



# **Envipco Holding NV**

2015 Q4 and Full Year Results

Unaudited

## TABLE OF CONTENTS

---

|  |    |
|--|----|
| Highlights                                     | 3  |
| Business review                                | 4  |
| Market outlook                                 | 5  |
| Capital & shareholding                         | 5  |
| Consolidated statement of comprehensive income | 6  |
| Consolidated balance sheet                     | 7  |
| Consolidated cash flow statement               | 8  |
| Consolidated statement of changes in equity    | 9  |
| Selected explanatory notes                     | 10 |

---

## 2015 Q4 AND FULL YEAR RESULTS UNAUDITED

### Highlights

| (in euro millions)                               | Full Year to<br>31/12/2015 | %<br>Change | Full Year to<br>31/12/2014 |
|--|----------------------------|-------------|----------------------------|
| <b>Continuing operations:</b>                    |                            |             |                            |
| Revenues   | 29.63                      | +36.0       | 21.79                      |
| Gross profit                                     | 10.54                      | +53.6       | 6.86                       |
| Gross profit %                                   | 35.6%                      | +13.0       | 31.5%                      |
| Operating profit/(loss) before one-time gain*    | 1.25                       | +189.3      | (1.40)                     |
| Operating profit/(loss)                          | 1.81                       | -80.3       | 9.20                       |
| Net profit / (loss) after taxes after minority   | 1.41                       | -82.4       | 8.03                       |
| EBITDA**   | 4.31                       | -60.0       | 10.78                      |
| Earnings/(loss) per share (in euro)              | 0.39                       | -82.5       | 2.23                       |
| <b>Discontinued operations:</b>                  |                            |             |                            |
| - Net profit/(loss) before taxes                 | -                          |             | (3.49)                     |
| - Net profit / (loss) after taxes after minority | -                          |             | (3.41)                     |
| - EBITDA**                                       | -                          |             | (1.58)                     |
| - Earnings/(loss) per share (in euro)            | -                          |             | (0.95)                     |
| Cash and cash equivalents                        | 0.79                       | -55.6       | 1.78                       |
| Shareholders' equity                             | 17.60                      | +17.4       | 14.99                      |

\*The results have been restated to exclude impact of one-time contract termination gain of €0.6m in 2015 and one-time patent sale gain of €10.6m in 2014

\*\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation

### 2015 Full Year Highlights - Continuing Operations

- Full year net profit amounted to €1.41m for 2015 and €8.03m for 2014, including one-time gains with corresponding EBITDA of €4.31m and €10.78m.
- Over 1,000 new RVMs (sold and leased) were placed in the US market during 2015; increasing our estimated market share from 26% to 32%.
- Excluding the impact of one-time gains, operating profit increased to €1.25m in 2015 compared to a loss of €(1.40)m in 2014.
- Revenue increased 36% to €29.63m compared to 2014. Currency adjusted for the decrease in the EURO to USD, the increase was 13%.
- EBITDA excluding the impact of one-time gains in 2015 and 2014, increased significantly to €3.74m in 2015 from €0.18m in 2014.
- Satisfactory resolution of a bankruptcy filing by a newly awarded major Northeast retailer, whereby the company successfully concluded contracts with the new owners covering 90% of the surviving RVM placements.
- Launch of European expansion strategy based on breakthrough technology and establishment of Sweden A/S with a full sales and service organization.
- Successful launch of our revolutionary Bulk Feed RVM “Quantum” in partnership with Returpack A/S, the Swedish Recycling organization.
- Award of pilot tests for our new Flex Dual commodity RVM and Quantum with two major retail groups in Sweden.
- Expected sustained performance and profitability in the future will allow the company to take advantage of tax loss carry-forwards in excess of €25.0m not currently reflected on the balance sheet.
- The shareholders equity increase of €2.60m for 2015, which includes a positive impact of €1.20m from currency translation.
- Renewal of a two year USD 12.0m term and revolver credit facility of which USD 6.2m is utilised.
- Continued significant investment in R&D and IP protection during the year.

