UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended - December 31, 2014

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 000-30392

ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.
(Exact name of Company as specified in its charter)

Florida	13-4172059
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

200 PROGRESS DRIVE, MONTGOMERYVILLE, PA, 18936
(Address of principal executive offices, including postal code.)

(215) 699-0730
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE EXCHANGE ACT:

NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE EXCHANGE ACT:

COMMON STOCK, $0.001 PAR VALUE
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES [ ] NO [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES [ ] NO [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [ ] NO [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $1,486,320 as of December 31, 2014 based upon the closing sale price reported for such date. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates of the registrant.

There were 135,404 shares of the registrant's Common Stock outstanding as of March 31, 2015.

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PART I

This Form 10-K contains certain forward-looking statements regarding, among other things, the anticipated financial and operating results of the Company. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly release any modifications or revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions investors that actual financial and operating results may differ materially from those projected in forward-looking statements made by, or on behalf of, the Company. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should,” “may,” “plan,” and similar expressions, as they relate to Environmental Solutions Worldwide Inc., (“ESW” or the “Company”) or ESW's management, are intended to identify forward-looking statements. Such statements reflect ESW's current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, intended, or planned. ESW assumes no obligations and does not intend to update these forward-looking statements.

Readers are also urged to carefully review and consider the various disclosures made by ESW which attempts to advise interested parties of the factors that affect ESW's business, including without limitation the disclosures made under the caption “Management's Discussion and Analysis of Financial Condition and Results of Operations” and under the caption “Risk Factors” included herein.

ITEM 1. BUSINESS

GENERAL

Environmental Solutions Worldwide, Inc. (the “Company”, “ESW”, or “ESW Group”) through its wholly-owned subsidiaries is engaged in the design, development, manufacturing and sales of emissions control technologies. ESW also provides emissions testing and environmental certification services with its primary focus on the North American on-road and off-road diesel and natural gas engines, chassis and after-treatment market. ESW currently manufactures and markets a line of emission control technologies for a number of applications focused on the medium and heavy duty diesel (“MHDD”) diesel emission control market.

We were incorporated in the State of Florida in 1987. Our principal executive offices are located at 200 Progress Drive, Montgomeryville, PA, 18936. Our telephone number is (215) 699-0730. Our website is www.eswgroup.com. Information contained on our website does not constitute a part of this document.

We operate through five wholly-owned subsidiaries:

- ESW America, Inc., (“ESWA or ESW America”) a Delaware corporation, is our emissions testing services division. ESWA houses our engine emissions testing laboratory and certification services. ESWA is capable of performing engine emissions verification test protocols for the Environmental Protection Agency (“EPA”), California Air Resources Board (“CARB”) and the Mine Safety and Health Administration (“MSHA”). ESWA’s capabilities include certification and verification of internal combustion and compression engines ranging from 5 to 1,000 horsepower as well as vehicle, motorcycle, all-terrain vehicle (“ATV”) and utility task vehicle (“UTV”) chassis capabilities. ESWA is a fully compliant ISO 9001:2008 certified laboratory testing facility. ESW America is located in Pennsylvania.
- Technology Fabricators, Inc., (“TFI”), a Delaware corporation, and a wholly-owned subsidiary of ESW, serves as a manufacturing facility for diesel emissions control systems (“DECS”). TFI is co-located with ESWA in Pennsylvania. TFI started active operations in October 2011.
- ESW CleanTech, Inc., (“ESWCT”), a Delaware corporation, and a wholly-owned subsidiary of ESW, operates out of San Diego, California and serves as a light manufacturing and distribution facility for DECS.
- ESW Canada, Inc., (“ESWC or ESW Canada”) an Ontario corporation, houses ESW Group’s Canadian office.
- ESW Technology, Inc., (“ESWT”), a Delaware corporation, holds our intellectual property, and/or rights to the same.

