance with company law.

Subject to certain conditions, Belgian law provides for a reduction of the withholding tax rate to 15% in respect of dividends distributed on shares that are issued to the public after 1 January 1994. Subject to the reservation below,

the class B shares currently owned by the Foundation and represented by the DRs, might benefit from this reduced withholding tax rate and, therefore, 5,000,000 VVPR Strips (the "**VVPR Strips**") have been issued in that respect in 1998, simultaneously with the issuance of the underlying class B shares. Following the reversed stock split to take effect on the Closing Date, the number of VVPR Strips will be reduced from 5,000,000 to 100,000 (see "*The Admission to Trading - VVPR Strips*"). VVPR Strips are instruments purporting to give the holder the right to receive dividends on the Shares at a reduced withholding tax rate in Belgium of 15%. No VVPR Strips have been issued together with those shares of the Company for which no DRs were issued. The VVPR Strips, including the reservation about their validity, are described in more detail in "*- VVPR Strips*".

If the Company redeems its own shares, the redemption distribution (after deduction of the portion of fiscal capital represented by the redeemed shares) will be treated as a dividend which in certain circumstances may be subject to a withholding tax at a rate of 10%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if such redemption is carried out on Euronext or a similar stock exchange and meets certain conditions. In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to withholding tax at a rate of 10%, subject to such relief as may be available under applicable domestic or tax treaty provisions.

The Dutch withholding tax cannot be credited against the Belgian tax due.

### ***Belgian Resident Individuals***

For Belgian Resident Individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability.

Belgian Resident Individuals may nevertheless elect to report the dividends in their personal income tax return. In this case where such individual opts to report them, dividends will normally be taxable at the lower of the applicable withholding tax rate on dividends (See - "*Taxation - Dividends*") and the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the dividends are reported, the dividend withholding tax withheld at source may normally be credited against the income tax due and, as the case may be, be reimbursed.

Should no Belgian paying agent intervene in the payment of the dividend (so that the Belgian withholding tax will not be retained), Belgian Resident Individuals will have to report the dividends in their personal income tax return and will be taxed as mentioned in the paragraph above.

Other rules may apply to Belgian resident individuals who acquire and hold the Shares for professional purposes.

### ***Belgian Resident Companies***

Dividends on the Shares paid to Belgian Resident Companies will be exempt from Belgian withholding tax.

Gross dividends (after deduction of the Dutch withholding tax) received must be reported and will be subject to corporate income tax at a rate of 33.99%, unless the reduced corporate income tax rates apply.

Belgian Resident Companies may, however, deduct 95% of gross dividends received from their taxable income if, at the date the dividends are paid or attributed, (1) they hold at least 10% of the share capital of Company or a participation with an acquisition value of at least EUR 2,500,000, (2) they held or will hold the Shares in full legal ownership for an uninterrupted period of at least one year, and (3) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Income Tax Code (the "**Article 203 Taxation condition**") is met.

The Dutch withholding tax cannot be credited against the Belgian corporate income tax.

### ***Belgian Resident Legal Entities Subject to the Belgian Legal Entities Income Tax***

The Belgian dividend withholding tax in principle fully discharges the income tax liability of investors subject to the Belgian legal entities tax.

No specific Belgian withholding tax exemption applies to investors subject to these type of investors. Should, however, no Belgian paying agent intervene in the payment of the dividend (so that the Belgian withholding tax will not be retained), investors subject to the Belgian legal entities tax will have to spontaneously report the dividends and pay the withholding tax to the Belgian tax authorities.

The Dutch withholding tax cannot be credited against the Belgian legal entities tax.

### ***Capital gains***

#### ***Belgian Resident Individuals***

Belgian Resident Individuals acquiring the Shares as a private investment should not be subject to Belgian income tax on the disposal of the Shares, and capital losses are not tax deductible.

Belgian Resident Individuals may, however, be subject to tax at a rate of 33% (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate.