## Business Review:

### 2015 Fourth Quarter and Full Year Highlights: Segment Results Unaudited

| (in euro millions)                    | 4 th Quarter |               |               | Full Year    |              |              |
|---------------------------------------|--------------|---------------|---------------|--------------|--------------|--------------|
|                                       | 2015         | 2014          | 2014 Adj*     | 2015         | 2014         | 2014 Adj*    |
| <b>Revenues</b>                       | <b>8.03</b>  | <b>5.26</b>   | <b>6.00</b>   | <b>29.63</b> | <b>21.79</b> | <b>26.05</b> |
| North America                         | 7.72         | 5.23          | 5.97          | 28.80        | 21.54        | 25.80        |
| Europe                                | 0.31         | 0.03          | 0.03          | 0.60         | 0.24         | 0.24         |
| ROW                                   | -            | -             | -             | 0.23         | 0.01         | 0.01         |
| <b>Gross profit</b>                   | <b>2.92</b>  | <b>1.42</b>   | <b>1.63</b>   | <b>10.54</b> | <b>6.86</b>  | <b>8.34</b>  |
| Gross profit in %                     | 36%          | 27%           | 27%           | 36%          | 31%          | 32%          |
| Operating expenses                    | 2.40         | 2.19          | 2.34          | 9.40         | 8.34         | 9.56         |
| Net profit /(loss) after taxes**      | 0.42         | (0.43)        | (0.43)        | 0.84         | (2.55)       | (2.50)       |
| <b>EBITDA continuing operations**</b> | <b>1.23</b>  | <b>(0.72)</b> | <b>(0.64)</b> | <b>3.74</b>  | <b>0.18</b>  | <b>0.21</b>  |
| EBITDA Margin                         | 15%          | -14%          | -11%          | 13%          | 1%           | 1%           |

\*2014 results restated at 2015 exchange rates, estimated  
 \*\*Net profit and EBITDA have been restated to exclude one-time gains in 2015 and 2014

### 2015 Fourth Quarter and Full Year Highlights – Segment Results

- The following highlights refer to the comparison of 2015 results to the 2014 adjusted results.
- North America revenues in the fourth quarter increased 29% to €7.72m. Of the €1.75m increase, €1.20m was directly attributable to additional machine sales in the 2015 fourth quarter compared to 2014. For the year 2015, North America revenues increased 12% to €28.80m from €25.80m in 2014. For the 2015 year, there were €2.5m in additional machine sales compared to 2014. Machine service revenue increased €0.31m or 14% for the year to €2.50m when compared to 2014. Additional 2015 machine lease and through-put revenue was largely offset by declines in commodity prices.
- Europe revenues in the 2015 fourth quarter are mostly attributable to the first machine sales in Sweden. For the year 2015, Europe sales increased 150% to €0.60m compared to 2014.
- ROW sales for the 2015 year are principally from Australia.
- Gross profit margin in the fourth quarter 2015 improved to 36% from 27% in 2014, largely as a result of manufacturing cost improvements and the increased North America machine sales. For the year 2015, margin improvement to 36% compared to 32% in 2014 was similarly impacted by manufacturing efficiencies and volume.
- Operating expenses for the 2015 year were largely in line with 2014.
- Net profit in the fourth quarter 2015 improved to €0.42m compared to a loss of €(0.43)m in 2014 as a result of increased machine sales. For the year 2015, Net profit was €0.84m compared to a loss of €(2.50)m in 2014. Increased machine sales, combined with manufacturing cost improvements and overall operating efficiencies account for the significant profit improvement in 2015 compared to 2014.
- Substantial improvement in the EBITDA for the 2015 fourth quarter of €1.23m and €3.74m for the year was similarly impacted by increased 2015 machine sales and operating improvements.

## **Market Outlook:**

In the North America market, we are confident that our technology investments, strong sales relationships, superior service organization and overall execution focus will result in continued market share gains and profitability.

Success in the Swedish market around our breakthrough Quantum bulk feed technology, combined with our cost effective Flex platform will well position the company for further expansion into Europe. The company is also well positioned for new deposit markets such as currently being discussed in Australia under the NSW Container Deposit law proposed for July 1, 2017.

