envipco

Annual Report 2015

Contents

Chief Executive Officer's Statement

Our ambitions at Envipco are clear: we intend to establish the company as the Global #2 provider of automated solutions for the recovery of used beverage containers. Focus, Innovation and Execution is our mantra as we drive forward in realizing this ambition. When faced with a dominant competitor, it's not just about accepting the established norms and simply trying harder. We have to change the competitive landscape to provide superior solutions, superior customer experiences, and superior customer benefits.

Global #2 sounds exciting considering the underlying growth drivers of the business and the accepted belief that the need to recover and recycle beverage packaging will only increase as population and beverage consumption expands. The reality is that growth of automated solutions has been entirely dependent on mandatory beverage container deposit legislation. Over 95% of the solutions are deployed in the established deposit markets which have now matured into replacement markets for the most part. Deposit systems have proven to be extremely effective at achieving high container recovery rates while measurably reducing litter. The beverage industry has been steadfast in their opposition to numerous new deposit market proposals; largely based on cost considerations, logistical challenges and belief of unfair targeting of their packaging. Voluntary recovery schemes including curbside collection, drop-off bins and recycling centers at best achieve less than 50% recovery. Higher recovery rates suggest the need for sustainable financial incentives, automated solutions and engineered logistics. Over the long term, increased governmental focus on producer responsibility and higher recovery targets will certainly create demand for new automated recovery solutions.

With a view towards establishing new market growth, Envipco made substantial investments in the development of bulk feed technology specifically targeted to the US non-deposit markets. The goal was to demonstrate a cost effective and scalable non-deposit engineered solution for the high volume recovery of aluminum and PET beverage containers. The Reimagine platform was piloted with Coca-Cola Recycling over a 2-year period in Dallas Texas. The pilot demonstrated strong consumer support for incentive-based recycling on a voluntary basis, exceeding all pilot target metrics for volume, consumer transactions and retention. The pilot validated performance of bulk feed technology and strong consumer preference. The overall pilot execution of consumer attraction, bulk feed technology and engineered logistics demonstrated a concept of high beverage container recovery rates at a fraction of the cost of traditional mandatory deposit schemes.

Our Reimagine pilot experience was invaluable though in gaining knowledge in adopting bulk feed concepts for the rigors of deposit accounting in mandatory deposit markets. Envipco launched a project in 2014 with Returpack (Swedish deposit Organization) to adapt a bulk feed solution for handling aluminum and PET deposit containers. Several outdoor units were installed in the latter part of 2015 in conjunction with Returpack. More recently in early 2016, two indoor units have been piloted with two Swedish retail groups. The consumer response for bulk feed handling both outdoors and indoors has been overwhelmingly positive. The concept and demand has been validated as we proceed with refinements on initial installations. As we shift to commercial production, Envipco is now building an attractive 2016 order book in Sweden for both the outdoor and indoor units. Success in the Swedish market will be an important anchor to our European strategy, including our entry into Germany, the largest RVM market.

Overall, the 2015 year demonstrated a number of important milestones as we put the company on the path towards sustained growth and profitability for the future. Envipco re-established a growth profile with revenues of €29.63m representing a 36% increase over 2014. Net of favorable USD to EURO currency impact, the growth was 13%. Excluding the impact of one-time gains, operating profit increased to €1.25m from a loss of €(1.40)m in 2014. EBITDA improved substantially to €3.74m in 2015 from €0.18m in 2014, also excluding the impact of one-time gains. Equally important, we demonstrated our competitive strength by placing over 1,000 new RVMs in the US market during the year increasing our estimated market share from 26% to 32%.

Envipco's investments over the past several years in the organization and technology well positions the company for sustained market share gains and entry to established European deposit markets. Our Focus, Innovation and Execution will establish the company as the Global #2 provider of automated solutions for recovery of used beverage containers.

Our Focus: We will prioritize our efforts and initiatives towards the established North American and European deposit markets. We will actively monitor new developing deposit markets and engage where we find attractive opportunities. We will continue to evaluate and work with potential industry partners surrounding non-deposit market opportunities with the proviso that sustainable economic support mechanisms are in place.

Our Innovation: Through our sustained technology investments, Envipco today has the most complete product portfolio of RVM solutions available to the market. The U48 platform was successfully launched in the US market 3 years ago and is demonstrating its competitiveness through market share gains. Our low cost, high performance Flex platform is ideal for small shops and has most recently been introduced in the Swedish market with a Euro pallet configuration. The Flex platform is without equal in price/performance. Our revolutionary bulk feed Quantum platform has the potential to completely shift the RVM paradigm from single feed to bulk feed RVMs based on consumer demand alone. Envipco's bulk feed concepts have strong IP protections and first to market advantages. It will be quite challenging technically and from a time perspective to offer a competitive alternative. Envipco owns more than 50 Intellectual Property rights protection most of which have been granted while a few are still under review by the relevant Patent offices. We currently have one specific utility model patent which is under current review by the German Patent office. We have filed a complaint for potential infringements against one party and intend to file against several others which, if and when granted, will give rise for claims against the infringers.

Our Execution: Envipco has assembled a senior management team that is the most experienced in the industry. This team combined with our dedicated and highly motivated employees delivers our customers the highest level of customer service in the industry. Our ongoing customer first approach and attention to detail sustains high customer satisfaction levels.

We believe our demonstrated performance in 2015 establishes a strong foundation to build upon in the coming years as we Focus, Innovate and Execute in a superior way to the benefit of our customers, our employees and our shareholders.

B. Gool. Santchurn

Financial Highlights

	2015	2014
Continuing operations		
Revenues	€29.63m	€21.79m
Gross profit margin	35.55%	31.48%
Net profit (loss) before taxes	€1.48m	€8.24m
Net profit (loss) after taxes after minority	€1.42m	€8.03m
EBITDA	€4.31m	€10.78m
Earnings (loss) per share	€0.394	€2.233
Discontinued operations		
Net profit (loss) before taxes	€-	€(3.49m)
Net profit (loss) after taxes after minority	€-	€(3.41m)
EBITDA	€-	€(1.58m)
Earnings (loss) per share	€-	€(0.947)
Equity		
Shareholder's equity	€17.60m	€14.99m
Liquidity ratio (current assets / current liabilities)	1.73	2.17
Total assets	€32.74m	€24.88m

General

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands. Envipco Holding N.V. and its subsidiaries listed on page 25 consist of the Group (hereafter the Group).

Mission statement
Our mission is to become the most respected global company that develops and operates automated solutions to recover used beverage containers, while creating high value for our shareholders, customers, partners and employees. We believe these objectives can be achieved by our strategy to grow and win market share by delivering innovative technologies, while providing superior service at competitive prices.

The Group's principal activity is the design, development and operation of automated solutions to recover used beverage containers which includes:

- The design, development, manufacture and sale or lease of Reverse Vending Machines (RVM) as the foundation of recycling systems for the collection and processing of used beverage containers.
- The provision of technical support, RVM maintenance and accounting services to the retail stores, bottlers and distributors for containers redeemed through these machines.
- Provision of materials handling services, primarily in the Northeastern part of the United States of America (USA), for containers that are subject to deposits mandated by law.
- The plastics recycling business in France (Sorepla) was sold on 30 December 2014.

Key Developments

The Group's key developments during 2015 were as follows:

a) The company re-established a growth profile with revenues of €29.63m for a 36% increase over 2014, (13% net of favorable USD to EURO currency impact).
b) The company substantially improved its financial performance with operating profit of €1.25m and EBITDA of €3.74m, excluding one-time gains.
c) The company placed over 1,000 RVMs in the US market increasing our estimated market share from 26% to 32%.
d) The company successfully launched our revolutionary bulk feed technology, Quantum, in the Swedish deposit market.

Results

Revenues increased 36% to €29.63m in 2015 from €21.79m in 2014. Excluding the favorable impact of USD to EURO currency the increase was 13%. The majority of the increase was attributable to increased machine sales in the US market. Gross profit increased to 35.6% from 31.5% in 2014. This increase results from higher machine production levels combined with manufacturing efficiencies and cost engineering.

Operating profit improved to €1.25m in 2015 from a loss of €(1.40)m in 2014 excluding one-time gains in 2015 and 2014. Envipco had a one-time gain of €0.56m in 2015 resulting from a contract termination and had a one-time gain of €10.58m in 2014 from a patent sale. The profit improvement principally results from increased machine sales. Excluding the impact of one-time gains, EBITDA improved substantially to €3.74m in 2015 from €0.18m in 2014.

Shareholders' equity increased to €17.60m in 2015 from €14.99m in 2014. Of this increase, €1.20m results from the favorable USD to EURO currency impact. Expected sustained profit performance in the future will allow the company to take benefit of tax loss carry-forwards of €27.33m not currently reflected on the balance sheet.

North America

Our North America market had a strong performance for 2015. We installed over 1,000 new RVMs in the market increasing our estimated market share from 26% to 32%. This number includes machines sold or on a term lease, both generating yearly income from service and maintenance in addition to other administrative services we provide. Early in 2015 the company announced a contract for a major Northeast retailer of 600 machines. This retailer went through a bankruptcy proceeding that reduced the number of stores. We successfully concluded contracts with the new owners covering 90% of the surviving RVM placements.

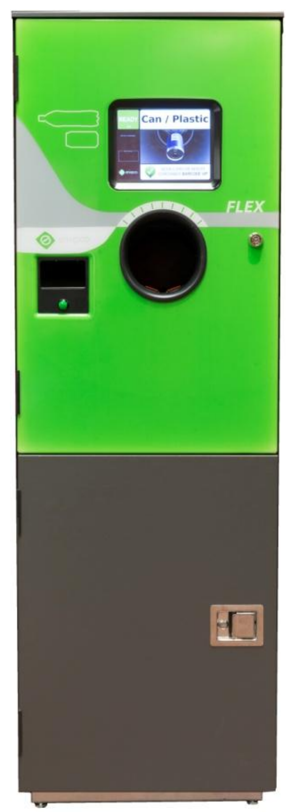
North America revenues increased to €28.80m in 2015 from €21.42m in 2014. Adjusted for USD to EURO currency impact, the increase was €3.00m or 12%. Of this increase, €2.50m resulted from increased machine sales over 2014. Machine service revenue increased by €0.31m or 14% for the year in constant currency. Increased machine lease and throughput revenues were largely offset by declines in commodity prices.

Based on contracts we are currently executing against, we expect to be able to continue to grow our market share in the North America market. Our technology platform puts the company in a strong competitive position where the U48 is a proven winner head to head with the competition. The Flex platform provides the opportunity to service smaller shops that currently are not served by RVMs. The Canadian market is maturing into a replacement market with over 2,000 existing RVM placements. The Flex is ideally suited to compete for these placements. As bulk feed and Quantum become a proven platform, the Mid-west market is particularly attractive with a number of large retailers and high redemption volumes.

Our technology platforms and leadership, combined with strong sales execution, strong customer relationships and superior customer service will drive sustained performance in revenue growth and profitability in the North America markets.

Europe

Our initial expansion into the established European deposit markets is focused on Sweden. Sweden is especially attractive from our ability to deliver breakthrough RVM solutions in both high and low end of the market. This entry is also well timed with an RVM replacement cycle currently underway. The bulk feed solution, Quantum, has been installed in several outdoor locations in cooperation with Returpack, the organization responsible for the Swedish deposit system. In early 2016, indoor Quantum units were also installed at two Swedish retailers. The consumer response to Envipco's bulk feed technology in both the outdoor and indoor configurations has been overwhelmingly positive. The Flex platform, including a Euro pallet option, has also been launched in the market. The Flex/Quantum combination provides Envipco a unique competitive offering which is being met very positively by the Swedish market. In 2015, we established a subsidiary in Sweden to provide all sales and service functions in the market.