Other rules may apply to Belgian Resident Individuals who acquire and hold the Shares for professional purposes.

#### ***Belgian Resident Companies***

Belgian Resident Companies are normally not subject to Belgian income tax on gains realized upon the disposal of Shares provided that the Article 203 ITC Taxation Condition is met. Capital losses on Shares incurred by resident companies are in principle not tax deductible.

Capital gains realized by Belgian Resident Companies upon the redemption of Shares or upon the liquidation of the Company will in principle be taxable as dividends (see above).

### ***Belgian Resident Legal Entities Subject to the Belgian Legal Entities Income Tax***

Investors subject to Belgian legal entities tax are, in principle, not subject to Belgian income tax on the disposal of Shares of the Company. Capital losses on Shares are not tax deductible.

### ***Tax on Stock Exchange Transactions***

The purchase and the sale and any other acquisition or transfer for consideration of the Shares on the secondary market through a professional intermediary established in Belgium is subject to the tax on stock exchange transactions of 0.17% of the purchase price, capped at 500 per transaction and per party. No tax on stock exchange transactions is due upon the issuance of new Shares on a stock exchange (primary market).

No tax is due by

- (i) professional intermediaries described in Article 2, 9\_ and 10\_ of the Belgian Act of 2 August 2002 when acting for their own account;
- (ii) insurance companies described in Article 2, §1 of the Belgian Act of 9 July 1975 acting for their own account;
- (iii) professional retirement institutions referred to in Article 2, 1\_ of the Belgian Act of 27 October 2006 concerning the supervision on institutions for occupational pension acting for their own account;

(iv) collective investment institutions acting for their own account; and

(v) non-residents acting for their own account, subject to delivering a sworn affidavit to the intermediary confirming their non-resident status.

### ***VVPR Strips***

5,000,000 VVPR Strips have been issued as part of a public offer of 5,000,000 DRs in 1998, simultaneously with the issue of the class B Shares underlying those DRs. VVPR Strips are instruments purporting to give the holder the right to receive dividends on the Shares at a reduced withholding tax rate in Belgium of 15%. Following the reverse stock split to take effect on the Closing Date, the number of VVPR Strips will be reduced from 5,000,000 to 100,000 (see "*The Admission to Trading - VVPR Strips*"). No VVPR Strips have been issued together with those shares of the Company for which no DRs were issued.

Considering the absence of precedents or guidelines regarding the issuance of VVPR Strips as part of a public offer of DRs (instead of a public offer of the underlying Shares) and the status of VVPR Strips following the cancellation of the relevant DRs within the context of the Admission to Trading, there can be no assurance that the Belgian tax authorities will take the position that the VVPR strips will effectively give right to the reduced withholding tax rate.

Subject to this reservation, a holder of a Share should be given the benefit of the reduced withholding tax rate of 15% in respect of dividend paid on such Share, provided that (i) such holder is able to produce evidence of ownership of a VVPR Strip to its financial intermediary upon payment of the dividend, and (ii) the dividend is paid before the end of the third calendar year following the calendar year in which it was attributed.

Individual Belgian residents and individual Belgian non-residents holding the VVPR Strips as a private investment are not subject to Belgian capital gains tax upon the disposal of the VVPR Strips, and cannot deduct losses incurred as a result of such disposal. Individual Belgian residents and individual Belgian non-residents may, however, be subject to Belgian income tax if the capital gain is realised outside the scope of the normal management of one's private estate. The tax amounts to 33% (plus local taxes) for Belgian residents. Non-residents are subject to a final professional withholding tax at a rate of 30.28%, subject to such relief as may be available under applicable tax treaty provisions.

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

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

## THE ADMISSION TO TRADING

### The Admission to Trading

This prospectus is published in connection with the admission to trading of 2,712,607 ordinary registered shares (the "**Shares**") in the capital of the Company and of the 100,000 VVPR Strips discussed under "- VVPR Strips" (the "**Admission to Trading**").