Envipco is uniquely well suited to work with industry partners in the development of cost effective non-deposit solutions based on our innovative technology and extensive program expertise. The company has ongoing efforts and dialogue in several markets around potential systems.

The company has adequate bank facilities and shareholder support to fund our ongoing market development strategies and initiatives.

---

## **Capital & Shareholding:**

### **Authorised and Issued Share Capital**

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

### **Substantial Shareholders:**

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

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

## Consolidated Statement of comprehensive income

(in thousands of euros)

|  | Note | Q4<br>2015   | Q4<br>2014     | Full Year<br>2015 | Full Year<br>2014 |
|--|------|--------------|----------------|-------------------|-------------------|
| Revenues   |      | 8,032        | 5,262          | 29,635            | 21,792            |
| Cost of revenue  |      | (4,610)      | (3,511)        | (17,870)          | (13,651)          |
| Leasing depreciation   |      | (506)        | (335)          | (1,229)           | (1,280)           |
| <b>Gross profit</b>  |      | <b>2,916</b> | <b>1,416</b>   | <b>10,536</b>     | <b>6,861</b>      |
| Operating expenses   |      | (2,398)      | (2,187)        | (9,400)           | (8,294)           |
| Other income/(expenses)  | (4)  | 283          | 15             | 678               | 10,614            |
| <b>Operating result</b>  |      | <b>801</b>   | <b>(756)</b>   | <b>1,814</b>      | <b>9,181</b>      |
| Net financial items  |      | (62)         | (131)          | (199)             | (274)             |
| Exchange gains/(losses)  |      | (24)         | (562)          | (133)             | (670)             |
| <b>Result before taxes</b>   |      | <b>715</b>   | <b>(1,449)</b> | <b>1,482</b>      | <b>8,237</b>      |
| Income taxes   |      | (11)         | 1,020          | (67)              | (205)             |
| <b>Net results</b>   |      | <b>704</b>   | <b>(429)</b>   | <b>1,415</b>      | <b>8,032</b>      |
| <b>Net results from discontinued operations</b>  |      | <b>-</b>     | <b>(49)</b>    | <b>-</b>          | <b>(3,406)</b>    |
| <b>Net results from total operations</b>   |      | <b>704</b>   | <b>(478)</b>   | <b>1,415</b>      | <b>4,626</b>      |
| <b>Other comprehensive income</b>  |      |              |                |                   |                   |
| <b>Items that will be classified subsequently to profit and loss</b>   |      |              |                |                   |                   |
| Exchange differences on translating foreign operations   |      | 395          | 524            | 1,196             | 1,412             |
| Other movements  |      | 2            | (25)           | 1                 | (21)              |
| Total other comprehensive income   |      | 397          | 499            | 1,197             | 1,391             |
| <b>Total comprehensive income</b>  |      | <b>1,101</b> | <b>21</b>      | <b>2,612</b>      | <b>6,017</b>      |
| <b>Profit attributable to:</b>   |      |              |                |                   |                   |
| <b>Owners of the parent</b>  |      |              |                |                   |                   |
| Profit/(loss) for the period from continuing operations  |      | 705          | (429)          | 1,417             | 8,033             |
| Profit/(loss) for the period from discontinued operations  |      | -            | (49)           | -                 | (3,406)           |
|  |      | <b>705</b>   | <b>(478)</b>   | <b>1,417</b>      | <b>4,627</b>      |
| <b>Non-controlling interests</b>   |      |              |                |                   |                   |
| Profit/(loss) for the period from continuing operations  |      | (1)          | -              | (2)               | (1)               |
| Profit/(loss) for the period from discontinued operations  |      | -            | -              | -                 | -                 |
|  |      | <b>(1)</b>   | <b>-</b>       | <b>(2)</b>        | <b>(1)</b>        |
| <b>Total</b>   |      |              |                |                   |                   |
| Profit/(loss) for the period from continuing operations  |      | 704          | (429)          | 1,415             | 8,032             |
| Profit/(loss) for the period from discontinued operations  |      | -            | (49)           | -                 | (3,406)           |
|  |      | <b>704</b>   | <b>(478)</b>   | <b>1,415</b>      | <b>4,626</b>      |
| <b>Total comprehensive income attributable to:</b>   |      |              |                |                   |                   |
| Owners of the parent   |      | 1,102        | 21             | 2,614             | 6,018             |
| Non-controlling interest   |      | (1)          | -              | (2)               | (1)               |
|  |      | <b>1,101</b> | <b>21</b>      | <b>2,612</b>      | <b>6,017</b>      |
| Number of shares used for calculation of EPS   |      |              |                |                   |                   |
| - Basic and diluted (euro)   |      | 3,597,607    | 3,597,607      | 3,597,607         | 3,597,607         |
| Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the year |      |              |                |                   |                   |
| Basic (euro) - continuing operations   |      | 0.196        | (0.119)        | 0.394             | 2.233             |
| - discontinued operations  |      | -            | (0.014)        | -                 | (0.947)           |
| Fully diluted (euro) - continuing operations   |      | 0.196        | (0.119)        | 0.394             | 2.233             |
| - discontinued operations  |      | -            | (0.014)        | -                 | (0.947)           |