Europe revenues in 2015 were €0.60m up from €0.38m in 2014. The revenue increase is tied to initial RVM sales in the Swedish market. The remaining revenue is principally related to compactor service activities in the German market. We expect to have meaningful orders in the Swedish market during 2016. Success in Sweden will demonstrate a real change in the competitive landscape and open up opportunities for expansion into other Nordic markets as well as position the Company for entry into the largest European market of Germany.

Rest of World

ROW sales of €0.23m principally result from our Australian distributor who has placed over 100 RVMs under a non-deposit scheme. The Government of New South Wales (NSW) has favoured introduction of a deposit law in 2017.

Should this legislation be implemented, the market for RVMs could exceed 1,000 machines. Our Australian distributor is well positioned to realize significant increase in RVM placements as a result of any legislative changes.

Non-Deposit Markets

Envipco has extensive experience in non-deposit schemes through both our Reimagine pilot and other traditional RVM programs. All non-deposit programs are dependent on additional financial support mechanisms beyond commodity revenues. Envipco supports local company initiatives through distributor relationships where Envipco sells RVMs and parts and provides technical support. Such programs currently operate in Greece, United Kingdom, Cyprus, France and the Middle East. Envipco evaluates non-deposit market development opportunities and investment requirements considerate of the industry partnerships and long term economic sustainability. The breadth of Envipco's RVM solutions and non-deposit experience well positions the company for engagement with industry partners.

Intellectual Property

Envipco's technologies are patent protected. With over fifty patent filings, most have been granted while some are still under review by the relevant government patent offices. In 2007 we filed a patent in Germany for which we have been granted a utility model approval pending further review before a full patent is issued or denied. We believe that several potential infringers are using this technology, which, if successful will give rise to claims for alleged infringements. Due to this uncertainty, we have not provided for any potential royalty revenues, which at present is difficult to evaluate.

Overall Outlook

With the introduction of our new technology portfolio, their innovation, market acceptance, and gains, we remain positive of our growth prospects in all markets we are already present and new markets we enter. Our Quantum Reverse Vending Machines, both for self contained outdoor units and for store's indoor units are seen as a total game changing transformation of how consumers recycle their deposit containers. Instead of inserting one container at a time consumers now have a choice to drop all their valid containers in bulk, for very high speed processing.

Liquidity

Group generated €3.61m cash from its operating activities for the year 2015 versus a negative €2.47m (excluding a one-time gain of €10.58m from the sale of a patent) during 2014. Cash flows from investing activities were €6.09m for the year 2015 (2014 - €1.73m). The 2015 outflows were funded mostly by cash generated from operations during 2015 (the net proceeds received from the sale of a patent of €10.58m were used to fund 2014 outflows). Net borrowings were €1.52m for the year 2015 (2014 net repayments - €4.60m).

Managing Risks

A majority of our current RVM business is dependent upon legislation. The Company may be at risk if such legislation was cancelled, although we have seen no such cancellations in the area where we have operated over the last 20 years. Theoretically this can happen, but we see that even in such an unlikely scenario there will be a notice period which will help the Company plan for any transition. Equally the reverse can also happen as new legislation is implemented in more states and countries. The Group strategy is to grow and win market share by delivering innovative market solutions at competitive prices along with superior service. The Company may be at risk from competition and new market uncertainties. These risks can be managed by adequate market research to ensure customer acceptance of its products. It also invests consistently in R&D to continually innovate and stay ahead of the competition. Customers with whom we have long term contracts can go out of business which would have an impact on our costs due to lower volumes. Sharp fluctuation in foreign exchange risk can impact the cash situation of the Company but is mitigated by proper cash management. Non availability of lines of credit or cash to continue to fund projects under a development stage may impact the long term viability of the Company.

For details on financial risk management, refer to note 5 in the notes to the consolidated financial statements.

Stichting Employees Envipco Holding (‘the New Foundation’)

A new foundation, Stichting Employees Envipco Holding was formed in 2011 with following Board members:

- Mr Dick Stalenhoef
- Mr Guy Lefebvre

Summary as of 31 December 2015 of Issued Share Capital	**2015**	**2014**
Common stock of €0.50 nominal value per share:		
Opening and Closing balance	**3,837,607**	**3,837,607**

The new foundation holds 240,000 treasury shares of the Company as of 31 December 2015 and 2014.

For more details please refer to note 21 of the notes to the consolidated financial statements.

Substantial Shareholding

The Group has been notified of, or is aware of the following 3% or more interests at 31 December 2015 and 2014.

	31 December			
	2015		2014	
	Number of Shares	Percentage	Number of Shares	Percentage
A Bouri/Megatrade International SA	2,558,568	66.67%	2,558,568	66.67%
G Garvey/EV Knot LLC	259,013	6.10%	259,013	6.75%
B Santchurn/Univest Portfolio Inc	140,480	3.66%	140,480	3.66%
Douglas Poling/GD Env LLC	200,000	5.21%	200,000	5.21%
Stichting Employees Envipco Holding	240,000	6.25%	240,000	6.25%

Directors and their Interests

As per Articles of Association of the Company, the Board comprises of executive and non-executive board members. The Board includes five non-executive and two executive board members:

Non-executive:
Mr Gregory Garvey (Chairman)
Mr Alexandre Bouri
Mr Dick Stalenhoef
Mr Guy Lefebvre
Mr David D'Addario

Executive:
Mr Bhajun Santchurn
Mr Christian Crépet

The Directors' interests in the share capital of the Group are shown below:

	31 December			
	2015		2014	
	Number of Shares	Percentage	Number of Shares	Percentage
A Bouri/Megatrade International SA	2,558,568	66.67%	2,558,568	66.67%
G Garvey/EV Knot LLC	259,013	6.10%	259,013	6.75%
B Santchurn/Univest Portfolio Inc	140,480	3.66%	140,480	3.66%
C Crepet	6,456	0.17%	6,456	0.17%
D D'Addario	80,451	2.10%	80,451	2.10%
TJM Stalenhoef	600	0.02%	600	0.02%

Remuneration of the Members of the Management Board

The Board of Directors is comprised of five non-executive and two executive directors. The total remuneration was €613,000 in 2015, as compared to 2014 of €929,000 for the prior year (see note 9).

There are employment contracts in place for Mr. Bhajun Santchurn and Mr. Christian Crepet. A loan was granted to Mr. Christian Crepet, a director in 2012 for €20,000 and is repayable by 31 December 2016 (see note 27).

Remuneration Policy of the Board of Directors and Senior Executives:

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.

Senior executives apply to the CEO and other senior management executives for their respective performance appraisals as part of the remuneration policy. Salary and other employment terms for the senior executives shall be competitive with local markets to retain the best talents. Salary includes both fixed and variable factors which are dependent upon the area of individual responsibility, expertise, position experience, conduct and performance. The variable component is dependent upon specific performance criteria. The Chairman of the Board appointed the CEO whose goals and remuneration package and any changes are proposed to the Board for approval. The remuneration of other senior executives including any changes is agreed by the CEO and the respective executive.

Corporate Governance

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.

The corporate governance code can be accessed at http://commissiecorporategovernance.nl/information-in-english

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. Since 2011 the Company supports the Code (www.envipco.com) and has started to implement 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 does not have in place a formal risk management system. In the view of the Board of Directors, the Company has adequate measures in place to monitor risks considering the size of the Company.

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 is of the opinion that publishing elements of the salary of executive directors in the financial statements is sufficient.

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 of 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.

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.

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. The notice convening any General Meeting of Shareholders shall contain an agenda indicating the items for discussion included therein. 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-eighth day prior to the date of the General Meeting of Shareholders.

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

Explanatory notes on article 10 of the takeover directive

Pursuant to the Implementing Decree of 5 April 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of 21 April 2004 of the European Parliament and the Council of the European Union, Envipco includes the following explanatory notes:

As at 31 December 2015 and 2014 Envipco had issued 3,837,607 ordinary shares. Stichting Employees Envipco Holding holds 240,000 shares of the Company at a nominal value of €0.50, which are treated as treasury shares in consolidation. There are no physical share certificates issued, except for entries in the shareholders register. The Articles of Association do not provide for any limitation on the transferability of the ordinary shares.

Significant direct and indirect shareholdings are set out in this report under the section 'Substantial Shareholdings'.

Envipco currently does not hold any employee share scheme in which the control rights are not exercised directly by the employees.

The voting right is not subject to any limitation. All shares entitle the holder to one vote per share. No securities with special control rights have been issued. No agreement has been entered with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights.

Unless otherwise specified by the Articles, all resolutions at the General Meeting of Shareholders shall be passed by a majority of three/fourths of the votes cast.

The appointment, suspension and discharge of the members of the Board of Managing Directors and their remuneration are decided at the General Meeting of Shareholders as per Article 8 of the Articles of Association.

The issue of new shares shall be by a resolution of the General Meeting of Shareholders and subject to the provisions of Article 5 of the Articles of Association.

The Enterprise Chamber may at the request of the Company, any shareholder of the Company, 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, 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 Shareholders has approved such acquisition with 95% of the votes cast by others than the acquirer and the person(s) acting with him/her.

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/her.

Corporate Social Responsibility

As a Company dedicated to improving the rates at which the world recycles, Envipco works closely to help all of our clients reach their environmental goals. By helping beverage companies recover significant percentages of their bottles and cans, we have developed customised programs that promote sustainability. Envipco also proactively promotes its comprehensive recycling program and constantly explores new opportunities for greener operations.

Within the communities in which we operate, Envipco is an active and engaged citizen. We recognise our potential role as educators, regularly inviting school groups to tour our manufacturing facility to learn more about the process of recycling. We offer scholarships and internship programs to students interested in pursuing environmentally focused careers.

We have begun setting up the foundation of good corporate social responsibility principles which we intend to adopt as the Company grows. We plan to implement various initiatives to achieve a high level of employee satisfaction, optimising the use of both internal and external resources to have the most efficient carbon foot print while ensuring the adoption of a high code of conduct and ethics relating to all aspects of our business.

Internal Controls

The executive board is responsible for establishing and maintaining adequate internal controls. The executive board members are involved in the day to day management of the USA. Both these members are responsible to implement the management board's decisions and strategy, and are also accountable to the management board for their respective organisations. Envipco internal control system is designed to provide reasonable assurance to the Company's management board regarding the preparation and fair presentation of published financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All internal control systems, no matter how well designed, have inherent limitations, and therefore can provide only reasonable assurance with respect to financial statement preparation and presentation. Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with Management's authorisation, assets are safeguarded, and financial records are reliable. Management periodically assesses the effectiveness of the Company's internal controls and believes these to be effective and reliable.

The Management Board

The Company's Management Board consists of 2 executive and 5 non-executive directors. The non-executive directors shall elect a chairman of the Management Board from among themselves. The Management Board is charged with the management of the Company and is responsible for establishing the Group's strategy and general policies. The executive directors are responsible for the day-to-day management of the Company.

Following the provisions of the Code BPB, the Board member who was also a board member of Sorepla did not take part in the decision to dispose the discontinued operations.

Currently the Company does not have any female members in the Management Board. The existing Board was appointed in July 2013 for a term of 3 years. At expiration of term in July 2016 when the Board is due for re-election, the Company intends to consider female members in its Board.

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 comprised 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 person: 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.

Due to the frequent discussions of the audit committee with senior management within the Group and discussions with our external auditors, the committee is satisfied with its oversight on financial reporting, risk management and audit functions of the Group activities, even though no formal procedure is currently in place due to the frequent involvement of the audit committee members with the senior management. It has therefore not completely formalised this part of the governance code.