Application has been made for the Admission to Trading to Euronext Brussels. The ISIN (International Security Identification Number) for the Shares will be NL0009901610. Once admitted to trading, the Shares will be traded under the symbol ENVI and will be priced in EUR.

Barring unforeseen circumstances, the Company expects that trading in the Shares and the VVPR Strips will commence on or about 6 October 2011 (the "**Closing Date**"). Application has been made for the Shares to be accepted for clearance through the book-entry facilities of Euroclear Belgium.

### The Listing Agent

ING Belgium will act as the listing agent (the "**Listing Agent**") for the Admission to Trading. The Listing Agent will not act in any other capacity in relation to the Admission to Trading of the Company.

### Motive for listing

The shareholders agreed to list all the shares so they become freely tradable, which the Company expects to create more liquidity.

### Current shareholders' equity

According to the Company's articles of association currently in force, as they read prior to the execution of the Deed of Amendment of the Company's articles of association (the "**Deed of Amendment**"), which was approved by the general meeting of shareholders on 27 June 2011 (See "*Description of the Company, the Share Capital and Corporate Governance - General*"), the authorised share capital of the Company is € 4,000,000, divided into 200,000,000 class A shares, each having a nominal value of €0.01, and 200,000,000 class B shares, each having a nominal value of €0.01 and each carrying a separate dividend reserve. The class A shares and the class B shares have the same voting and dividend rights.

At the date of this prospectus, the issued share capital of the Company amounts to EUR 1,356,303.5, divided into 65,200,000 class A shares and 70,430,350 class B shares. Accordingly, the Company currently has 135,630,350 shares outstanding (the "**Class A Shares and the Class B Shares**").

### Depository Receipts

4,295,378 of the class B shares are being held by a Dutch foundation (*Stichting*), Stichting Envipco Trust (the "**Foundation**"), a non-membership organisation, which objectives are to safeguard the interests of the Company and its enterprise. The Foundation has issued depository receipts ("**DRs**") for the underlying Class B Shares that were transferred to it, which DRs are governed by the terms of administration (*administratievoorwaarden*), which were executed by a civil-law notary in the Netherlands on 26 June 1998 (the "**Terms of Administration**").

The Trust manages and administers the Class B Shares for which it has issued for the DRs. Through the issuance of the DRs, the voting rights and the financial benefits (such as dividends, stockdividend, bonus shares, etc.) attached to the Class B Shares are divided between the Trust and the DR holders respectively.

The Foundation has issued 4,276,876 registered DRs and 18,502 DRs in bearer form. All DRs are admitted to trading on Euronext Brussels.



### **Steps prior to the Admission to Trading**

On the last trading day prior to the Closing Date (after closing of markets), the DRs will be delisted (the "**Delisting**") and subsequently cancelled and exchanged (*geroyeerd*) for the underlying Class B Shares. After the Delisting, on the Closing Date, the Deed of Amendment will be executed in order to procure that i) the class A shares and the class B shares will be converted into one class of shares, and ii) a reversed stock-split is effected, whereby 50 shares will be converted into 1 share, and accordingly the nominal value of the shares will be €0.50, which will result in the Class A Shares and Class B Shares being converted into the Shares. The Shares will be admitted to trading as from the Closing Date.

On 14 May 2011, the Foundation and the Company issued a press release setting out the abovementioned steps (the "**Press Release**"). This press-release has also been published on the Company's website and in a Belgian daily newspaper by means of a summary.

Each of these steps are described in further detail below.

### ***Cancellation and delisting of the DRs***

According to the Terms of Administration, the DRs cannot be exchanged for the underlying Class B Shares, unless the managing board of the Foundation has resolved with unanimous vote to do so.

The managing board of the Foundation has resolved to exchange the DRs for the Class B Shares on 21 June 2011 (the "**Resolution**"). This Resolution has been approved by the Company's managing board on 21 June 2011.