\*Certain figures have been restated for comparative purposes.

## Consolidated balance sheet

(in thousands of euros)

| Note                                 | At 31 December 2015<br>Unaudited | At 31 December 2014<br>Audited |
|--------------------------------------|----------------------------------|--------------------------------|
| <b>Assets</b>                        |                                  |                                |
| <b>Non-current assets</b>            |                                  |                                |
| Intangible assets                    | 4,340                            | 3,635                          |
| Property, plant and equipment        | 9,863                            | 6,056                          |
| Long term deposits                   | 497                              | -                              |
| Deferred tax asset                   | 936                              | 839                            |
| <b>Total non-current assets</b>      | <b>15,636</b>                    | <b>10,530</b>                  |
| <b>Current assets</b>                |                                  |                                |
| Inventory                            | 7,540                            | 6,232                          |
| Trade and other receivables          | 8,810                            | 6,337                          |
| Cash and cash equivalent             | 789                              | 1,779                          |
| <b>Total current assets</b>          | <b>17,139</b>                    | <b>14,348</b>                  |
| <b>Total assets</b>                  | <b>32,775</b>                    | <b>24,878</b>                  |
| <b>Equity</b>                        |                                  |                                |
| Share capital                        | 1,919                            | 1,919                          |
| Share premium                        | 52,853                           | 52,853                         |
| Retained earnings                    | (41,739)                         | (43,154)                       |
| Translation reserves                 | 4,565                            | 3,369                          |
| <b>Total equity</b>                  | <b>17,598</b>                    | <b>14,987</b>                  |
| Non-controlling interest             | 19                               | 18                             |
|                                      | <b>17,617</b>                    | <b>15,005</b>                  |
| <b>Liabilities</b>                   |                                  |                                |
| <b>Non-current liabilities</b>       |                                  |                                |
| Borrowings                           | 6 5,104                          | 3,046                          |
| Other liabilities                    | 120                              | 209                            |
| <b>Total non-current liabilities</b> | <b>5,224</b>                     | <b>3,255</b>                   |
| <b>Current liabilities</b>           |                                  |                                |
| Borrowings                           | 6 541                            | 466                            |
| Trade creditors                      | 6,702                            | 4,036                          |
| Accrued expenses                     | 2,144                            | 1,609                          |
| Provisions                           | 120                              | 123                            |
| Tax and social security              | 427                              | 384                            |
| <b>Total non-current liabilities</b> | <b>9,934</b>                     | <b>6,618</b>                   |
| <b>Total liabilities</b>             | <b>15,158</b>                    | <b>9,873</b>                   |
| <b>Total equity and liabilities</b>  | <b>32,775</b>                    | <b>24,878</b>                  |