Nomination

The Articles of Association of the Company provide for the number of directors to be determined by the Management Board. The remuneration and the terms and conditions of employment for each director are determined at the General Meeting of Shareholders.

Representation

The Company is represented by the Management Board or by one executive director.

Meeting

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

Articles of Association

Per Article 9 Clause 9.8 of the Articles of Association, the Management Board shall require the approval of the General Meeting of the Shareholders for resolutions concerning a major change such as the amendment of the Articles of Association of the Company.

Auditors

The General Meeting of Shareholders shall appoint the auditors of the Company.

Post Balance Sheet Events

Details of the post balance sheet events are given in note 30 of the notes to the consolidated financial statements.

Board Responsibility Statement

The Company's directors hereby declare that, to the best of their knowledge:

-the annual financial statements for the year 2015 give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Company and its consolidated entities;

-the directors' report gives a true and fair view of the position of the Company and its related entities whose financial information has been consolidated in the annual financial statements as at the balance sheet date 31 December 2015 and of their state of affairs during the financial year 2015;

-the annual report describes the principal risks that the Company faces.

w.s. Gregory Garvey Chairman	w.s. Alexandre Bouri	w.s. Dick Stalenhoef	w.s. Guy Lefebvre
w.s. Bhajun Santchurn	w.s. Christian Crepet	w.s. David D'Addario	

25 April 2016

Consolidated Statement of Comprehensive Income for the year ended 31 December

(in thousands of euros)

	Note	2015		2014	
Revenue	(6)	29,635		21,792	
Cost of revenue		(17,365)		(13,651)	
Leasing depreciation		(1,734)		(1,280)	
Gross profit			**10,536**		**6,861**
Selling expenses	(7)	(898)		(873)	
General and administrative expenses	(7&9)	(8,502)		(7,421)	
Other income/(expenses):					
- Miscellaneous income/(expenses)	(8)	118		31	
- Contract settlement income	(10)	560		-	
- Patent sale – net income	(10)	-		10,583	
Operating result			**1,814**		**9,181**
Financial expense	(11)	(234)		(290)	
Financial income	(11)	35		16	
Exchange gains/(losses)		(133)		(670)	
Result before taxes			**1,482**		**8,237**
Income taxes	(12)	(67)		(205)	
			(67)		(205)
Net results from continuing operations			**1,415**		**8,032**
Net results from discontinued operations	(29)		-		(3,406)
Net results from total operations			**1,415**		**4,626**
Other comprehensive income					
Items that will be reclassified subsequently to profit and loss					
Exchange differences on translating foreign operations		1,196		1,412	
Other movements		1		(21)	
Total other comprehensive income			1,197		1,391
Total comprehensive income			**2,612**		**6,017**

Consolidated Statement of Comprehensive Income for the year ended 31 December

(in thousands of euros)	Note	2015	2014
Profit attributable to :			
Owners of the parent			
Profit/(loss) for the period from continuing operation		1,417	8,033
Profit/(loss) for the period from discontinued operations		-	(3,406)
		1,417	4,627
Non-controlling interest			
Profit/(loss) for the period from continuing operation		(2)	(1)
Profit/(loss) for the period from discontinued operations		-	-
		(2)	(1)
Total			
Profit/(loss) for the period from continuing operation		1,415	8,032
Profit/(loss) for the period from discontinued operations		-	(3,406)
		1,415	4,626
Total comprehensive income attributable to :			
Owners of the parent		2,614	6,018
Non-controlling interest		(2)	(1)
		2,612	6,017
Number of weighted average shares used for calculation of EPS (exclude treasury shares)			
- Basic	(13)	3,597,607	3,597,607
- Diluted	(13)	3,597,607	3,597,607
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the year			
Basic (euro) – Continuing operations		0.394	2.233
Basic (euro) – Discontinued operations		-	(0.947)
Fully diluted (euro) – Continuing operations		0.394	2.233
Fully diluted (euro) – Discontinued operations		-	(0.947)

Consolidated Balance Sheet as at 31 December After Appropriation of Result

(in thousands of euros)

	Note	2015		2014	
Assets					
Non-current assets					
Intangible assets	(14)	4,308		3,635	
Property, plant and equipment	(15)	9,864		6,056	
Financial assets	(16)	496		-	
Deferred tax assets	(17)	936		839	
Total non-current assets			15,604		10,530
Current assets					
Inventory	(18)	7,510		6,232	
Trade and other receivables	(19)	8,840		6,337	
Cash and cash equivalents	(20)	789		1,779	
Total current assets			**17,139**		**14,348**
Total assets			**32,743**		**24,878**

Consolidated Balance Sheet as at 31 December After Appropriation of Result

(in thousands of euros)

	Note	2015		2014	
Equity	(21)				
Share capital		1,919		1,919	
Share premium		52,853		52,853	
Retained earnings		(41,739)		(43,154)	
Translation reserves		4,565		3,369	
Equity attributable to owners of the parent			17,598		14,987
Non-controlling interest			19		18
Total equity			17,617		15,005
Liabilities					
Non-current liabilities					
Borrowings	(22)	5,072		3,046	
Other liabilities	(22)	120		209	
Total non-current liabilities			5,192		3,255
Current liabilities					
Borrowings	(22)	541		466	
Trade creditors		6,702		4,036	
Accrued expenses	(25)	2,324		1,609	
Provisions	(23)	119		123	
Tax and social security		248		384	
Total current liabilities			9,934		6,618
Total liabilities			15,126		9,873
Total equity and liabilities			**32,743**		**24,878**

Consolidated Cash Flow Statement for the year ended 31 December

(in thousands of euros)

	Note	2015		2014	
Cash flow (used in) / provided by operating activities					
Operating result		1,814		9,181	
Interest received		35		15	
Interest paid		(234)		(290)	
Income taxes (payment)/refund		(65)		(10)	
Depreciation and amortisation	(14/15)	2,442		2,265	
			3,992		11,161
Changes in trade and other receivables		(2,267)		392	
Changes in inventories		(572)		234	
Changes in provisions		(3)		(44)	
Changes in trade and other payables		2,464		(462)	
Discontinued operations	(29)	-		(3,151)	
			(378)		(3,031)
Cash flow (used in)/ provided by operating activities			**3,614**		**8,130**
Cash flow (used in)/provided by investing activities					
Investment in intangible fixed assets	(14)	(1,158)		(1,158)	
Investment in property, plant & equipment	(15)	(5,272)		(1,003)	
Proceeds from sale of assets		344		-	
Discontinued operations	(29)	-		430	
Cash flow (used in)/ provided by investing activities			**(6,086)**		**(1,731)**
Cash flow (used in)/provided by financing activities					
Changes in borrowings and capital lease obligations – proceeds	(22)	8,545		7,430	
Changes in borrowings and capital lease obligations – repayments	(22)	(7,027)		(11,340)	
Discontinued operations	(29)	-		(685)	
Cash flow (used in)/ provided by financing activities			**1,518**		**(4,595)**
Net cash flow for the period			**(954)**		**1,804**
Foreign currency differences and other changes		(36)		42	
			(36)		42
Changes in cash and cash equivalents, including bank overdrafts for the period			**(990)**		**1,846**
Opening position as at 1 January			1,779		(67)
Closing position as at 31 December			789		1,779
The closing position consists of:					
Cash and cash equivalents	(20)		789		1,779
			789		1,779

Consolidated Statement of changes in Equity
for the year ended 31 December

(in thousands of euros)

	Share capital	Share premium	Retained earnings	Translation Reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	**1,919**	**52,853**	**(47,779)**	**1,957**	**8,950**	**38**	**8,988**
Changes in equity for 2014							
Net profit/(loss) for the year	-	-	4,627	-	4,627	(1)	4,626
Other comprehensive income for the year							
-Currency translation adjustments	-	-	-	1,412	1,412	-	1,412
-Other movements	-	-	(2)	-	(2)	(19)	(21)
Total comprehensive income for the year	-	-	4,625	1,412	6,037	(20)	6,017
Balance at 31 December 2014	**1,919**	**52,853**	**(43,154)**	**3,369**	**14,987**	**18**	**15,005**
Changes in equity for 2015							
Net profit/(loss) for the year	-	-	1,417	-	1,417	(2)	1,415
Other comprehensive income for the year							
-Currency translation adjustments	-	-	-	1,196	1,196	-	1,196
-Other movements	-	-	(2)	-	(2)	3	1
Total comprehensive income for the year	-	-	1,415	1,196	2,611	1	2,612
Balance at 31 December 2015	**1,919**	**52,853**	**(41,739)**	**4,565**	**17,598**	**19**	**17,617**

Please refer to note 21 for changes in share capital and reserves.

(1) General information

Envipco Holding N.V. is a public limited liability company incorporated in accordance with the laws of The Netherlands, with its registered address at Utrechtseweg 102, 3818 EP Amersfoort, The Netherlands.
Envipco Holding N.V. and Subsidiaries ("the Company" or "Envipco") are engaged principally in Recycling in which it develops, manufactures, assembles, leases, sells, markets and services a line of "reverse vending machines" (RVMs) in the USA, Europe, Australia and the Far East

These Financial Statements have been approved for issue by the Board of Management on 25 April 2016 and are subject to approval by the shareholders at the Annual General Meeting of Shareholders. All amounts are in thousands of euros unless stated otherwise.

Deposit redemption programs

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

(2) Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of Envipco have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereafter: IFRS) and are compliant with IFRS.

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

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

Adoption of new Standards

Amendments and Interpretations effective in 2015

Changes in accounting policies and disclosures

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments thereof, and the IFRIC has issued certain interpretations. The impact of changes, when adopted by the EU, on the Envipco's consolidated financial statements, has been assessed.

a) New and amended standards adopted by the Group:

IFRS 2 'Share Based Payments'

IFRS 2 requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. There are no exceptions to the IFRS, other than for transactions to which other Standards apply. This also applies to transfers of equity instruments of the entity's parent, or equity instruments of another entity in the same group as the entity, to parties that have supplied goods or services to the entity. There is no impact on the group's financial statements, as there were no share based payments during 2015.

IFRS 3 'Business Combinations'

IFRS 3 The amendment clarifies that the classification of contingent consideration as either a liability or an equity instrument is on the basis of of guidance in IAS 32 Financial Instruments: Presentation. Continigent consideration that is not classified as equity is required to be remeasured to fair value at each reporting date, with changes in fair value being reported in profit or loss.The incorporation of the new Swedish subsidiary during 2015 did not have any material impact on the group's financial statements as required by the above amendment.

IFRS 8 'Operating Segments'

IFRS 8 amendment requires when operating segments have been aggregated in determining reportable segments, additional disclosures are required. These set out the judgments that have been made by management in applying the aggregation criteria in IFRS 8 Operating Segments that are used to assess an entity to report financial and descriptive information about its reportable segments.
The group had already been using established geographical segments for internal as well as interim reporting as required by the amendment and is in compliance for 2015.

IFRS 13 'Fair Value Measurement',

The amendment clarifies that short term receivables and payables with no stated interest rate can continu to be measured at the invoice amount without discounting, where the effect of discounting is immaterial. A previous amendment had suggested that an existing practical expedient that eliminated the need to discosunt those items had been removed. There is no material impact on the group's financial statements on account of the above amendment and it is in compliance for 2015.

IAS 16 'Property, Plant and Equipment'

The amendments require computation of the accumulated deprecitation of property, plant and equipment and intangible assets are revalued has been clarified. The net carrying amount of the asset is adjusted to the revalued amount and either:
(a) the gross and accumulated depreciation/amortization amounts are adjusted or

(b) accumulated depreciation /amortization is eliminated against the gross carrying amount. There is no material impact on the group's financial statements and it is in compliance for 2015.