### **Deed of Amendment of the articles of association**

On the Closing Date, after the DRs have been cancelled and exchanged for the Class B Shares, and delisted from Euronext Brussels, in accordance with what is described in the above paragraph ("*The Admission to Trading - Cancellation and delisting of the DRs*"), the Company will execute the Deed of Amendment.

Pursuant to this Deed of Amendment, the Class A Shares and Class B Shares will be converted into the Shares. As a result of this conversion, the dividend reserves attached to each former class of shares will be combined.

To procure the conversion of the Class A Shares and Class B Shares into Shares, the Deed of Amendment also provides for a reversed stock split of 50 Class A Shares and Class B Shares into 1 Share (the "**Reversed Stock Split**"). The objective of the Reversed Stock Split is to increase the nominal value of the Shares to €0.50.

If, prior to the execution of the Deed of Amendment, the DR holders (prior to the cancellation of the DRs in exchange for Class B Shares) would receive fractions of the Shares due to the fact that the total nominal number of their DRs held after the Reversed Stock Split would make it impossible to convert them into whole numbers of Shares with a nominal value of €0.50, these holders may choose to buy additional DRs, or sell DRs, in order to get a multiple of 50 Class B Shares. This can be done until the last day of trading of the DRs. If a holder of DRs holds more or less than 50 or a multiple of 50 DRs by close of trading on the last day of trading of the DRs on the regulated market of Euronext Brussels, he shall receive the counter value in cash of the fraction of a Share he would otherwise have been entitled to receive. Such counter value shall be calculated based on the volume weighted average price of the DRs during the fifteen trading days preceding the Closing Date. No payment in cash shall be made if such counter value payable to an investor is less than 50 eurocents.

After the execution of the Deed of Amendment on the Closing Date, the Shares will be admitted to trading on Euronext Brussels.

### ***DRs held in book entry form***

The DR holders who hold DRs through their securities account will automatically, and free of charge, receive Shares in exchange for their DRs on their securities account held with their respective banks on the Closing Date.

The Foundation and the Company will execute a deed of share transfer on the Closing Date, whereby the Foundation will transfer its Shares to Euroclear Belgium for inclusion in the book-entry deposit. Simultaneously, the other holders of the Shares and the Company will execute a deed of share transfer, also transferring their shares to Euroclear Belgium for inclusion in the book-entry deposit. Consequently, Euroclear Belgium will be the registered owner of the Shares, and will be registered as the new holder of these Shares in the Company's shareholders' register. The Foundation and the Company will instruct Euroclear Belgium to transfer the Shares to the securities accounts of the DR holders and to exchange these for their respective DRs at a ratio of one Share for one existing DR, after which these DRs will have been cancelled.

This number of Class B Shares will not include i) the number of Shares which correspond to the DRs in bearer form which have not been delivered to the Listing Agent in accordance with the procedure as described below, and ii) the number of Shares which corresponds to the DRs in bearer form which have been delivered to the Listing Agent, but of which the relevant DR holder has chosen to receive Shares in non book-entry in return (See "*Bearer DRs*").

### ***Bearer DRs***

In the Press-Release, the holders of DRs in bearer form are called upon to deliver their DRs to the Listing Agent.

Upon deliverance of the DRs in bearer form, this DR holder can choose whether he wishes to receive Shares in book-entry form, or Shares which are in registered form. In case such DR holder opts for Shares in book-entry form, the Foundation will transfer a number of Shares which corresponds with the number of DRs in bearer form held by this DR holder to Euroclear Belgium, for subsequent transfer to the bank where this DR holder holds its security account.

In case a DR holder opts for Shares in non book-entry form, he should enter into a private deed of share transfer with the Foundation, by which registered Shares underlying these DRs will be transferred to this DR holder. This DR holder will be registered in the shareholders' register of the Company, for the number of Shares corresponding with the number of DRs he previously held in DR form. Each holder of DRs in bearer form who wishes to receive Shares in non book-entry form, must sign a form by which he grants a power of attorney to execute a private deed of share transfer and file this form with the Listing Agent.

