Envipco Holding NV

Interim Financial Report

2012 First Half Year Results

Unaudited

TABLE OF CONTENTS

Interim management report

Interim financial statements

FIRST SIX MONTHS RESULTS TO 30 JUNE 2012

Highlights

	6 months to 30/6/2012	6 months to 30/6/2011	% Change	Full Year to 31/12/2011
Revenues (in euro millions)	27.8	27.1	+ 2.4	50.66
Gross profit margin	14.6%	25.8%	- 43.4	21.97%
Net profit/(loss) after taxes (in euro millions)	(1.7)	0.2	-950.0	(0.51)
EBITDA (in euro millions) (Earnings before interest, tax, depreciation and amortisation)	(0.5)	2.3	- 121.7	3.19
Earnings/(loss) per share (in euro) – after stock split	(0.667)	0.091	-833.0	(0.205)
Cash and cash equivalents (in euro millions)	(0.4)	2.1	- 119.1	(1.3)
Shareholders equity (in euro millions)	14.3	16.4	- 12.8	15.6

- RVM segment results encouraging with revenue increase of 27.1% to €13.0m and Net Profit increase of 157% to €1.1m.
- Plastics recycling segment results disappointing with revenue decrease of 12.4% to €14.8m and a Net Loss of €1.6m compared to a Net Profit of €0.7m the prior year.
- Overall, Group revenues for the first half of 2012 show a modest increase of 2.4%
- Group results after taxes reflect a Net Loss of €1.7m versus a Net Profit of €0.2m in the corresponding period last year. Results for the first half of 2012 include €0.5m of R&D expense and €0.6m of Holding Company expenses when compared to €0.3m of R&D expense and €0.6m of Holding Company expenses for the same period in 2011.
- The losses in the plastics recycling segment were financed by a capital increase of €3.0m.
- Plastics recycling plant upgrade successfully completed in July 2012, which will facilitate improved performance for the second half of 2012.
- RVM segment successfully launched new HDS product line.

Business Review

Group revenues are up by 2.4% to €27.8m from €27.1m during the first half of 2012. Revenue increases from the RVM segment of our business of 27.1% were largely offset by a 12.4% drop in revenues from the larger plastics recycling segment. Group net result after tax shows a net loss of €1.7m versus a profit of €0.2m during a similar period last year. €1.6m of the 2012 loss is the result of poor performance of the plastics recycling segment. The plastics recycling segment also accounted for the negative EBITDA of €0.5m during the first half of 2012 versus a positive EBITDA of €2.3m for the same period in 2011.

RVM segment

The RVM segment generated revenues of €13.0m during the first half of 2012, an increase of 27.1% in Euro terms, but a smaller increase of 12.4% in dollar terms due to a stronger dollar. Net profit for this segment shows an increase of 157% to €1.1m. Recurring revenues from RVM placements and our Sort-After program of €10.8m were up 16.7% from 2011. Machine and technology sales of €2.2m were up 123% compared to 2011.

We have successfully launched our new HDS platform targeted for the Michigan market. After initial trial installations, we expect meaningful sales for the second half of 2012. Our OEM compactor business in Germany delivered 696 units during the first half of 2012. Prospects for the OEM business in the second half of 2012 are unclear at this time.

Our Closed Loop recycling System "CLRS" initiative with Coca-Cola Recycling LLC has continued in the Dallas, Texas market with five locations. The market results continue to show a sustained build of container volumes and consumer loyalty to where we now believe the volume objectives are obtainable. Both parties to the Joint Venture pilot have indicated their interest in expanding the pilot and discussions are underway on various scenarios.

The Plastics Recycling segment

The Plastics recycling segment revenues were down to €14.8m during the first half of 2012 when compared to revenue of €16.9m for last year's first half. This segment, as stated above generated an after tax loss of €1.6m during the first half of 2012 when compared to an after tax profit of €0.7m during the first half of 2011. The principal reason for this significant loss is attributable to raw materials (baled PET) inventories previously acquired at high prices and the unforeseen and rapid drop in both market prices and demand for recycled PET (RPET).

A number of actions are underway to better manage raw material prices and finished goods margins to reduce volatility in this segment of the business.

Other

Cash and cash equivalents was a negative €0.4m at June 30, 2012 versus €2.1m at June 30, 2011. These positions are arrived at after netting bank overdrafts facilities drawn and outstanding as of these dates. Excluding bank overdraft position the cash and cash equivalents are €1.3m at June 30, 2012 versus €3.0m at June 30, 2011.