Amendments to IAS 19, 'Defined Benefit Plans: Employee Contributions', the amendments clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. Directors of the Company are of the view that the application of the amendment to IAS 19 has no impact on the group's financial statements as it has no defined benefit plans.

IAS 24 'Related Party Disclosures'

The amendment clarifies that an entity that provides key management personnel services to the reporting entity (or to parent of a reporting entity) is a related party of the reporting entity. However, it is not necessary to analyse the total amount paid into the categories set out in IAS 27. The group is in compliance for 2015.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not adopted early by the Group:

IFRS 9, 'Financial Instruments: Classification and Measurement', applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard represents the first phase in the work of the IASB to replace IAS 39. Since the standard has not yet been endorsed by the European Union, it is uncertain when it needs to be applied. The uncertainty with respect to the subsequent phases of the project makes it impossible to quantify the impact of the new standard on the group's financial position or performance. IFRS 15, 'Revenue from Contracts with Customers', which supersede the current revenue recognition guidance including IAS 18 'Revenue', IAS 11 'Construction Contracts' and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The group is still investigating the impact of the standard on its financial statements.

Some other amendments, interpretations and improvements were made that are not relevant to the group and are expected to have no significant consequences on its financial statements.

Consolidated cash flow statement

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

The funds in the cash flow statement consist of cash and cash equivalents. Bank overdrafts are included as a component of cash and cash equivalents when the overdrafts are repayable on demand and often fluctuate. Cash flows in foreign currencies are translated at an average rate.

Consolidation

Basis of consolidation

Based on IFRS 10, the Company prepares consolidated financial statements where it controls an entity or entities and following the principles of control, it will consolidate an entity irrespective of the nature of the entity. Also if the Company has the power by way of actual or potential voting rights over an entity, then such entity's results will be consolidated. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single economic entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.
The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially

recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The consolidated balance sheets comprise the financial statements of the Group and its subsidiaries as at 31 December 2015.

Subsidiaries

Subsidiaries are all entities (including single economic entities) where the Group has control over an investee, it is classified as a subsidiary. The company controls an investee, if all three of the following elements are present:
- power over the investee
- exposure to variable returns from the investee and
- the ability of the investor to use its power to affect those variable returns.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions and balances between Group companies are eliminated.

Non-controlling interest:

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

The consolidated balance sheets comprise the financial data of Envipco Holding N.V., Amersfoort, The Netherlands, and the legal seats of the following Group companies:

Envipco Finance Company Limited – London, United Kingdom – 100%
Envipco Automaten GmbH, Westerkappeln, Germany – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
Envipco A.S., Oslo, Norway – 100%
Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
Envipco Sweden A.B., Borlange, Sweden – 100%
Stichting Employees Envipco Holding owns 240,000 shares of Envipco Holding N.V. (EHNV) and is controlled by EHNV. The Board of Stichting Employees Envipco Holding consists of 2 members of the Management Board of Envipco Holding N.V. It is a foundation and its function is to administer an Employee Share Option scheme, which has not been finalised.

The Company is entitled to the benefits from selling these shares and shall compensate all costs and expenses of Stichting Employees Envipco Holding.

The purchase method of accounting is used to account for Business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired are recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income.

Segment reporting

The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group considers geography and products as its main segments. Management measures geographical segment performance based on the segment's operating result. Similarly the respective assets and liabilities are allocated to the geographical segments. This coincides with the Group's internal organisational and management structure and its internal financial management reporting system. A business segment is a group of operations engaged in providing services or products that are subject to risks and returns that are different from those of other business segments.

Foreign currencies

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

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

Revenue

General

Group revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, allowances for credit notes likely to be sent out, other revenue reducing factors, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, collectability is reasonably assured and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies related to the sale have been resolved. When revenue recognition involves the use of estimates, the Group bases its estimates on historical results taking into consideration the type of client, the type of transaction and the specifics of each arrangement. In the USA, under the Bottle Bill deposit system, one of the subsidiary's billing includes mandatory deposits on the beverage containers which once collected, are passed through to the operators of redemption sites where Envipco machines are used. These pass through amounts are included in receivables and payables but are not recognised as revenues.

Service revenue

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

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

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

Sale of goods

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

Leasing revenue

Revenues from product lease are recognised over the term of the lease, which are classified as operational leases.

Cost of revenue

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

Leases

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

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

Deferred tax

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

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

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

Intangible assets

All intangible assets have finite lives based on their economic use except for Goodwill. The intangible assets with finite lives are amortised using the straight line method. The useful life is estimated at 7 years.

General and administrative expenses in the consolidated statement of comprehensive income (page 16) include the amortisation charge for intangible assets.

(a) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is tested annually for impairment. An impairment loss is recognised for the amount by which the goodwill of a cash generating unit exceeds its recoverable amount.

The recoverable amount is the higher of the cash generating unit's fair value less costs to sell and value in use. Impairment testing of goodwill is performed at the level of the cash generating units, which is the smallest identifiable group of assets to independently generate cash flows. For the group, the smallest cash generating units comprise the activities of one single country. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(b) Patents, licenses and concessions (see page 16 for amortisation included in general and administrative expenses)

Patents are acquired intangible assets and are measured initially at cost on the acquisition date. They are amortised using the straight-line method based on the estimated useful lives of 5-7 years.

Concessions relating to RVM distribution rights in the USA Midwest market are recognised and amortised over the life of the contract.

(c) Research and development (see page 16 for research and development expenses included in general and administrative expenses).

Research costs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:
– it is technically feasible to complete the product so that it will be available for use;
– management intends to complete the product and use or sell it;
– there is an ability to use or sell the product;
– it can be demonstrated how the product will generate probable future economic benefits;
– adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
– the costs attributable to the product during its development can be reliably measured.

The capitalised development cost is amortised when the asset becomes available for use. Once the asset is completely developed, it is amortised over the estimated useful life, which is 7 years.

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

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures that extend the asset's useful life are capitalised. Expenditures for repairs and maintenance are expensed when incurred.

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

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

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

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

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

Buildings	40 years
Plant and machinery	4-7 years
Vehicles and equipment	3-5 years

Cash and cash equivalents

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

Trade receivables

Trade receivables are recognised initially at fair value, which is generally the face value, and subsequently carried at amortised cost less provision for impairment. Impairment provisions for credit losses are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventory

Product inventory is valued at the lower of cost or net realisable value based on first in first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
Spare parts inventory is valued at the lower of historical cost, or net realisable value. Appropriate consideration is given to excessive inventory levels, product deterioration and other factors when establishing the net realisable value.

Equity

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

The Company records purchases of its own ordinary shares (treasury shares) under the cost method whereby the entire cost of the acquired shares is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Provisions

The group recognises provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Borrowings

Borrowings are recognised initially at fair value and subsequently stated at amortised cost.

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

Transaction costs have been shown as a deduction from the long term debt (see note 22).

Trade creditors and other current liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost.

Employee benefit plans

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

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

Deferred income

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

(3) Critical accounting estimates and judgments

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

Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred tax valuation

The Group recognises deferred tax assets for loss carry-forwards and deductible temporary differences, estimating the amount of future taxable profit that will be probable, against which the loss carry-forwards and deductible temporary difference can be utilised (see note 17).

Goodwill impairment testing

The Group is required to test, on an annual basis whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 14.

Allowance for inventory obsolescence

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

Intangible assets

The Group amortises its intangible assets, except for Goodwill, over the contracted term or their expected useful lives which are as follows:

Patents, licenses and concessions	7 years with the exception of a concession, whose useful life less than 7 years andas such is being amortised over the contracted term.
Capitalised development costs	7 years

The capitalisation and potential impairments of self generated research and development is amongst others based on estimates of future recovery.

Property, plant and equipment

The Group estimates useful lives of its assets as follows:

Buildings	40 years
Plant and machinery	4-7 years
Vehicles and equipment	3-5 years

(4) Capital management

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

One of the Group's subsidiaries has to comply with certain financial covenants under its loan agreement, details of which are given in note 22. The Group's current funding requirements have been met from operations and from the committed credit lines.

(5) Financial Risk Management

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

Credit risk

Credit risk arises from the possibility of asset impairment occurring because counterparties are not able to meet their obligations in transactions mainly involving trade receivables. While the Group's trade receivables are mostly exposed to credit risk, the exposure to concentrations of credit risk is limited due to the diverse geographic areas and industries covered by its operations. One of the Group's subsidiaries in the USA has an exposure to credit risk and is dependent on two major customers (see table below) for its sales and receivables in 2015 for 39% of its revenues and 26% of its receivables and in 2014, 40% of its revenues and 24% of receivables. In the normal course of business, the Group provides credit to clients, provides credit evaluations of these clients, and maintains an impairment provision for credit losses. Cash and cash equivalents are held with reliable counterparties.

Credit risk (continued)

	2015		2014	
	Revenue	Accounts receivable	Revenue	Accounts receivable
Concentration of credit risk				
Customer 1	24%	16%	18%	10%
Customer 2	15%	10%	22%	14%
Others	61%	74%	60%	76%
Total	100%	100%	100%	100%

USA operations manage its gross receivables through a system of deposit accounting where Envipco acts as a clearing house for services provided and not on RVM sales, but disburses funds to customers only after collections have been made from its receivables. European and USA operations have receivables from RVM sales, which are managed closely for collections.

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

		€'000 Current	€'000 31-60 Days	€'000 61-90 Days	€'000 >90 Days	€'000 TOTAL
2015	Europe	482	-	-	190	672
	United States	6,320	1,485	300	63	8,168
		6,802	**1,485**	**300**	**253**	**8,840**
2014	Europe	190	-	-	104	294
	United States	4,227	1,359	194	263	6,043
		4,417	**1,359**	**194**	**367**	**6,337**

Liquidity risk

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

Liquidity is managed closely by pursuing receivable collections in the USA and also by keeping the committed credit lines in place. The following are the Group's contractual maturities of financial liabilities:

Liquidity risk (continued)

		€'000 In 1 Year	€'000 1-2 Years	€'000 2-5 Years	€'000 > 5 Years	€'000 TOTAL
2015	**Europe**					
	Operational leases & payables	1,321	-	-	-	1,321
	United States					
	Operational leases & payables	8,230	624	(17)	60	8,897
	Bank debt & finance leases	541	5,072	-	-	5,613
	Total liabilities and future non-cancellable leases (rents)	**10,092**	**5,696**	**(17)**	**60**	**15,831**
	Future non-cancellable leases (rents)	(311)	(325)	(62)	(7)	(705)
		9,781	**5,371**	**(79)**	**53**	**15,126**
2014	**Europe**					
	Operational leases & payables	1,233	-	-	-	1,233
	United States					
	Operational leases & payables	5,532	288	444	-	6,264
	Bank debt & finance leases	466	2,983	-	-	3,449
	Total liabilities and future non-cancellable leases (rents)	**7,231**	**3,271**	**444**	**-**	**10,946**
	Future non-cancellable leases (rents)	(341)	(288)	(444)	-	(1,073)
		6,890	**2,983**	**-**	**-**	**9,873**

Market risk

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

- Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables are denominated in a currency other than the operating company's local currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

- Sensitivity analysis

A 5% strengthening of US Dollar against the Euro would have increased the profit after tax by €156,000 (2014: €2,000) and would result in net increase in equity of €156,000 (2014: €2,000) and a 5% decline in US Dollar against the Euro would have had an equal but opposite effect on the basis that all other variables remain constant.