Holders of DRs in bearer form who have not delivered their DRs to the Listing Agent will retain their rights vis-à-vis the Foundation for a period of one year after the Closing Date. During this period, these DR holders may deliver their DRs to the Listing Agent, in exchange for Shares.

After the period of one year after the Closing Date has lapsed, the Foundation is entitled to sell the underlying Shares of the DRs in bearer form that have not been delivered to the Listing Agent. The proceeds of this sale will be held for the account of the DR holders.

### ***Delisting of the DRs***

All DRs will be delisted from Euronext Brussels at the closing of the last trading day prior to the Closing Date.

### ***VVPR Strips***

5,000,000 VVPR strips issued upon the Company's initial public offering in 1998 are outstanding on the date of this prospectus. Those VVPR Strips are currently exchanged on the auction market of Euronext Brussels and the existing ISIN (International Security Identification Number) for those VVPR Strips is BE0005542130. For a discussion of the VVPR Strips, see "*Taxation - Belgian Taxation*").

The 5,000,000 outstanding VVPR Strips will be subject to a reversed stock split of 50 VVPR Strips into 1 VVPR Strip on the Closing Date. Until the Closing Date, holders of VVPR Strips who would receive fractions of VVPR Strips after the reversed stock split due to the fact that the total number of their VVPR Strips held after the reversed stock split would make it impossible to convert them into whole numbers of VVPR Strips, may choose to buy additional VVPR Strips, or sell VVPR Strips, in order to get a multiple of 50 VVPR Strips. If a holder of VVPR

Strips holds more or less than 50 or a multiple of 50 VVPR Strips on the Closing Date, the number of VVPR Strips such holder is entitled to following the reversed stock split shall be the number of VVPR Strips so held divided by 50 and rounded downwards to the next inferior round number.

For VVPR Strips held through securities accounts, the reverse stock split will be effected automatically, and free of charge, on the relevant securities accounts held with the relevant banks on the Closing Date.

For VVPR Strips held in bearer form, holders thereof should deliver these VVPR Strips to the Listing Agent (either directly or through their financial intermediary) for admission in Euroclear Belgium and subsequent transfer to the bank where the VVPR Strips holder holds a security account. The reversed stock split of 50 bearer VVPR Strips into 1 VVPR Strip in book-entry form will be effected upon the admission of the VVPR Strip in Euroclear Belgium.

Application has been made for the admission to trading of the 100,000 VVPR Strips that remain outstanding after the reversed stock split on the regulated market of Euronext Brussels as of the Closing Date. The new ISIN (International Security Identification Number) for the VVPR Strips as of the Closing Date will be BE0005645198.

## INDEPENDENT AUDITORS

Our financial statements as of and for the financial years ended 31 December 2008, 2009 and 2010 have been audited by BDO Audit & Assurance B.V., independent auditors. Our annual accounts for the years 2008, 2009 and 2010, which include these financial statements and the auditor's reports relating thereto, are incorporated in this Prospectus by reference. BDO Audit & Assurance B.V. have given, and have not withdrawn, their written consent to the inclusion of these auditor's reports and the references to themselves herein in the form and context in which they are included.

BDO Audit & Assurance B.V. have their address at Krijgsman 9, 1186 DM Amstelveen, Postbus 71730, 1008 DE Amsterdam, the Netherlands. The partner who is responsible for the auditor's reports incorporated in this document by reference is a member of the Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*). BDO Audit & Assurance B.V. has no material interest in the Company.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This document should be read and construed in conjunction with the documents incorporated by reference into this Prospectus and each supplement to this Prospectus. The information contained in the following documents is hereby incorporated by reference into this Prospectus and deemed to form a part of this Prospectus:

- the Company's annual report for the year 2008, including the report of the board of directors, the consolidated financial statements and the separate company financial statements for the year ended 31 December 2008, and the auditor's report in respect of those financial statements;
- the Company's annual report for the year 2009, including the report of the board of directors, the consolidated financial statements and the separate company financial statements for the year ended 31 December 2009, and the auditor's report in respect of those financial statements;
- the Company's annual report for the year 2010, including the report of the board of directors, the consolidated financial statements and the separate company financial statements for the year ended 31 December 2010, and the auditor's report in respect of those financial statements; and
- the Company's unaudited interim financial report for the 2011 first half year results.