Outlook:

We expect the RVM segment to continue to build on our technology investments and first half 2012 performance. We anticipate a pickup in machine sales in both Deposit and Non-deposit markets for the balance of 2012. We also continue to be positive to the long term prospects of our CLRS initiative. Strong execution in the Deposit markets combined with innovative growth initiatives continue to support our optimistic prospects for this segment of the business.

The plastics recycling segment is challenged due to lower demand resulting from the current economic downturn and erratic behavior of the RPET market. Now that the plastic upgrade has been completed, high specification of RPET (bottle-to-bottle) being produced by this new upgrade is expected to offer a wider market with better margins. While virgin plastics (PET) prices remain volatile with a direct correlation of RPET prices, our expectations are to sell the new product at a premium over virgin prices. We expect to breakeven by December 2012 and becoming profitable thereafter. Our RPET product is being homologated by potential major customers. Success in the process should lead to long term contracts with improved margins and reduced volatility. To support this unit, a capital increase of €3.0m has been injected into the company.

Adequate bank facilities are in place to finance our ongoing activities and development projects. We still are confident that all our initiatives and focus will provide sustainable growth and profitability in the medium to long term.

Risks and Uncertainties

- Legislation driven growth: about 47% of our group revenues is generated from our RVM business, mainly dependent on deposit laws that can be repealed or curtailed significantly. None is expected, as has been the case during the last 20 years, and such scenario is very unlikely. To the contrary, there are even more initiatives to expand and extend these laws to other states and countries due to environmental concerns which can positively impact our business.

- About 43% of the group revenues are generated in United States Dollar, which can be subject to significant fluctuations that may have a negative or positive impact on the group results depending upon whether it is a favorable or an unfavorable change.

- Volatility in the PET pricing has materially impacted the recycling business in France.

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

Capital & Shareholding:

Authorized and Issued Share Capital

On 27 June 2011 the general meeting of the shareholders decided (i) to amend the Company's Articles of Association with the aim of, among other things, converting the class A shares and the class B shares into ordinary shares not designated by an alphabetical letter, and converting every 50 of those ordinary shares, each with a nominal value of EUR 0.01, into one ordinary share with a nominal value of EUR 0.50 (reverse stock split) and (ii) to apply for admission of the ordinary Envipco shares to trading on the regulated market of NYSE Euronext Brussels.

The following table presents information about the share capital of the Company immediately before and after the abovementioned changes:

	Immediately before the execution of the Deed of Amendment			**Immediately after the execution of the Deed of Amendment**
	Class A shares	**Class B shares**	**Class A shares and Class B shares**	**Shares**
Number of authorised shares	200,000,000	200,000,000	400,000,000	8,000,000
Authorised share capital	€ 2,000,000	€ 2,000,000	€ 4,000,000	€ 4,000,000
Number of issued shares	65,200,000	70,430,350	135,630,350	2,712,607
Issued share capital	€ 652,000	€ 704,303.50	€ 1,356,303.50	€ 1,356,303.50
Nominal value	€ 0.01	€ 0.01	€ 0.01	€ 0.50

Prior to the change, the number of outstanding shares of the Company amounted to 123,630,336 shares, divided into 65,200,000 Class A shares and 58,430,336 Class B shares. After the increase in the company's capital, the number of outstanding shares of the Company amounts to 135,630,350 shares, divided into 65,200,000 Class A shares and 70,430,350 Class B shares. Since all the capital structure changes have been incorporated the total number of outstanding shares of the Company amounts to 2,712,607 Shares.

All shares that are issued and outstanding are fully paid up.

Authorized and Issued Share Capital continued

Shareholders:

	Number of Shares	Shareholding %	Voting Rights %
Alexandre Bouri/Megatrade International SA (beneficially owned by Mr. Alexandre Bouri)	1,208,568	44.55	66.67
G. Garvey	213,054	7.85	7.85
Douglas Poling/GDEnv LLC*	720,000	26.54	4.42
Stichting Employees Envipco Holding	240,000	8.85	8.85
David D'Addario	120,676	4.45	4.45
B.Santchurn/Univest Portfolio Inc	40,080	1.48	1.48
C.Crepet	6,456	0.24	0.24
Other shareholders	163,773	6.04	6.04
TOTAL	2,712,607	100.00	100.00

*Mr. Alexandre Bouri has the voting rights of Mr. Douglas Poling's 600,000 shares and has an option to buy back those shares from Mr. Poling by 8 January 2013.