We are a developer of diesel emissions control technology solutions, advancing emissions reduction technology by commercializing leading edge diesel emission control systems that have attained regulatory verification with CARB or EPA. Our key technologies and products are detailed below and are suited to meet the most stringent global emissions regulations under enforcement in California and other markets in the United States. Among the key CARB verified and EPA certified products manufactured and commercialized by ESW Group are the LongMile-S™, Horizon™, Vista™ Phoenix™, Longview™, ThermaCat, and ThermaCat-e diesel emissions control technologies. We also manufacture an export off-road product named HCD, the XtrmCat for marine applications, as well as military technologies including the StlthCat and Scat-IR-Shield exhaust shielding technology employed on U.S. Marine Light Armored Vehicles.

INDUSTRY TRENDS

Emissions regulations for mobile diesel engines in the major markets of North America, Europe and Asia have continued to tighten and are now 40% to 90% lower than previous regulations. Regulations in effect in the United States of America ("U.S."), Europe and in Asia are expected to reduce the emissions level for new mobile diesel engines from 85% to 99% of the levels mandated in the mid-1980s. While much of the regulatory pressure and resulting action from engine manufacturers has focused on reducing emissions from new engines, there is increasing focus and concern over pollution from existing diesel engines, many of which have 20- to 30-year life cycles. The EPA has estimated that in the U.S. alone there are approximately 11 million diesel powered vehicles (the "legacy fleet") that are in use today and are highly polluting.

In the U.S., the EPA, CARB and MSHA continue to place great emphasis on compliance with emission reduction standards. The identification of diesel particulate matter ("PM") as a toxic air contaminant in 1998 led CARB to adopt the Risk Reduction Plan to Reduce Particulate Matter Emissions from Diesel-fueled Engines and Vehicles (Plan) in September 2000. As a first mover in the United States, CARB adopted in 2010 the California Statewide Truck and Bus Rule that requires 1996 through 2006 diesel trucks in Class 7 (gross vehicle weight of 26,001-33,000 pounds) and Class 8 (gross vehicle weight greater than 33,000 pounds) that operate in California retrofit or replace engines in order to reduce diesel emissions.

CARB estimated at the time that approximately 420,000 privately owned trucks and buses registered in California as well as those transiting California roadways from other states and countries that would be eligible for retrofits and/or engine replacements. CARB's latest market analysis estimates approximately 40,000 trucks as candidates for retrofits under the Truck and Bus Rule in the state of California.

In September 2013, CARB announced it had received authorization from EPA to enforce the In-Use Off-Road Diesel Vehicle Regulation, originally approved in May 2008, targeted at off-road heavy-duty diesel vehicles used in construction, mining, and industrial operations. Enforcement for large fleets (> 5,000 total horsepower) for the Off-Road Regulation commenced on July 1, 2014.

In parallel, the EPA has brought forward a number of very successful innovative programs all designed to reduce emissions from diesel fleets across the United States. In conjunction with state and local governments, public interest groups and industry partners, the EPA has established a goal of reducing emissions from the "legacy fleet" of 11 million diesel engines as quickly as possible. The EPA offers numerous programs in order to provide technical and financial assistance to stakeholders interested in reducing their fleets' emissions effectively and efficiently.

As one of the most successful EPA sponsored clean air programs, the Diesel Emissions Reduction Program ("DERA") was created under the Energy Policy Act of 2005. This gave the EPA new grant and loan authority for promoting diesel emission reductions and authorized appropriations to the EPA of up to $200 million per year for fiscal years 2007 through 2011. Congress reauthorized the Diesel Emission Reduction Act in 2010 (H.R. 5809) for five more years. The bill authorizes up to $100 million annually for fiscal years 2012 through 2016 and allows for new types of funding mechanisms. According to the "Second Report to Congress: Highlights of the Diesel Emissions Reduction Program" issued on April 2013, from 2008 to 2010 the EPA awarded nearly $470 million to more than 350 grantees in 50 states and the District of Columbia to retrofit, replace, or repower more than 50,000 vehicles and equipment in a variety of industries. DERA was funded at $20 Million for FY 2014 and $30 Million for FY 2015, a 50% year-on-year increase.