- Interest rate risk

The Group's interest rate risk arises from selected long term borrowings. Such borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group tries to minimize its interest rate risk on these borrowings by negotiating a fixed interest rate for the borrowings and by applying hedging on interest rate swaps. €1,143,000 of the total borrowings in current liabilities of €1,654,000 was hedged against an interest rate swap. This loan was settled in January 2014. A reduction of 0.25% in interest rates would have increased the profit after tax by €11,000 (2014: €6,000) and increased the equity by €11,000 (2014: €6,000) and an increase of 0.25% in interest rate would result in an equal but opposite effect with other factors remaining constant.

Market risk (continued)

- Price risk

The Group does not have an exposure to price risk.

(6) Segment information

Envipco considers geography and products as its main segments. Management measures geographical segment performance based on the segment's operating result. Similarly the respective assets and liabilities are allocated to the geographical segments. The segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The Group's main continuing operations relate to its core activity of Recycling. This activity has a single main operating segment – RVMs. The RVMs business segment includes operations in the USA due to RVM sales, and services and in Germany due to compactor sales. The non-operating segments include the Holding company and rest of the non-active Group entities. Segment information for continuing operations is presented by geographical areas where a segment is based. Segment information of the main operating segments is detailed below:

(in thousands of euros)				2015				2014
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Revenues								
Recycling - RVM								
Sale of goods	295	5,002	234	5,531	375	2,354	-	2,729
Service revenue	-	15,636	-	15,636	-	12,564	-	12,564
Leasing revenue	-	8,160	-	8,160	-	6,499	-	6,499
Non-operating segments								
Sale of goods	308	-	-	308	-	-	-	-
Total	**603**	**28,798**	**234**	**29,635**	**375**	**21,417**	**-**	**21,792**

				2015				2014
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Gross assets								
Continuing operations – Recycling - RVM	385	26,448	-	26,833	293	19,827	-	20,120
Non-operating segments	5,910	-	-	5,910	4,758	-	-	4,758
Total	**6,295**	**26,448**	**-**	**32,743**	**5,051**	**19,827**	**-**	**24,878**

(6) Segment information (continued)

	2015				2014			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Segment Results								
Continuing operations – Recycling - RVM	(427)	2,774	(8)	2,339	(93)	(338)	-	(431)
Non-operating segments	(924)	-	-	(924)	8,463	-	-	8,463
Discontinued Operations	-	-	-	-	(3,406)	-	-	(3,406)
Total	**(1,351)**	**2,774**	**(8)**	**1,415**	**4,964**	**(338)**	**-**	**4,626**

RVM segment results in North America include €48,000 of post closing charges for joint operation costs. The closing costs for 2014 were €154,000.

	2015				2014			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Gross Liabilities								
Continuing operations – Recycling – RVM	422	13,806	-	14,228	150	8,640	-	8,790
Non-operating segments	898	-	-	898	1,083	-	-	1,083
Discontinued operation	-	-	-	-	-	-	-	-
Total	**1,320**	**13,806**	**-**	**15,126**	**1,233**	**8,640**	**-**	**9,873**

	2015				2014			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Property, Plant & Equipment and Intangibles Additions								
Continuing operations – Recycling - RVM	18	5,027	-	5,045	4	1,057	-	1,061
Non-operating segments	1,190	-	-	1,190	1,100	-	-	1,100
Total	1,208	5,027	-	6,235	1,104	1,057	-	2,161

	2015				2014			
	Europe	North America	Rest of World	Total	Europe	North America	Rest of World	Total
Depreciation & Amortisation Expense								
Recycling – RVM	19	2,038	-	2,057	1	1,723	-	1,724
Non-operating segments	535	-	-	535	541	-	-	541
Total	554	2,038	-	2,592	542	1,723	-	2,265

(6) Segment information (continued)

RVM segment leasing depreciation of €1,734,000 (2014: €1,280,000) in North America is included in cost of revenue.

There were no non-cash expenses other than depreciation and amortisation such as provisions (see note 31).

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

(7) Expenses

Selling expenses

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

General and administrative expenses

General and administrative expenses include depreciation expenses for an amount of €703,000 (2014: €783,000), research and development costs of €606,000 incurred by the US subsidiary (2014: €692,000), payments made under operating leases of €546,000 (2014: €328,000), and bad debt credit of €20,000 (2014: expense €49,000).
The fee paid to the Group's auditors for the following services is included in general expenses and can be specified as follows:

BDO Audit & Assurance to the company and subsidiaries

	BDO Audit & Assurance B.V.	Other BDO Network	Total 2015	BDO Audit & Assurance B.V.	Other BDO Network	Total 2014
	€'000	€'000	€'000	€'000	€'000	€'000
Audit fee of financial statements	96	122	218	89	104	193
Other audit engagement	-	-	-	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	96	**122**	**218**	**89**	**104**	**193**

(8) Other income/(expenses)

Other income in 2015 included profit on sale of equipment of €118,000 (2014: €31,000). Also refer to note 10 for information on contract settlement income and the patent sale.

(9) Employee benefit expense

	2015	2014
	€'000	€'000
Salaries	8,471	6,718
Social security expenses	473	491
Pension expenses	45	36
	8,989	**7,245**

(9) Employee benefit expense (continued)

	2015	2014
Average number of employees		
Continuing operations		
North America	147	128
Europe	10	9
Total	**157**	**137**

Remuneration of the Management Board

The remuneration of the Management Board charged to the result in 2015 was €613,000 (2014: €929,000) and can be specified as follows:

(in thousands of euros)	Salary/fee	Social cost	Pension	Total
2015				
B. Santchurn	493	17	3	513
C. Crepet	-	-	-	-
G. Garvey	54	-	-	54
T.J.M. Stalenhoef	36	-	-	36
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	593	17	3	613
2014				
B. Santchurn	443	14	3	460
C. Crepet	185	101	11	297
G. Garvey	128	-	-	128
T.J.M. Stalenhoef	32	2	-	34
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	798	117	14	929

A loan to Mr. Christian Crepet, a director, of €20,000 given in 2012 is repayable with interest at euribor plus 1% by 31 December 2016. A loan receivable from the majority shareholder of €245,000 as of 31 December 2015 is repayable with interest at euribor plus 2% with no definite maturity period.

(10) Contract settlement/Patent sale

In July 2015 one of US subsidiaries' subcontractors for material handling in New York, USA breached its contract. In September 2015, a settlement agreement was reached where the subcontractor agreed to pay €560,000 as compensation to the US subsidiary. This payment was received on 16 September 2015 and recorded as other income.

On 10 April 2014, the Company sold one of its IP rights to DPG Deutsche Pfandsystem GmbH, the organisation responsible for overseeing the containers deposit system in Germany for an amount of €11,500,000. The expenses incurred in relation to this sale were €917,000 (sales commission: €525,000, legal expenses: €304,000 and net book value: €88,000) resulting in net income of €10,583,000 which has been recorded as other operating income in the income statement.

(11) Financial expense and income

The financial expense and income are fully in respect of loans and receivables. No differences in interest expense were recognised using the effective interest rate method and the actual interest recorded.

(12) Income taxes

Effective tax rate

Envipco operates in several jurisdictions with varied local statutory income tax rates. This causes a difference between the average statutory income tax rate and The Netherlands tax rate of 25%. The following table reconciles income taxes based on the Group's weighted average statutory income tax rate and the Group's income tax benefit from continuing operations:

Reconciliation between the company's effective tax rate and the statutory income tax rate in The Netherlands, which currently is 25%, can be specified as follows:

		2015		2014
		€'000		€'000
Profit/(loss) before tax		1,482		8,237
Taxation (charge)/credit statutory rate	25%	(371)	25%	(2,059)
Tax (charge) credit for different statutory tax rates on foreign subsidiaries		-		-
Effect of unused losses for which no deferred tax asset has been recognised		304		1,854
Effect of recognising deferred tax asset for which previously no tax has been recognised (USA) less reversal Germany		-		-
Effective income tax	4.5%	**(67)**		**(205)**

None of the items of other comprehensive income is included in income taxes.

Current and deferred tax income/ (expense)

	2015	2015	2014	2014
	€'000 This Period	€'000 **Total**	€'000 This period	**€'000 Total**
Current				
- Germany	-	**-**	(6)	**(6)**
- USA	(67)	**(67)**	(70)	**(70)**
- Netherlands	-	**-**	(129)	**(129)**
Total	(67)	**(67)**	(205)	**(205)**

Tax losses, where no deferred tax has been recognised totaling €27,331,000 (2014: €20,413,000), expire as follows: €1,756,000 in 2018, €4,449,000 in 2019, €4,750,000 in 2020, €14,117,000 in the years 2021 through 2031, €1,643,000 in 2034 and €616,000 in 2035.

(13) Earnings per share

The numerator for both basic and fully diluted net result per ordinary share (earnings per share or EPS) is net result attributable to holders of ordinary shares. The denominator for basic EPS is the number of ordinary shares outstanding during the year, excluding ordinary shares held as treasury shares. The fully diluted EPS is same as the basic EPS.

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

	2015	2015	2015	2014	2014	2014
	€'000	€'000	€'000	€'000	€'000	€'000
	Continuing Operations	Discontinued Operation	Total Operations	Continuing Operations	Discontinued Operation	Total Operations
Numerator						
Earnings/(loss) used in basic and diluted EPS	**1,417**	**-**	**1,417**	**8,033**	**(3,406)**	**4,627**
Denominator						
	'000	'000	'000	'000	'000	'000
Weighted average number of shares used in basic and diluted EPS	**3,597**	**3,597**	**3,597**	**3,597**	**3,597**	**3,597**

Basic and diluted earnings per share for 2015 and 2014 have been calculated using the weighted-average number of current ordinary shares of 3,597,607 (exclusive of 240,000 treasury shares). Treasury shares have been deducted to calculate the outstanding shares.

(14) Intangible assets

(in thousands of euros)	Goodwill	Patents, licenses & concessions	Development costs	Total
At 1 January 2014				
Cost	129	1,098	5,693	6,920
Accumulated amortisation	-	(910)	(2,864)	(3,774)
Net carrying amount	**129**	**188**	**2,829**	**3,146**
Changes to net carrying amount in 2014				
Additions	-	116	1,042	1,158
Disposals	-	(138)	-	(138)
Amortisation	-	(81)	(511)	(592)
Development costs impaired				
Currency translation differences	17	44	-	61
Reclassification cost-fully depreciated	-	-	(1,986)	(1,986)
Reclassification depreciation-fully depreciated	-	-	1,986	1,986
Total changes in 2014	**17**	**(59)**	**531**	**489**
At 31 December 2014				
Cost	146	1,120	4,749	6,015
Accumulated amortisation and impairment	-	(991)	(1,389)	(2,380)
Net carrying amount	**146**	**129**	**3,360**	**3,635**
Changes to net carrying amount in 2015				
Additions	-	132	1,058	1,190
Disposals	-	(32)	-	(32)
Amortisation	-	(56)	(510)	(566)
Currency translation differences	17	8	-	25
Reclassification cost-fully depreciated	-	(449)	-	(449)
Reclassification depreciation-fully depreciated	-	505	-	505
Total changes in 2015	**17**	**108**	**548**	**673**
At 31 December 2015				
Cost	163	779	5,807	6,749
Accumulated amortisation and impairment	-	(542)	(1,899)	(2,441)
Net carrying amount	**163**	**237**	**3,908**	**4,308**

Goodwill

No impairment charges were recognised on any goodwill during the period. All goodwill as per 31 December 2015 and 2014 relates to goodwill of one Cash Generating Unit in the RVM segment, which was tested for any impairment, based on its value in use, by using present value of discrete cash flows for next three years and the present value of the terminal cash flow with the following assumptions: cost of capital 10.45%, working capital requirement 10% of revenue and terminal cash flow growth rate of 2.5%. Recoverable amount of goodwill is €5,416,000.

(14) Intangible assets (continued)

Concessions
All concessions are being amortised with a useful life of 7 years.