Post balance sheet events:

Please refer to Note 8 of the Interim Financial Statements for further details.

Executive Board Responsibility Statement

The company's members of the Executive Board hereby declare that, to the best of their knowledge:

1. the mid-year financial statements for the first half of the financial year ending 31 December 2012 give a true and fair view of the assets, liabilities, financial position and the profit / loss of the company and its consolidated entities;
2. the mid-year directors' report for the first half of the financial year ending 31 December 2012 gives a true picture of:
   a) the most important events which have occurred in the first six months of the financial year in question and of the effect of those on the mid-year financial statements,
   b) the most important transactions with related parties which were entered into during this period
   c) the main risks and uncertainties for the remaining six months of the financial year in question.

______________________________	______________________________
Bhajun G. Santchurn *W.S.*	Christian Crepet *W.S.*
CEO and Executive Board Member	Executive Board Member

The report was approved by the Board of Directors on 29 August 2012.

Envipco Holding N.V.
Herengracht 458, 1017 CA Amsterdam, The Netherlands
T: + 31 20 521 6344, F: + 31 20 521 6349
www.envipco.com

Interim Financial Statements

Half Year 2012
Unaudited

Consolidated Statement of comprehensive income

(all amounts in thousands of euros)

	Note	1HY-2012 Unaudited		*1HY-2011 Unaudited		Full Year 2011 Audited	
Revenue	3	27,765		27,105		50,661	
Cost of revenue		(23,102)		(19,577)		(38,411)	
Leasing depreciation		(597)		(522)		(1,120)	
Gross profit			**4,066**		**7,006**		**11,130**
Selling expenses		(371)		(354)		(784)	
General and administrative expenses		(5,909)		(6,282)		(10,466)	
Other income/(expenses)		14		(7)		(105)	
Gain/(loss) on disposal of a subsidiary		-		-		474	
Operating result			**(2,200)**		**363**		**249**
Financial expense		(377)		(236)		(422)	
Financial income		7		50		87	
Exchange gains/(losses)		(35)		29		(155)	
Result before taxes			**(2,605)**		**206**		**(241)**
Income taxes			851		35		(296)
Net results before minority			**(1,754)**		**241**		**(537)**
Minority			**104**		**(16)**		**30**
Net results			**(1,650)**		**225**		**(507)**
Other comprehensive income							
Exchange differences on translating foreign operations			352		(692)		417
Share options: value of employee services			-		189		(898)
Other movements/treasury shares			85		-		(37)
Cash flow hedges:							
gains / (losses) recognised on hedging instrument			(12)		(5)		27
Total other comprehensive income			425		(508)		(491)
Total comprehensive income/(loss)			(1,225)		(283)		(998)
Profit attributable to:							
Owners of the parent			(1,650)		225		(507)
Non-controlling interests			(104)		16		(30)
			(1,754)		241		(537)
Total comprehensive income attributable to:							
Owners of the parent			(1,310)		(283)		(998)
Non-controlling interests			85		24		(14)
			(1,225)		(259)		(1,012)
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent during the period							
► Basic (euro)							
Continuing and total operations - after stock split			(0.667)		0.091		(0.205)
Continuing and total operations - before stock split			(0.013)		0.002		(0.004)
► Fully diluted (euro)							
Continuing and total operations - after stock split			(0.667)		0.091		(0.205)
Continuing and total operations - before stock split			(0.013)		0.002		(0.004)

*Certain figures have been restated for comparative purposes.

Consolidated balance sheet

(in thousands of euros)