The U.S. DOT, U.S. EPA and CARB programs are accelerating the activities toward creation of active markets for diesel emissions reduction technologies and products in the U.S. In addition, non-attainment regions across the United States, such as New York and New Jersey, are voluntarily adopting CARB's strict emissions standards to reduce fine particulate matter from diesel engines. Federal and/or state level funding for emissions control systems are, with few exceptions, limited to products and technologies that have already been verified by CARB or EPA, such as ESW Group's leading portfolio of CARB Level 3 Plus products. As such, we expect continued demand for our diesel emissions reduction technologies, driven in the coming years by non-attainment regions adopting stricter emissions rules primarily in the on-road and off-road markets.

BUSINESS STRATEGY

Our focus is to be a leading player in the diesel emission control market by developing, certifying and commercializing best available diesel emission control technologies and parts primarily for the MHDD on-road and off-road markets. Our strategy is centered on increasing our market presence through our leading portfolio of CARB verified Level 3Plus diesel emissions technologies and focus on becoming the compliance solution provider to fleet owners and other end users across the United States as well as internationally. In addition, ESW Group is focused on growing its presence in the emissions testing market focused on the diesel, natural gas and hybrid engine markets and spanning a wide array of applications from motorcycles and ATVs to heavy duty diesel engines. We are also exploring opportunities in other diesel aftertreatment verticals and engine and fuel related opportunities that can leverage our knowledge base and capabilities surrounding the medium and heavy duty on-road and off-road markets.

KEY PRODUCTS AND SERVICES

The **ThermaCat** line of Active Diesel Particulate Filters is an advanced Level 3 Plus technology that provides the flexibility and pre-retrofit usability that makes the ThermaCat a seamless retrofit device for end-users. Other diesel emission control technologies either limit the vehicles' use or required driver interaction and limit the vehicles' availability during regular or multi-shift operations. These solutions increase costs in manpower and vehicle management that add to the retrofit devices initial purchase price. The ThermaCat is designed to address these issues with the introduction of an exothermic-based (flameless) technology that utilizes the vehicle's existing fuel supply to supplement and raise the exhaust heat so that the Diesel Particulate Filter can regenerate and continue normal operations. The system operates in the background, transparent to the vehicle operator and does not impact the vehicle's normal operations. Our ThermaCat Active Level 3 Plus system has obtained CARB verification for a variety of on- and off-road engine applications including exhaust gas recirculation ("EGR") engines.

The **LongMile®-S** is a CARB verified Level 3 Plus passive diesel particulate filter specifically designed to provide cost-effective diesel particulate (PM) reduction for in-use diesel engines operating in on-road vehicles. The LongMile-S is managed by our proprietary MLC® which monitors system parameters. The product has all stainless steel construction, and a robust silicon carbide diesel particulate filter. This advanced, mature silicon carbide diesel particulate filter provides lower exhaust backpressure than a traditional wall-flow filter.

The **Horizon®** is a CARB verified Level 3 Plus active diesel particulate filter specifically designed to provide cost-effective PM reductions for in-use diesel engines operating in on-road vehicles and duty cycles including cold exhaust and older engines. This active regeneration system uses clean electricity, through an integrated heating element, to "cook off" the captured diesel particulate, much like a self-cleaning oven, while the vehicle is parked overnight. The Horizon is managed by our proprietary MLC® which monitors system parameters and controls the regeneration process.

The **Vista®** is a robust diesel particulate (PM) reduction system designed for a very broad range of on-road diesel engines and applications vehicles. The system is CARB verified Level 3 Plus active diesel particulate filter with diesel burner regeneration. This active regeneration systems uses diesel fuel combined with an integrated diesel burner element, to "cook-off" the captured diesel particulate when the vehicle is not operating. The Vista is managed by our proprietary MLC® which monitors system parameters and controls the automatic regeneration process.

The **LongView®** is a CARB verified Level 3 Plus passive diesel particulate filter specifically designed to provide cost-effective PM and Nitrogen oxide ("NOx") reductions for in-use diesel engines operating in on-road applications. Configured in a modular, user-friendly design, Longview integrates a NOx reduction catalyst and a catalyzed wall-flow silicon carbide diesel particulate filter. This provides simultaneous reduction of NOx, PM, hydrocarbons (HC) and carbon monoxide (CO) from one system. The Longview is managed by our proprietary MLC® which monitors system parameters and controls NOx reductant injection.