## Consolidated cash flow statement

|   | Full Year 2015<br>Unaudited | Full Year 2014<br>Audited |
|---|-----------------------------|---------------------------|
| (in thousands of euros)   |                             |                           |
| <b>Cash flow (used in) / provided by operating activities</b>                             |                             |                           |
| Operating result  | 1,814                       | 9,181                     |
| Interest received   | 35                          | 15                        |
| Interest paid   | (234)                       | (290)                     |
| Income taxes paid   | (65)                        | (10)                      |
| Depreciation and amortisation   | 2,592                       | 2,265                     |
|   | 4,142                       | 11,161                    |
| Changes in trade and other receivables  | (2,308)                     | 392                       |
| Changes in inventories  | (603)                       | 234                       |
| Changes in provisions   | 252                         | (44)                      |
| Changes in trade and other payables   | 1,632                       | (462)                     |
| Discontinued operations   | -                           | (3,151)                   |
|   | (1,027)                     | (3,031)                   |
| <b>Cash flow (used in)/<br/>provided by operating activities</b>                          | <b>3,115</b>                | <b>8,130</b>              |
| <b>Cash flow (used in)/provided by investing activities</b>                               |                             |                           |
| Net investment in intangible fixed assets   | (927)                       | (1,158)                   |
| Net investment in tangible fixed assets   | (4,933)                     | (1,003)                   |
| Discontinued operations   | -                           | 430                       |
| <b>Cash flow (used in)/<br/>provided by investing activities</b>                          | <b>(5,860)</b>              | <b>(1,731)</b>            |
| <b>Cash flow (used in)/provided by financing Activities</b>                               |                             |                           |
| Changes in borrowings and capital lease obligations                                       |                             |                           |
| - gross   | 8,633                       | 7,430                     |
| Changes in borrowings and capital lease obligations                                       |                             |                           |
| - repaid  | (6,937)                     | (11,340)                  |
| Discontinued operations   | -                           | (685)                     |
| <b>Cash flow (used in)/ provided by financing activities</b>                              | <b>1,696</b>                | <b>(4,595)</b>            |
| <b>Net cash flow for the period</b>   | <b>(1,049)</b>              | <b>1,804</b>              |
| Foreign currency differences and other changes  | 59                          | 42                        |
|   | 59                          | 42                        |
| <b>Changes in cash and cash equivalents,<br/>including bank overdrafts for the period</b> | <b>(990)</b>                | <b>1846</b>               |
| Opening balance cash and cash equivalents   | 1,779                       | (67)                      |
| Closing balance cash and cash equivalents   | 789                         | 1,779                     |
| <b>The closing position consists of:</b>  |                             |                           |
| Cash and cash equivalents   | 789                         | 1,779                     |
| Bank overdraft  | -                           | -                         |
|   | 789                         | 1,779                     |



*Consolidated statement of changes in equity*

| <i>(Figures in euro thousands)</i>                               | Share capital | Share premium | Retained earnings | Translation reserve | Total         | Non-controlling interests | Total         |
|--|---------------|---------------|-------------------|---------------------|---------------|---------------------------|---------------|
| <b>Balance at 1 January 2015</b>                                 | <b>1,919</b>  | <b>52,853</b> | <b>(43,154)</b>   | <b>3,369</b>        | <b>14,987</b> | <b>18</b>                 | <b>15,005</b> |
| Net result   | -             | -             | 1,417             | -                   | 1,417         | (2)                       | 1,415         |
| Currency translation adjustment                                  | -             | -             | -                 | 1,196               | 1,196         | -                         | 1,196         |
| Other movements  | -             | -             | (2)               | -                   | (2)           | 3                         | 1             |
| Total recognised movements for the period ended 31 December 2015 | -             | -             | 1,415             | 1,196               | 2,611         | 1                         | 2,612         |
| <b>Balance at 31 December 2015</b>                               | <b>1,919</b>  | <b>52,853</b> | <b>(41,739)</b>   | <b>4,565</b>        | <b>17,598</b> | <b>19</b>                 | <b>17,617</b> |