Development costs
All capitalised development costs relate to internally developed assets in respect of new product range namely Quantum Outdoor and Indoor, U48, new Flex, Ultra HDS, Flex HDS and new compactors for the existing and new markets. All materials, labour and overhead costs directly attributable to these projects have been capitalised. €1,058,000 (2014: €1,042,000) of the development costs was capitalised in 2015. Fully developed assets are amortised over their expected useful lives, which is 7 years, evaluated on a periodic basis. The largest individual asset included in the development cost has a book value of €1,351,000 (2014: €1,651,000). Management reviewed the capitalised development costs as of 31 December 2015 and decided that no impairment was necessary.

Key projects under development during 2015 included Quantum Indoor, new Flex and Flex HDS.

(15) Property, plant and equipment

(in thousands of euros)	Reverse vending machines	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2014					
Cost	11,851	1,360	3,417	1,459	18,087
Accumulated depreciation	(7,682)	(483)	(1,840)	(1,291)	(11,296)
Net carrying amount	**4,169**	**877**	**1,577**	**168**	**6,791**
Changes to net carrying amount in 2014					
Additions	714	90	114	85	1,003
Disposals/transfers to inventory	-	(513)	(193)	-	(706)
Depreciation	(1,280)	(47)	(267)	(79)	(1,673)
Currency translation	500	163	35	20	718
Reclassification cost	-	337	(2,208)	(10)	(1,881)
Reclassification depreciation	-	348	1,423	33	1,804
Total changes in 2014	**(66)**	**378**	**(1,096)**	**49**	**(735)**
At 31 December 2014					
Cost	13,065	1,437	1,165	1,554	17,221
Accumulated depreciation	(8,962)	(182)	(684)	(1,337)	(11,165)
Net carrying amount	**4,103**	**1,255**	**481**	**217**	**6,056**
Changes to net carrying amount in 2015					
Additions	5,759	27	357	64	6,207
Disposals/transfers to inventory	(935)	-	(126)	(69)	(1,130)
Depreciation	(1,734)	(61)	(144)	(86)	(2,025)
Currency translation	531	145	55	25	756
Reclassification cost	-	378	(519)	(731)	(872)
Reclassification depreciation	-	(378)	488	762	872
Total changes in 2015	**3,621**	**111**	**111**	**(35)**	**3,808**
At 31 December 2015					
Cost	18,420	1,987	932	843	22,182
Accumulated depreciation	(10,696)	(621)	(340)	(661)	(12,318)
Net carrying amount	**7,724**	**1,366**	**592**	**182**	**9,864**

(16) Financial assets

	2015	2014
	€'000	€'000
Schedule of movement of deposits with suppliers and vendors		
At beginning of year	-	142
Additions	496	-
Releases	-	(142)
At 31 December 2015	**496**	**-**

(17) Deferred tax assets

	2014	2014	2014	2014	2014
	€'000	€'000	€'000	€'000	€'000
	Asset	Liability	Net	(Charge)/credit profit & loss	(Charge)/credit Equity
Recognised tax asset for unused losses	839	-	839	-	-
At 31 December 2014	**839**	**-**	**839**	**-**	**-**

	2015	2015	2015	2015	2015
	€'000	€'000	€'000	€'000	€'000
	Asset	Liability	Net	(Charge)/credit profit & loss	(Charge)/credit Equity
Recognised tax assets for unused losses	936	-	936	-	-
At 31 December 2015	**936**	**-**	**936**	**-**	**-**

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

Overview of changes in tax losses

Tax losses, where no deferred tax has been recognised totaling €27,331,000 (2014: €20,413,000), expire as follows: €1,756,000 in 2018, €4,449,000 in 2019, €4,750,000 in 2020, €14,117,000 in the years 2021 through 2031, €1,643,000 in 2034 and €616,000 in 2035.

(18) Inventory

	2015	2014
	€'000	€'000
Finished goods	1,407	2,350
Raw material and parts	7,894	5,312
Work in progress	13	11
Provision for obsolescence	(1,804)	(1,441)
Inventory	**7,510**	**6,232**

In 2015 inventory usage amounting to €9,802,000 (2014: €8,025,000) has been included in the cost of revenue.

(18) Inventory (continued)

Finished goods are valued at lower of cost and net realisable value. Cost includes material cost, direct labour and overheads. Raw material and parts are valued at lower of cost and net realisable value. Cost includes purchase cost and cost of bringing the part to its present location. Work in progress is valued including direct material cost and a proportion of direct labour and overheads.

Estimates of net realisable value of inventory are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As such estimates are continuously evaluated and it is common that in the normal course of business, circumstances that previously caused inventories to be written down below cost no longer exist resulting in reversals of write-downs.

Schedule of movement of provision for obsolescence

	2015	2014
	€'000	€'000
At beginning of period	1,441	940
Additions	193	344
Exchange gains/(losses)	170	157
At end of period	**1,804**	**1,441**

The increase/ (decrease) in provisions relating to raw materials is effected through cost of revenue. Total book value of items included in the provision is €3,268,000.

(19) Trade and other receivables

	2015	2014
	€'000	€'000
Trade receivables	7,801	5,437
Other receivables	785	522
Prepaid expenses	9	378
Shareholder loan receivable	245	-
Trade and other receivables	**8,840**	**6,337**

A loan to the majority shareholder of €336,000 given during the year is repayable inclusive of interest at euribor plus 2% with no definite maturity period.

Estimates of the recoverability of trade receivables are based on the most reliable evidence available at the time the estimates are made. As these estimates are continuously evaluated, it is common that in the normal course of business, circumstances that previously caused trade receivables to be impaired no longer exist resulting in reversals of impairment charges. Trade receivables are shown net of bad debt provisions of €348,000 and €330,000 at the end of years 2015 and 2014 respectively.

Schedule of movement of bad debts

	2015	2014
	€'000	€'000
At beginning of period	330	2,893
Additions	-	49
Write-off	(20)	(2,595)
Translation adjustment	38	(17)
At end of period	**348**	**330**

(20) Cash and cash equivalents

	2015	2014
	€'000	€'000
Cash at bank and in hand	789	1,779
Cash and cash equivalents	**789**	**1,779**

(21) Shareholders' equity

Share Capital

Authorised and Issued Share Capital

	2015 Ordinary Shares	2014 Ordinary Shares
Number of authorised shares	8,000,000	8,000,000
Authorised share capital	€ 4,000,000	€ 4,000,000
Number of outstanding shares on 1 Jan	3,837,607	3,837,607
Number of shares on 31 Dec	3,837,607	3,837,607
Issued share capital	€ 1,918,803.50	€ 1,918,803.50
Nominal value	€ 0.50	€ 0.50

Stichting Employees Envipco Holding holds 240,000 treasury shares of the Company at a nominal value of €0.50, which is treated as treasury shares.

There is one vote for each ordinary share.

Share premium reserve

For full detailed movements in share premium reserve please refer to the consolidated statement of changes in equity on Page 21.

Retained earnings

At the Company's Annual General Meeting of the Shareholders it will be proposed to include the 2015 net result to retained earnings.

Translation reserve

Group entities, whose functional currency is other than Euro, the Group's reporting currency, are translated using closing rates for balance sheets and average rates for income statements. The resulting difference is recognised as translation reserve in equity.

(22) Non-current liabilities

	2015	2014
	€'000	€'000
Borrowings	**5,072**	**3,046**

	2015	2014
	€'000	€'000
Other liabilities	120	209
	120	**209**

Other liabilities include a loan to Stichting Employees Envipco Holding of €120,000 and to the majority shareholder of €0 (2014: €120,000 and €89,000 respectively). See note 19 for loan receivable from majority shareholder.

Borrowings

	2015	2014
	€'000	€'000
Environmental Products Corporation (EPC) has borrowing facility from a third party lender for $11,740,000 of which a maximum of $7,000,000 as a line of credit (LOC) is capped based on eligible inventory and accounts receivables and is repayable after 2 years with interest and $2,500,000 as a Term Loan, repayable within 5 years with interest at 3.85% and $1,300,000 as Second Term Loan, repayable within 5 years with interest at 4.08% (this loan was repaid in 2014) and $2,240,000 as a new Mortgage facility, repayable (based on a 20 year amortisation) within 10 years including interest at 5.50% with a balloon payment in year 2024. Additional loan facility of $2,175,000 was secured in December 2015 repayable within 4 years after the drawdown date with interest at FHLB classic rate plus 2.5%. The LOC is renewable annually for a term of another 2 years. These loans are collateralised by a fixed and floating charge on all assets of EPC and guaranteed by the Company. Net borrowing costs deducted is €32,000 (2014: €51,000).	5,072	2,983
Others	-	63
Total	**5,072**	**3,046**

The debt covenants for the USA subsidiaries have been met during the year.

Though the borrowing costs of €32,000 (2014: €51,000) have been deducted, the debt inclusive of the transaction cost of €5,645,000 (2014: €3,563,000) is payable in full inclusive of the borrowing costs**.**

Future payments under long term borrowings	2015	2014
	€'000	€'000
Current	541	466
Due between 2 to 5 years	3.489	1,548
> 5 years	1,583	1,498
Total borrowings	**5,613**	**3,512**

(22) Non-current liabilities (continued)

Schedule of movement	2015	2014
	€'000	€'000
At beginning of period	3,512	6,896
Increase	8,633	8,904
(Decrease)	(6,969)	(12,827)
Translation effect	437	539
At end of period	**5,613**	**3,512**

(23) Provisions

	2015	2014
	€'000	€'000
Warranty provisions	119	123
	119	**123**

Movement of warranty provisions

These are required by our German subsidiary for warranty for the repair and maintenance of compactor sales and are adequate for expected usage.

	2015	2014
	€'000	€'000
At beginning of period	123	172
Additions	-	-
Releases	(4)	(49)
At end of period	**119**	**123**

(24) Employee benefit plans

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

For the year ended 31 December 2015, expenses relating to defined contribution plans amounted to €48,000 (2014: €35,000).

(25) Accrued expenses

	2015	2014
	€'000	€'000
Payroll and vacation accruals	1,402	921
Other accrued expenses	922	688
	2,324	**1,609**

(26) Commitments and contingencies

Operating lease commitments where a Group Company is the lessee

The future minimum lease payments under non-cancellable operating leases as of 31 December 2015 and 2014 were as follows:

	2015	2014
	€'000	€'000
Current	311	341
Between 2 to 5 years	394	732
	705	**1,073**

The leases relate to plant and equipment, office machines and vehicles. Rent expenses for the year ended 31 December 2015 were approximately €546,000 (2014: €328,000).

Operating lease commitments where a Group Company is the lessor:

The future minimum lease payments receivable under non-cancellable RVM operating leases as of 31 December 2015 and 2014 were as follows:

	2015	2014
	€'000	€'000
Current	2,403	1,712
Between 2 to 5 years	5,945	2,635
	8,348	**4,347**

Lease revenues from RVMs for the year ended 31 December 2015 were approximately €3,130,000 (2014: €2,130,000).

Legal proceedings

Several Group companies are parties to various legal activities which are incidental to the conduct of their businesses.

Envipco Holding N.V. filed a claim against Deutsche Pfandsystem (DPG) several years ago for several of its IP infringements. DPG contested this allegation and filed for a cancellation of that IP. On 10 April 2014 one of the IP was sold for a sum of €11,500,000 to DPG, resulting in cancellation of our claim from DPG on this specific IP. The claim for other IP infringements is still ongoing and is in the court process. Management is optimistic that a positive outcome is likely, but is uncertain of the time it will take to resolve the matter, similar to the previous claim.

Loans

Please refer to note 22.