	Note	At 30 June 20112 Unaudited		At 30 June 2011 Unaudited		At 31 December 2011 Audited	
Assets							
Non-current assets							
Intangible assets		4,256		3,335		3,921	
Property, plant and equipment		18,373		15,980		17,857	
Long term deposits		542		622		377	
Deferred tax asset		654		166		179	
Total non-current assets			23,825		20,103		22,334
Current assets							
Inventory		10,790		10,266		12,276	
Trade and other receivables		10,172		10,310		8,869	
Cash and cash equival		1,258		3,049		1,684	
Total currer			22,220		23,625		22,829
Total assets			**46,045**		**43,728**		**45,163**
Equity							
Share capital		1,356		1,236		1,356	
Share premium		48,916		48,916		48,916	
Retained earnings		(38,917)		(35,311)		(37,255)	
Translation reserves		2,989		1,528		2,637	
Equity attributable to owners of the parent			14,344		16,369		15,654
Non-controlling interest			163		116		78
Total equity			14,507		16,485		15,732
Liabilities							
Non-current liabilities							
Borrowings	6	9,730		8,503		8,340	
Other liabilities		120		198		280	
Deferred tax liability		163		-		276	
Derivative financial instruments		124		-		147	
Total non-current liabilities			10,137		8,701		9,043
Current liabilities							
Borrowings	6	2,099		2,075		1,775	
Bank overdraft		1,658		965		2,962	
Trade creditors		14,903		12,936		12,482	
Accrued expenses		1,587		2,150		1,948	
Tax and social security		1,050		249		1,126	
Other current liabilities		104		167		95	
Total current liabilities			21,401		18,542		20,388
Total liabilities			31,538		27,243		29,431
Total equity and liabilities			**46,045**		**43,728**		**45,163**

Consolidated cash flow statement

(in thousands of euros)

	1HY-2012 Unaudited		1HY-2011 Unaudited		Full Year 2011 Audited	
Cash flow (used in) / provided by operating activities						
Operating result	(2,200)		363		249	
Book result on disposal of group company	-		-		(474)	
Interest received	7		50		87	
Interest paid	(377)		(236)		(422)	
Income taxes paid	(20)		35		(52)	
Depreciation and amortisation	1,651		1,873		3,068	
Employee share option	-		189		(898)	
Other income/(loss)	(36)		29		-	
		(975)		2,303		1,558
Changes in trade and other receivables	(1,183)		344		(1,310)	
Changes in inventories	1,645		(258)		(2,012)	
Changes in deferred income	79		(24)		22	
Changes in trade and other payables	1,861		245		1,146	
		2,402		307		(2,154)
Cash flow (used in)/ provided by operating activities		1,427		2,610		(596)
Cash flow (used in)/provided by investing activities						
Net investment in intangible fixed assets	(475)		(620)		(1,393)	
Net investment in tangible fixed assets	(2,115)		(4,028)		(6,853)	
Net investment in other financial fixed assets	13		(340)		(6)	
Proceeds from sale of assets	285		-		179	
Cash flow (used in)/ provided by investing activities		(2,292)		(4,988)		(8,073)
Cash flow (used in)/provided by financing Activities						
Proceeds of share issue/subsidiary shares	500		-		3,755	
Changes in borrowings and capital lease obligations	1,238		5,070		4,175	
Cash flow (used in)/ provided by financing activities		1,738		5,070		7,930
Net cash flow for the period		873		2,692		(739)
Foreign currency differences and other changes	5		(26)		43	
		5		(26)		43
Changes in cash and cash equivalents, including bank overdrafts for the period		878		2,666		(696)
Opening balance cash and cash equivalents		(1,278)		(582)		(582)
Closing balance cash and cash equivalents		(400)		2,084		(1,278)
The closing position consists of:						
Cash and cash equivalents		1,258		3,049		1,684
Bank overdraft		1,658		965		2,962
		(400)		2,084		(1,278)

Consolidated statement of changes in equity

(Figures in euro thousands)	Share capital	Share premium	Retained earnings	Translation reserve	Total	Non-controlling interests	Total
Balanace at 1 January 2011	1,236	48,916	(35,720)	2,220	16,652	92	16,744
Net result	-	-	225	-	225	-	225
Currency translation adjustment	-	-	-	(692)	(692)	24	(668)
Other comprehensive income							
- Share options : value of employee services	-	-	189	-	189	-	189
Other movements	-	-	(5)	-	(5)	-	(5)
Total recognised movements for the period ended 30 June 2011	-	-	409	(692)	(283)	24	(259)
Balance at 30 June 2011	**1,236**	**48,916**	**(35,311)**	**1,528**	**16,369**	**116**	**16,485**
Balanace at 1 January 2012	1,356	48,916	(37,255)	2,637	15,654	78	15,732
Net result	-	-	(1,650)	-	(1,650)	(104)	(1,754)
Currency translation adjustment	-	-	-	352	352	-	352
Other comprehensive income							
- Share options : value of employee services	-	-	-	-	-	-	-
Other movements	-	-	(12)	-	(12)	189	177
Total recognised movements for the period ended 30 June 2012	-	-	(1,662)	352	(1,310)	85	(1,225)
Balance at 30 June 2012	**1,356**	**48,916**	**(38,917)**	**2,989**	**14,344**	**163**	**14,507**

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 Herengracht 458, 1017 CA Amsterdam, The Netherlands.