  

| <i>(Figures in euro thousands)</i>              | Q4            |               | Full Year     |               |
|---|---------------|---------------|---------------|---------------|
|   | 2015          | 2014          | 2015          | 2014          |
| <b>Opening Balance</b>                          | <b>16,516</b> | <b>14,984</b> | <b>15,005</b> | <b>8,988</b>  |
| Net result                                      | 704           | (478)         | 1,415         | 4,626         |
| Currency translation adjustment                 | 395           | 524           | 1,196         | 1,412         |
| Other movements                                 | 2             | (25)          | 1             | (21)          |
| Total recognised movements for the period ended | 1,101         | 21            | 2,612         | 6,017         |
| <b>Closing Balance</b>                          | <b>17,617</b> | <b>15,005</b> | <b>17,617</b> | <b>15,005</b> |

---

## *Selected Explanatory Notes*

### **1. General**

#### *Activities*

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

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

#### *Basis of preparation*

This unaudited consolidated financial information for the fourth quarter 2015 has been prepared in accordance with IAS 34 “interim financial reporting.” This unaudited financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as endorsed by the European Union.

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

### **2. Accounting policies**

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

- Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.
- These unaudited statements have not been reviewed by our auditors.

### 3. Segment reporting

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

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

| <i>(Figures in euro thousands)</i>              | RVM Segment | Discontinued Operations | Holding Segment | Total  |
|---|-------------|-------------------------|-----------------|--------|
| <b>Full Year Ended 31 December 2015</b>         |             |                         |                 |        |
| <b>Segment Results</b>                          |             |                         |                 |        |
| Revenue from external customers                 | 29,635      | -                       | -               | 29,635 |
| Other income / (expenses)                       | 678         | -                       | -               | 678    |
| Depreciation & amortisation                     | 2,057       | -                       | 535             | 2,592  |
| Net profit attributable to owners of the parent | 2,447       | -                       | (1,032)         | 1,415  |
| <b>Segment Assets - 31 December 2015</b>        | 26,890      | -                       | 5,885           | 32,775 |
| <b>Full Year Ended 31 December 2014</b>         |             |                         |                 |        |
| <b>Segment Results</b>                          |             |                         |                 |        |
| Revenue from external customers                 | 21,792      | -                       | -               | 21,792 |
| Other income / (expenses)                       | 31          | -                       | 10,583          | 10,614 |
| Depreciation & amortisation                     | 1,724       | -                       | 541             | 2,265  |
| Net profit attributable to owners of the parent | (428)       | (3,406)                 | 8,460           | 4,626  |
| <b>Segment Assets - 31 December 2014</b>        | 20,136      | -                       | 4,742           | 24,878 |

#### 4. Other income/(expenses)

Net profit from compensation received on a contract settlement for the year 2015 resulted in €0.57m. In 2014, sale of one of the patents by the Holding company in April 2014 resulted in a net profit of €10.6m.

#### 5. Transactions with Related Parties

There is a loan receivable of €0.24m due from the majority shareholder.

#### 6. Borrowings – Third Parties

|                        | 12 months to<br>31 Dec 2015 | 12 months to<br>31 Dec 2014 |
|------------------------|-----------------------------|-----------------------------|
|                        | €'000                       | €'000                       |
| At beginning of period | 3,512                       | 6,896                       |
| New borrowings         | 8,633                       | 8,904                       |
| Repayments             | (6,937)                     | (12,827)                    |
| Translation effect     | 436                         | 539                         |
| At end of period       | <u>5,644</u>                | <u>3,512</u>                |

#### 7. Jointly controlled assets

Since the termination of the pilot in 2014, the Group has incurred additional final closing costs in the year 2015 of €0.05m (2014 was €0.15m). The Group's share of the equity on 31 December 2015 amounted to €0.02m to recognise the 50% share of the remaining intangibles.

#### 8. Consolidated cash flow

Group generated €3.12m cash from its operating activities for the year 2015 versus a negative €2.47m (excluding a one-time gain of €10.6m from the sale of a patent) during 2014. Investments in tangible and intangible assets were €5.86m 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 €10.6m were used to fund 2014 outflows). Net borrowings were €1.70m for the year 2015 (2014 net repayments - €4.60m).