(27) Related party transactions

Transactions and relations with the shareholders are explained in note 19. €2,000 of interest was charged to the income statement on the average outstanding loans payable in 2015 with interest at euribor plus 2% (2014: €3,000) to Mr. Alexandre Bouri, the majority shareholder. During 2015, a loan of €336,000 was granted to the majority shareholder at euribor plus 2% with no definitive maturity period. The balance receivable at year end was €245,000 (2014: payable €89,000).

The key management personnel comprised of the Management Board (refer to Note 9 for further details regarding transactions with related parties as well). A loan was granted to Mr. Christian Crepet, a director, in 2012 for €20,000 and is repayable with interest at euribor plus 1% by 31 December 2016.

Group companies enter into transactions with each other in the normal course of business. These transactions are eliminated in consolidation. Net research and development costs invoiced by Germany and USA were R&D capitalised of €1,058,000 (2014: €1,042,000) by the Holding company and R&D expensed by the US and German subsidiaries were €606,000 (2013: €692,000). The Group companies charge interest on intercompany loans. No interest is charged on the intercompany current account balances. The Holding Company also charges a management fee to its subsidiaries. For Sorepla, there was no charge in 2014.

One of the USA subsidiaries had provided a €575,000 guarantee for the warranty obligations of its German affiliate. During 2014 this guarantee was replaced by a guarantee from the Holding company. The Holding company also provided a guarantee of $13,915,000 to the USA subsidiary's lender, TD Bank N.A., for the credit facilities.

On 31 December 2014, the Company entered into an agreement to borrow $2,500,000 from one of its US subsidiaries for three years with interest payable half yearly, at 3.5% per annum, subject to the US lender approval. This amount was subsequently treated as return of capital to the parent in 2015.

The Group companies had the following intra-group transactions:

	2015	2014
	€'000	€'000
Goods and services	6,554	3,478
Other charges and services	914	491
Research and development	308	692
	7,776	**4,661**

(28) Joint operation

Environmental Products Corporation (EPC), a US subsidiary, executed an agreement on 22 December 2009 for the evaluation and pilot of innovative recycling concepts in selected US non-deposit markets. The pilot employs new proprietary technology developed by Envipco for large scale collection of PET and aluminum beverage containers. According to IFRS 11, the investment has been treated as a joint operation. The agreement was amended on 13 December 2011 and the Group funded its share of the losses on a 50:50 ownership for this pilot operation. A further agreement was reached on 6 August 2013 whereby it was agreed to share in the cost overruns on a 50:50 basis until 30 June 2014 when a final decision will be made to either move forward or terminate. A pilot closure agreement was since signed on 20 October 2014. The Group's share of additional post closing expenses in 2015 amounted to €48,000 and the closing costs in 2014 were €158,000. The Group's share of results and assets has been included in these financial statements. The Group's share of equity at the balance sheet date amounted to €26,000 (2014: €23,000) to recognise the 50% share of the remaining intangibles (reimagine trademark).

(29) Discontinued operations

The Group's net loss from discontinued operations for 2014 was €3,406,000. This was made up of a loss €3,836,000 from the plastics business operations and a profit of €430,000 from Posada's litigation payment. There were no discontinued operations in 2015.

The Group's principal activities changed significantly with the Board's decision to exit the plastics recycling business in France (Sorepla). The Sorepla business was sold to an entity controlled by the majority shareholder of Envipco Holding N.V. for €1.00 on 30 December 2014 (see note 27). An intercompany receivable in the Company's books of €187,000 had been impaired in 2014 and there were no commitments that neither were outstanding nor were any guarantees provided as part of the consideration for the sale. Additional funding of €1,500,000 was provided by the entity (the new owner) controlled by the majority shareholder of the Group into the sold plastics operations.

The results of discontinued operations has been summarised as follows:

	2015	2014
	€'000	€'000
Net results of discontinued operations - Sorepla	-	(3,836)
Net results of discontinued operations – Posada	-	430
Net results of discontinued operations	**-**	**(3,406)**

Posada received a sum of €482,000 in 2014 as final settlement of its litigation realising a gain of €430,000 after charging expenses of €52,000. Sale of the subsidiaries of Posada was originally recorded in a prior period.

Sorepla Group

Profit and loss account

For the year ended 31 December

All figures in euro thousands

	2014
Revenues	8,036
Cost of revenues	(9,161)
Gross margin	**(1,125)**
Selling & General Administration	(2,173)
Depreciation	(1,484)
Operating profit / (loss)	**(4,782)**
Financial items	
Interest payable	(430)
Other expenses	(31)
Net profit / (loss) before tax	**(5,243)**
Taxation	87
Net income/(loss)	**(5,156)**
Valuation at fair value less costs to sell and results on sale	**1,320**
Net results from discontinued operations	**(3,836)**
Net results from discontinued operations	
- Owners of the parent	(3,836)
- Non-controlling interests	-

(29) Discontinued operations (continued)

Sorepla Group

The following balance sheet is the balance sheet from the disposed company, excluding held-for-sale adjustments:

(in thousands of euro)	As At Date of Sale 2014
Assets of the discontinued operation	
Intangible assets	-
Tangible assets	7,509
Non-current assets	329
Deferred tax	87
Inventory	1,162
Trade and other receivables	1,463
Cash and cash equivalents	190
Total Assets	**10,740**
Equity and liabilities of the discontinued operation	
Equity	477
Other liabilities	334
Long-term debt	6,846
Long-term debt - current portion	1,273
Creditors – Group companies	187
Trade and other creditors	1,607
Bank overdraft	16
Total Equity & Liabilities	**10,740**

On 30 December 2014, the Company sold this business on to an entity controlled by its majority shareholder for €1.00.

(30) Post balance sheet events

There are no post balance sheet events.

(31) Significant non-cash transactions

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

Separate Company Balance Sheet at 31 December
After Proposed Appropriation of Result

(in thousands of euros)

	Note	2015		2014	
Assets					
Fixed assets					
Intangible assets	(D)	4,116		3,463	
Investment in subsidiaries	(E)/(J)	12,933		12,179	
Loans to group companies	(F)	17		36	
			17,066		15,678
Current assets					
Inventory	(G)	209		-	
Receivables	(H)	558		219	
Cash and cash equivalents	(I)	1,002		1,060	
			1,769		1,279
Total assets			**18,835**		**16,957**
Equity and liabilities					
Shareholders' equity	(J)				
Share capital		1,919		1,919	
Share premium		48,945		49,493	
Legal reserve		3,908		3,360	
Retained earnings		(41,739)		(43,154)	
Translation reserve		4,565		3,369	
			17,598		14,987
Non-current liabilities					
Loans from group companies	(L)		392		1,013
Other non-current liabilities	(M)		86		152
Current liabilities					
Creditors and other liabilities			630		676
Tax and social security			129		129
Total equity and liabilities			**18,835**		**16,957**

Separate Company Income Statement for the year ended 31 December

	2015	2014
Result from Group companies after income taxes		
Results of subsidiaries	1,511	(4,040)
Other results after income taxes	(94)	8,667
Net result	**1,417**	**4,627**

(A) General information

Accounting principles used to prepare separate Company financial statements

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

In addition, Consolidated Group companies (financial fixed assets) are valued based on their net equity, determined using the Group accounting policies. In case the net equity of a Group company is negative, the Company records a provision for as far as the Company assesses that it has a legal or constructive obligation to reimburse the Group companies' losses. This provision shall be deducted from receivables on the Group company if these receivables are part of the net investment in the Group company.

Composition of shareholders' equity

Refer to Note J Shareholders' equity of the separate Company financial statements.

(B) Remuneration of the Management Board

The remuneration of the Management Board charged to the result in 2015 was €613,000 (2014: €929,000) and can be specified as follows:

(in thousands of euros)	Salary/fee	Social cost	Pension	Total
2015				
B. Santchurn	493	17	3	513
C. Crepet	-	-	-	-
G. Garvey	54	-	-	54
T.J.M. Stalenhoef	36		-	36
G. Lefebvre	10	-	-	10
A.Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	593	17	3	613
2014				
B. Santchurn	443	14	3	460
C. Crepet	185	101	11	297
G. Garvey	128	-	-	128
T.J.M. Stalenhoef	32	2	-	34
G. Lefebvre	10	-	-	10
A. Bouri	-	-	-	-
D. D'Addario	-	-	-	-
Total	798	117	14	929

The Company has no formal bonus arrangements in place; granting bonuses for Board members is at the discretion of the Board of Directors on an ad hoc basis. A loan to Mr. Christian Crepet, a director of €20,000 given in 2012 is repayable with interest at euribor plus 1% by 31 December 2016.

(C) Research and developments costs

During the year research and development costs of €606,000 (2014: €692,000) incurred by the Company's US and German subsidiaries have been expensed.

(D) Intangible assets

(in thousands of euros)	Patents & licenses	Development costs	Total
At 1 January 2014			
Cost	648	5,693	6,341
Accumulated amortisation and impairment	(487)	(2,864)	(3,351)
Net carrying amount	**161**	**2,829**	**2,990**
Changes to net carrying amount in 2014			
Additions	59	1.042	1,101
Disposals	(87)	-	(87)
Amortisation	(30)	(511)	(541)
Reclassifications – cost	55	(1,986)	(1,931)
Reclassifications – depreciation	(55)	1,986	1,931
Total changes in 2014	(58)	531	473
At 31 December 2014			
Cost	675	4,749	5,424
Accumulated amortisation and impairment	(572)	(1,389)	(1,961)
Net carrying amount	**103**	**3,360**	**3,463**
Changes to net carrying amount in 2015			
Additions	131	1,058	1,189
Disposals	-	-	-
Amortisation	(26)	(510)	(536)
Total changes in 2015	105	548	653
At 31 December 2015			
Cost	806	5,807	6,613
Accumulated amortisation and impairment	(598)	(1,899)	(2,497)
Net carrying amount	**208**	**3,908**	**4,116**

(D) Intangible assets (continued)

Development costs

Major projects capitalised during the year included Quantum outdoor €496,000 (2014: €678,000) and new Flex €378,000 (2014: €414,000) and Quantum indoor €66,000. The Quantum outdoor development was completed during the year. See also note 14 for capitalised development costs of the Company. Management reviewed the capitalised development costs as of 31 December 2015 and determined that no impairment was necessary.

(E) Investment in subsidiaries

	2015	2014
	€'000	€'000
At beginning of year	12,179	10,404
Investments / Return of capital	(1,953)	4,647
Results of the group companies for the year	1,511	(4,040)
Exchange differences	1,196	1,412
Increase/(decrease) of loans in subsidiaries	-	(186)
Liquidation of subsidiaries	-	(58)
At end of year	**12,933**	**12,179**

The above assets relate to the investments in Group companies.

(F) Loans to group companies

	2015	2014
	€'000	€'000
At beginning of year	36	2
Additions	-	34
Redemptions	(19)	-
At end of year	**17**	**36**

(G) Inventory

	2015	2014
	€'000	€'000
At beginning of year	-	-
Additions	209	-
Provision for obsolescence	-	-
At end of year	**209**	**-**

3 of the first 5 units of Quantum outdoor machines produced were sold in 2015 and the balance of 2 units were in inventory pending sale in 2016. These machines have been valued at the lower of cost and net realisable value of €209,000 (2014: €0).

(H) Receivables

	2015	2014
	€'000	€'000
At beginning of year	219	116
Additions	339	103
Repayments	-	-
At end of year	**558**	**219**

The receivables include a loan to Mr. Christian Crepet, a director, of €20,000 given in 2012 and repayable with interest at euribor plus 1% by 31 December 2016. Also during 2013 a loan was granted to a director of a former subsidiary, Sorepla Group for €80,000 which is now repayable with interest at euribor plus 1% on 30 June 2016. €1,000 is in respect of VAT receivable (2014: €16,000), a trade receivable of €122,000, a receivable from an affiliate of €5,000, a loan from a US subsidiary employee of €85,000 with interest at euribor plus 1% repayable within 5 years, and the balance is a loan receivable of €245,000 from the majority shareholder.