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of this document. Any statement contained in a document, all or the relevant portion of which is incorporated by reference into this Prospectus, shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus or in any supplement to this Prospectus filed under Article 16 of the Prospectus Directive, including any documents incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). The documents incorporated by reference are available on our website at [www.envipco.com](http://www.envipco.com).

## **GENERAL INFORMATION**

### **Available Information**

The Company is required to publish its annual financial report, consisting of its annual accounts, the report of the Board of Directors and an auditor's report, within four months of the end of the Company's fiscal year. The annual accounts must be signed by all members of the Board of Directors. Each annual report will be available to shareholders without charge at our head office at Herengracht 458, 1017 CA Amsterdam, the Netherlands, during regular business hours from the day of notice convening the relevant annual General Meeting of Shareholders. As from that day, the relevant annual report will also be available at our website [www.envipco.com](http://www.envipco.com) for at least a period of 12 months.

Copies of this Prospectus and the following documents may be obtained from our website at [www.envipco.com](http://www.envipco.com) from the date of this Prospectus for at least a period of 12 months:

- the Company's Articles of Association (*statuten*);
- the Company's annual reports for the years ended 31 December 2008, 2009 and 2010; and
- the Company's unaudited interim financial report for the 2011 first half year results.

### **Significant changes in the Company's financial or trading position**

No significant change in the financial or trading position of the Company or its group companies has occurred since 30 June 2011.

### **RESPONSIBILITY STATEMENT**

The Company accepts responsibility for the information contained in this Prospectus and represents that to the best of its knowledge, and having taken reasonable care to ensure that such is the case the information contained in the Prospectus is in accordance with the facts and contains no omission likely to affect its import.

## DEFINITIONS

<b>Admission to Trading</b>	the admission to trading of the Shares and the VVPR Strips on the regulated market of Euronext Brussels
<b>AFM</b>	the Dutch Financial Markets Authority ( <i>Autoriteit Financiële Markten</i> )
<b>Anses</b>	the French National Agency for Food, Environment and Labour Safety ( <i>L'Agence nationale de sécurité sanitaire de l'alimentation, de l'environnement et du travail</i> )
<b>ASFR</b>	the Act on the Supervision of Financial reporting ( <i>Wet toezicht financiële verslaggeving, Wtfv</i> ) of 31 December 2006.
<b>Beverage Container Recovery Solutions</b>	Any process automated or otherwise for recovery of used beverage containers, sorted at source by type and colour
<b>Board of Directors</b>	the board of directors ( <i>bestuur</i> ) of the Company
<b>Board Regulations</b>	the board regulations adopted by the Board of Directors on 27 June 2011, which, inter alia, provide rules regarding the responsibilities, composition and the decision making procedures of the Board of Directors, the appointment and dismissal of the members of the Board of Directors.
<b>Bottle to Bottle Recycling (B2B)</b>	the process of taking a used (post consumer) bottle and recycling it through different processes so its properties are almost identical to virgin raw materials from which the bottle was originally made in which it too may be used to make a new bottle.
<b>CBSI</b>	Can & Bottle Systems, Inc. - an American producer of reverse vending machines and systems headquartered in Oregon, with offices in Iowa and Michigan.
<b>CEO</b>	the chief executive director of the Board of Directors
<b>Class A Shares and Class B Shares</b>	shares in the capital of the Company, each with a par value of €0.01, existing prior to the Reverse Stock Split
<b>Closing Date</b>	The date on which the Admission to Trading occurs and trading