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

- develops, manufactures, assembles, leases, sells, markets and services a line of "reverse vending machines" (RVMs) in the USA, Europe, Australia, Middle East and the Far East; and

- collects or acquires, cleans, processes and resells recycled plastic and derivative products

Basis of preparation

This consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with IAS 34 "interim financial reporting." The consolidated interim financial information should always be read in conjunction with the annual financial statements for the year ended 31 December 2011, 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 these interim financial statements are consistent with the annual financial statements for the year ended 31 December 2011.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

- The annual impairment test on goodwill and intangible assets with indefinite life will be carried out in second six-month period of this year. Consequently, any impairment losses will only be recognised in the annual financial statements over the fiscal year 2012.

- 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. These operating segments are:

- RVM – deposit markets: The activities under this segment include operation of systems to redeem, collect, account for and processing of post consumer beverage containers in the legislated environment. Other related activities are sale and lease of RVMs, container data handling, management and deposit clearing functions.
- RVM – non-deposit markets: This segment includes the sales and market development activities for the automated recovery of used beverage containers in non-legislated environments.
- Plastic Recycling: This segment comprises the industrial cleaning, grinding, sorting, washing, flaking, and pelletising of post consumer PET and HDPE bottles.
- Research and development (R & D): All of the group's R & D activities are included under this segment.
- Corporate/Head office: This comprises of all holding company activities.

(Figures in euro thousands)	RVM Deposit Markets	RVM Non-Deposit Markets	Plastics Recycling	*Research & Development	*Corporate/ Head office	Total
Six Months Ended 30 June 2012						
Segment Results						
Revenue from external customers	12,794	175	14,796	-	-	**27,765**
Depreciation & amortisation	862	-	620	13	156	**1,651**
Net profit attributable to owners of the parent	1,112	(41)	(1,551)	(526)	(644)	**(1,650)**
Segment Assets - 30 June 2012	19,861	870	20,395	584	4,335	**46,045**
Six Months Ended 30 June 2011						
Segment Results						
Revenue from external customers	10,208	-	16,897	-	-	**27,105**
Depreciation & amortisation	698	-	1,067	15	93	**1,873**
Net profit attributable to owners of the parent	383	33	728	(332)	(587)	**225**
Segment Assets - 30 June 2011	16,958	1,043	19,548	438	5,741	**43,728**

*Certain figures have been restated for comparison purposes

4. Transactions with Related Parties

Mr. Alexander Bouri, the majority shareholder provided a loan of €500,000 in March 2012 bearing interest at 9% and repayable as a balloon payment by 30 April 2014. The proceeds of this loan was used to part subscribe the increase in the share capital of Sorepla, our plastics recycling business.

5. Dividend

No dividend has been declared or paid.

6. Borrowings

	6 months to 30 June 2012	6 months to 30 June 2011	12 months to 31 December 2011
	€'000	€'000	€'000
At beginning of period	10,115	5,761	5,761
Increase	3,299	5,070	4,548
Decrease	(1,733)	-	(431)
Translation effect	148	(253)	237
At end of period	11,829	10,578	10,115

The net increase in borrowing in the first half of 2012 comprises of €0.2m used mainly for the new plastic operations in France, €0.9m in the US activities and €0.5m by the parent company mainly towards investment in plastics recycling.

7. Jointly controlled assets

We are continuing with the developmental activities for the evaluation and pilot of innovative recycling concepts in selected US non-deposit markets. Net costs of €95,000 were incurred during the first six months (same period 2011 - a gain of €33,000) have been included in our profit and loss accounts for those periods.

8. Consolidated cash flow

Group generated €1.4m cash from its operating activities in the first half of 2012 versus €2.6m during the same period last year. During the first half, net investment of €1.8m in tangible assets mainly relate to €0.9m for Sorepla equipment upgrade, and in the US, €0.9m in RVM lease placements and other assets. The €0.5m investment in intangible assets mainly relate to R&D. To fund various activities during the first half of 2012 Group used additional long-term borrowing of €0.8m in the US and €0.5m at the parent company level.

9. Post balance events

None