(I) Cash and cash equivalents

	2015	2014
	€'000	€'000
Cash at bank and in hand	1,002	1,060
Cash and cash equivalents	**1,002**	**1,060**

(J) Shareholders' equity

At the General Meeting of the Shareholders, the Company's shareholders approved that the 2014 net results of the Company be transferred to the retained earnings.

Refer to Consolidated statement of changes in equity (page 21) and note 21 Shareholders' equity of the Company's consolidated financial statements for further information regarding the Company's shareholders' equity. Transactions and relations with the shareholders included €2,000 (2014: €3,000) of interest charged to the income statement on the average outstanding loans payable in 2015 with interest at euribor plus 2% to Mr. Alexandre Bouri, the majority shareholder. The balance receivable at year end is €245,000 (2014: payable €89,000).

According to Book 2 of the Netherlands Civil Code, the Company is required to restrict part of its equity from distribution to shareholders, by forming a legal reserve equal to the amount it has capitalised for development costs. The equity enclosed in this legal reserve is not at the disposal of the General Meeting of Shareholders. Therefore, this amount cannot be distributed to shareholders until the capitalised development costs have been recognised in the profit and loss account. The capitalised development costs as at 31 December 2015 amounted to €3,908,000 (2014: €3,360,000). A legal reserve equaling these amounts has been created in both the years by decreasing the share premium reserve with these respective amounts. In the consolidated statement of changes in equity and note 21 of the IFRS consolidated financial statements the legal reserve is included in the share premium reserve. The comparative information has been adjusted to reflect this change.

(K) Subsidiaries and affiliates of Envipco

The company has the following subsidiaries:

Envipco Finance Company Limited – London, United Kingdom – 100%
Envipco Automaten GmbH, Westerkappeln, Germany – 100%
Envipco Pickup & Processing Services Inc., Delaware, U.S.A. – 99.85%
Environmental Products Corporation, Delaware, U.S.A. – 99.85%
Environmental Products Recycling Inc., Delaware, U.S.A. – 99.85%
Envipco A.S., Oslo, Norway – 100%
Envipco N.D. Inc., Delaware, U.S.A. – 99.85%
Envipco Sweden A.B., Borlange, Sweden – 100%

(L) Loans from group companies

	2015	2014
	€'000	€'000
At beginning of year	1,013	4,287
Additions	-	-
Repayments	(621)	(3,274)
At end of year	**392**	**1,013**

There are no intercompany loan agreements and hence no interest is charged on outstanding balances for the years 2015 and 2014 nor is there a definite repayment period for them.

(M) Non-current liabilities

Borrowings

	2015	2014
	€'000	€'000
Shareholder loans	-	89
Other liabilities	86	63
	86	**152**

Refer to note 27 of the consolidated financial statements for transactions with related parties regarding the Company's borrowings, a loan to a member of the Management Board and the sale of the plastics recycling subsidiaries.

(N) Commitments and contingencies

The Company provided a guarantee of $13,915,000 to the USA subsidiary's lender TD Bank N.A.

Amersfoort, 25 April 2016

w.s. Mr Gregory Garvey (Chairman)

w.s. Mr Alexandre Bouri

w.s. Mr Bhajun Santchurn

w.s. Mr Dick Stalenhoef

w.s. Mr David D'Addario

w.s. Mr Guy Lefebvre

w.s. Mr Christian Crépet

Events after the balance sheet date

For events after the balance sheet date please refer to note 30 Post balance sheet events of the Company's consolidated financial statements.

Statutory rules concerning appropriation of results

In Article 15 of the Company statutory regulations the following has been presented concerning the appropriation of result:

1 In the Company's books, a dividend reserve shall be maintained for each class of shares.
These dividend reserves shall be designated as 'dividend reserve' followed by the letter corresponding with the relevant class of shares.

2 The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law.

3 An amount equal to three percent of the average balance of the relevant dividend reserve over the relevant financial year, increased by the amounts withdrawn from the reserves pursuant to the provisions of paragraph 5 of this article, shall be retained from the profit as referred to in paragraph 2 of this article and added to each of the dividend reserves.
If the amount calculated as described above is larger than the available profit, the amounts to be added shall be decreased pro rata.

4 The profit that remains after applying the above shall be at the disposal of the General Meeting of Shareholders. If the General Meeting of Shareholders does not resolve to add the profit to the company's general reserve, the profit shall be added to the abovementioned dividend reserves pro rata to the nominal amount of the shares of the single class.

5 Losses shall be charged to the company's general reserve and, if and to the extent this reserve is insufficient, to the divided reserves pro rata to the nominal amount of the shares of the single class.

6 Each withdrawal from the dividend reserve pursuant to the provisions of the preceding paragraph must be compensated before any addition can be made to any dividend reserve pursuant to paragraph 4.

7 The General Meeting of Shareholders shall resolve to distribute such amounts on the shares corresponding with a particular dividend reserve as has been decided upon by the meeting of the holders of the single class of shares, up to the amount of the positive balance of that dividend reserve and if and to the extent the relevant 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 and that the Company's liquidity position does not allow this.

8 The General Meeting of Shareholders is authorised to apply the dividend reserves for a different purpose after having obtained the prior approval of the all holders of shares of a particular class, on the understanding that the distribution shall be charged to the various reserves pro rata to the nominal amount of the shares of the relevant classes.

9 The Company may only make interim additions to the dividend reserves if the requirement in paragraph 2 has been met and provided that the prior approval of the General Meeting of Shareholders has been obtained.

10 No distribution shall be made in favour of the Company on shares acquired by the Company in its own capital for such shares.

11 Shares for shares on which, pursuant to the provisions of paragraph 7, no distribution is made in favour of the Company do not count for the purpose of calculating the profit appropriation.

12 The claim for payment of dividends shall lapse on the expiry of a period of five years.

Appropriation of result for the financial year 2014

The annual report 2014 was determined in the General Meeting of Shareholders held on 23 June 2015. The General Meeting of Shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Dividend distributions

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

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

Proposed appropriation of profit for the financial year 2015

The Board of Directors proposes that the profit for the financial year 2015 amounting to €1,417,000 will be taken to the retained earnings. The financial statements do reflect this proposal.

Auditor's report

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

Tel: +31 (0)20 543 21 00
Fax: +31 (0)20 543 21 11
info@bdo.nl
www.bdo.nl

BDO Audit & Assurance B.V.
P.O. Box 71730, 1008 DE Amsterdam
Krijgsman 9, 1186 DM Amstelveen
The Netherlands

Independent auditor's report

To: the Shareholders and Board of Directors of **Envipco Holding N.V.**

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Envipco Holding N.V., based in Amersfoort. The financial statements include the consolidated financial statements and the company financial statements.

WE HAVE AUDITED	OUR OPINION
The consolidated financial statements which comprise: 1. the consolidated statement of financial position as at 31 December 2015; 2. the following consolidated statements for 2015: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
The company financial statements which comprise: 1. the company balance sheet as at 31 December 2015; 2. the company profit and loss account for 2015; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information.	In our opinion the enclosed company financial statements give a true and fair view of the financial position of Envipco Holding N.V. as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Envipco Holding N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

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

Materiality
Based on our professional judgment we determined the materiality for the financial statements as a whole at € 440,000. The materiality is based on 1.5% of the revenue which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Board of Directors that misstatements in excess of € 22,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
Envipco Holding N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Envipco Holding N.V.

Our group audit mainly focused on significant group entities. We consider a component significant when:
- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extent we:
- performed audit procedures ourselves at the entity Envipco Holding N.V.;
- used the work of other auditors when auditing entity Environmental Products Corporation, Environmental Products Recycling Inc. and Envipco Pickup & Processing Services Inc. which audits were performed by auditors that are local BDO representatives;
- performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF CAPITALIZED R&D	OUR AUDIT APPROACH
The Company capitalizes research and development costs as disclosed in note 14 of the financial statements. A large part of the research and development costs relate to the development of innovative products for which market acceptance may differ from companies expectations, making management's assessment highly judgmental, specifically regarding the expected future sales of developed products. Therefore there is a significant risk that capitalized research and development costs for certain projects may not be recovered and hence need to be impaired. Due to the estimates involved in the determination of the valuation we consider this to be a key audit matter.	We challenged management's sales projections to assess the reasonableness of management's estimation of recoverability. Therefore we discussed the estimated product sales and related margins with management, assessed actual recovery for machines that are already available for sale, checked the arithmetic accuracy of the sub-ledger, including the amortization, and considered whether the estimated useful economic lives remained appropriate.

VALUATION OF INVENTORIES	OUR AUDIT APPROACH
Inventory is valued at the lower of cost or the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The group assessed parts of the inventory position that were no longer selling and determined if its carrying value was still acceptable as of 31 December 2015. For the valuation of inventory specific consideration is given to obsolete inventory levels in the RVM business, as the inventory for the RVM business comprises the majority of the Group's inventory. Due to the estimates involved in the determination of the inventory reserve we consider this to be a key audit matter.	The component auditor performed substantive analytical procedures on the inventory reserve by comparing year over year inventory reserve movement and inspecting physical inventory for obsolescence. In addition the component auditor performed specific testing on the amount of parts that management identified as no longer selling. The disclosure note relating to the inventory valuation is included in note 18 of the financial statements.

TAX POSITION	OUR AUDIT APPROACH
The Group has international operations and in the normal course of business management makes judgements and estimates in relation to tax issues and exposures. This is a key audit matter due to the Group operating in a number of tax jurisdictions and related complexities of transfer pricing exposure. In addition the Dutch Tax Authorities are highly critical of losses arising from write-off on loans to related parties. In tax year 2013 and 2014 the Company wrote off loan receivables from Sorepla which the Company believes qualify as taxable losses.	The Company retained a tax advisor to assist with the computation of the tax position and offer tax advice. BDO obtained a tax comfort letter from this tax advisor. Additionally, BDO tax advisors reviewed the tax comfort letter and discussed the tax comfort letter with the Company's tax advisor to assist us in auditing the tax position and assess the tax advisor's competence, capacities and objectivity. The disclosure note relating to the tax position is included in note 12 of the financial statements.

Tel: +31 (0)20 543 21 00
Fax: +31 (0)20 543 21 11
info@bdo.nl
www.bdo.nl

BDO Audit & Assurance B.V.
P.O. Box 71730, 1008 DE Amsterdam
Krijgsman 9, 1186 DM Amstelveen
The Netherlands

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going

- concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Other information

This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of:

- the management board report;
- the other information on page 58-59.

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code and the auditing standards we report that:

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information on page 58-59 as required by Part 9 of Book 2 of the Dutch Civil Code have been annexed.
- The management board report, to the extent we can assess, is consistent with the financial statements.
- We have not identified any material deficiencies in the management board report, based on the knowledge and information gained on the company and its environment during our audit of the financial statements.

Our opinion on the financial statements does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information. We have to assess whether there are any material inconsistencies between the other information and the financial statements. In order to do so, we use the obtained audit evidence of audit of the financial statements and the conclusions drawn in our audit. We also determine whether the other information in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information including the preparation of the management board report and the other information on page 58-59 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Engagement

We were appointed by the Annual General Meeting on 23 June 2015 and engaged by the Board of Directors as auditor of Envipco Holding N.V. on 10 March 2016 as of the audit for year 2015 and have operated as statutory auditor ever since that date.

Amstelveen, 26 April 2016

For and on behalf of BDO Audit & Assurance B.V.,

J.A. de Rooij RA