<b>CLRS</b>	<p>in the Shares and the VVPR Strips on the regulated market of Euronext Brussels commences.</p> <p>Closed Loop Recycling Systems, see - "<i>Business - RVM business segment - Our products for non-deposit markets - Closed Loop Recycling Systems</i>"</p>
<b>Code</b>	Dutch Corporate Governance Code released by the Dutch Corporate Governance Committee on 9 December 2003, which was subsequently updated, effective as per 1 January 2009
<b>Compactor</b>	component in RVMs that reduces the size of waste materials through compaction
<b>Company</b>	Envipco Holding N.V., a public company with limited liability ( <i>naamloze vennootschap</i> ), incorporated under the laws of the Netherlands and registered with the Trade Register of the Chamber of Commerce and Industry ( <i>Kamer van Koophandel en Fabrieken</i> ) of Amsterdam, the Netherlands under number 33304225
<b>Container Deposit</b>	a certain amount of monetary value added to a container subject to container deposit law
<b>Container Deposit Law</b>	legislation passed where the price of a beverage container includes a certain amount of deposit (varies from country to country) mandated by law, which when returned for recycling, is refunded to the customer
<b>Conversion</b>	the conversion of the Class A Shares and Class B Shares into one class of ordinary Shares, pursuant to the execution of the Deed of Amendment
<b>Deed of Amendment</b>	the deed of amendment of the Company's articles of association, approved by the General Meeting of Shareholders on 27 June 2011, and to be executed on the Closing Date, effecting, among other things, the Conversion and the Reversed Stock Split
<b>Delisting</b>	the delisting of the DRs from Euronext Brussels
<b>Deposit Markings or Insignia</b>	markings placed directly or indirectly on labels or containers identifying it as carrying a deposit under the container deposit law

<b>Deposit States</b>	US states which by legislature mandates deposit fees for beverage containers. They include Oregon, Iowa, Michigan, New York, Connecticut, Massachusetts, Vermont, Maine, California and Hawaii.
<b>DPG</b>	Deutsche Pfandsystem GmbH. An organizational anchor collectively set up by all stakeholders affected, including bottlers and retailers, to implement the German Packaging Ordinance for its deposit system
<b>DRs</b>	the 4,295,378 depositary receipts issued by the Foundation for the corresponding number of Class B Shares
<b>Dutch Civil Code</b>	the Dutch Civil Code ( <i>Burgerlijk Wetboek</i> )
<b>Dutch Code of Civil Procedure</b>	the Dutch Code of Civil Procedure ( <i>Wetboek van Burgerlijke Rechtsvordering</i> )
<b>EFSA</b>	European Food Safety Authority
<b>Enterprise Chamber</b>	the enterprise chamber of the court of appeal in Amsterdam ( <i>ondernemingskamer van het gerechtshof te Amsterdam</i> )
<b>EPC</b>	Environmental Products Corporation, a subsidiary of the Company
<b>EPPSI</b>	Envipco Pickup & Processing Services, Inc., a subsidiary of the Company
<b>EPR</b>	Environmental Products Recycling, a subsidiary of the Company
<b>First Transfer Deed</b>	a deed of share transfer executed by the Foundation and the Company on the Closing Date, whereby the Foundation will transfer its Class B Shares to the Listing Agent
<b>Foundation</b>	Stichting Envipco Trust, a foundation ( <i>Stichting</i> ), incorporated under the laws of the Netherlands and registered with the Trade Register of the Chamber of Commerce and Industry ( <i>Kamer van Koophandel en Fabrieken</i> ) of Amsterdam, the Netherlands under number 33304171
<b>FSA</b>	the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and the rules promulgated thereunder
<b>FSMA</b>	the Belgian Financial Services and Markets Authority ( <i>Autoriteit voor de financiële diensten en markten</i> )

<b>General Meeting of Shareholders</b>	the general meeting of shareholders ( <i>algemene vergadering van aandeelhouders</i> ) of the Company
<b>HDPE</b>	High Density Polyethylene. Made from petroleum, HDPE is commonly recycled into thicker plastic materials
<b>IFRS</b>	International Financial Reporting Standards as adopted by the European Union
<b>Listing Agent</b>	ING Belgium
<b>LCRVM</b>	the Company's Low Cost Reverse Vending Machine
<b>Master Deed</b>	a deed of share transfer executed by the Listing Agent, the Company and Euroclear Belgium S.A. on the Closing Date, whereby the Listing Agent transfers all the Class B Shares it holds on the Closing Date to Euroclear Belgium S.A.
<b>MRV</b>	Multi Reverse Vending System GmbH, a German company
<b>OEM</b>	original equipment manufacturer. A company that manufactures products or components that are purchased by a company and retailed under that purchasing company's brand name
<b>PET</b>	Polyethylene Terephthalate. A thermoplastic polymer resin used in beverage, food and other liquid containers
<b>Platform</b>	an Envipco technology system to recover beverage packaging. e.g. - RVM machine; CLRS
<b>Press-Release</b>	the press-release issued by the Company on 14 May 2011, among other things announcing the Delisting, Conversion and Reverse Stock Split
<b>Prospectus</b>	this prospectus dated 21 September 2011
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading
<b>PVC</b>	Polyvinyl chloride. Biologically and chemically resistant, it is the plastic of choice for multiple applications. By adding

	plasticizers, it can become flexible enough for further applications
<b>Repant</b>	Repant ASA, a RVM manufacturing company, based in Norway
<b>Resolution</b>	the resolution of managing board of the Foundation to exchange the DRs for Class B Shares dated 21 June 2011
<b>Reversed Stock Split</b>	the reversed stock split of 50 Class A Shares and Class B Shares into 1 Share, pursuant to the Deed of Amendment
<b>RVM</b>	Reverse Vending Machine, an automated machine for the recovery and redemption of used beverage containers for refund of deposit
<b>Senior Management</b>	the management team supporting the Board of Directors
<b>Shares</b>	the 2,712,607 ordinary shares in the capital of the Company, with a nominal value of €0.50, which will be the Company's outstanding shares after the execution of the Deed of Amendment
<b>Sielaff</b>	Sielaff GmbH & Co. KG, a RVM manufacturing company, based in Germany
<b>Sorepla</b>	Sorepla Industrie S.A., the Company's subsidiary operating a plastic recycling facility in France
<b>Stock Option Plan</b>	the Company's stock option plan for executives and employees, established by the General Meeting of Shareholders on 8 December 2008 and subsequently amended by the Board of Directors on 26 June 2011
<b>Takeover bid legislation</b>	the implementation in Belgium of the Thirteenth Company Law Directive (Directive 2004/25/EC) by an Act of 1 April 2007 and a Royal Decree of 27 April 2007
<b>Takeover Directive</b>	Directive 2004/25/EC of the European Parliament and of the Council of the European Union of 21 April 2004 on takeover bids
<b>Terms of Administration</b>	the terms of administration ( <i>administratievoorwaarden</i> ), which were executed by a civil-law notary in the Netherlands on 26

	June 1998, containing the terms and conditions for the administration of Class A Shares and Class B Shares by the foundation
<b>Tomra</b>	Tomra Systems ASA, a recycling company, based in Norway, and its subsidiaries
<b>Transparency Directive</b>	Directive 2004/109/EC, of the European Parliament and the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC
<b>US GAAP</b>	the United States Generally Accepted Accounting Principles
<b>VVPR Strips</b>	instruments purporting to give the holder the right to receive dividends on the Shares at a reduced withholding tax rate in Belgium of 15%
<b>Wincor</b>	Wincor Nixdorf Holding GmbH, a RVM manufacturing company based in Germany