The **Phoenix** ® is specifically designed to provide PM reduction for in-use diesel engines in challenging off-road applications and duty cycles including cold exhaust and older engines. The system is CARB verified Level 3 Plus active diesel particulate filter with diesel burner regeneration. This active regeneration systems uses diesel fuel combined with an integrated diesel burner element, to "cook-off" the captured diesel particulate when the vehicle is not operating. The Phoenix is managed by our proprietary MLC® which monitors system parameters and controls the automatic regeneration process.

The **Skyline™** is specifically designed to provide cost-effective diesel particulate (PM) reductions for in-use diesel engines operating in off-road equipment and duty cycles including cold exhaust and older engines. This CARB verified Level 3 Plus active regeneration system uses clean electricity, through an integrated heating element, to "cook off" the captured diesel particulate, much like a self-cleaning oven, while the off-road equipment is parked overnight. The Skyline is managed by our proprietary MLC® which monitors system parameters and controls the regeneration process.

The **HCD** is an off-road product specifically designed and marketed for international markets to provide cost-effective diesel particulate (PM) reductions for in-use diesel engines operating in off-road equipment.

ESW America operates our Emissions and Durability Testing Facility. ESW America performs engine emissions verification test protocols according to established EPA, CARB and MSHA standards, while providing vehicle and engine manufacturers with a wide range of engine and chassis dynamometer-based durability testing. ESW America has capabilities for providing testing protocols with a broad range of fuels, including diesel, gasoline, and alternative fuels. ESW America engine dynamometer-based durability testing protocols can also help develop custom accelerated aging test schedules for emissions control technologies, or support customer-designed tests for component stress. A full range of services is offered including emissions testing, compilation and submission of applications and production line audit testing. ESW America offers customers complete testing and validation services that includes complete project management and verification management.

Our objective is the development and commercialization of technologies to reduce the overall emissions from diesel applications. Central to the emissions reduction market is the certification, verification and registration process established by regulatory bodies in the United States. The industry is substantially driven by higher emissions reductions targets set by Federal and state-level regulations, which led us to focus on the development of our emissions control technologies.

Our key target markets include the following areas regulated in North America by EPA, CARB, and other state and local standards:

1. On-road vehicles generally comprised of on-road trucks, transit and school buses employed with private and municipal fleets;
2. Off-road vehicles defined as construction and port equipment, tractors, power generators, irrigation pumps, and stationary power; and
3. Engine and chassis based emissions and durability testing services;

DISTRIBUTION

We distribute our diesel emission control technologies through:

1. A comprehensive network of established independent distributors that actively service the diesel emissions control and retrofit market;
2. Strategic partnerships that provide a unique competitive advantage into specific markets; and
3. Direct sales leveraging our sales personnel, local trade magazines and trade shows to complement distribution of our products into key markets.

Within the ESWA air testing business, we are currently focused on a direct sales program targeting Original Equipment Manufacturers (“OEM”) and other companies demanding engine and vehicle emissions and durability testing services.

COMPETITION

We sell into a competitive market focused on providing diesel emission control solutions for diesel powered engines, with the number of competitors varying by market segment. We compete primarily on the basis of our market leading portfolio of Level 3 Plus technologies that cover a sizeable portion of the relevant “retrofitable” engines, vehicles and types of applications, as well as on our expansive distribution network and ESW Group’s in-field customer service resources. Our competitors include companies that have deeper financial, technological, manufacturing and personnel resources. In addition to other Level 3 Plus products that are available in the market, we face competition from substitute products that offer lower emissions reduction benefits or technology but are also more competitively priced and are deemed by the air quality districts and end users as acceptable alternatives to our Level 3 Plus products.

Our direct competitors in the North American on-road and off-road markets include Engine Control Systems, Johnson Matthey, Donaldson, DCL, Hug and Huss.

ESW America faces competition from established emissions and durability testing facilities such as Southwest Research Institute, Intertek and Transportation Research Center and smaller regionally focused testing centers such as Olson-Eco Logic and California Environmental Engineering.

We believe we can address the competitive landscape within the diesel emission control market by providing:

- **Comprehensive Engine Family coverage –** Our products cover a wide ranging number of on-road EPA Engine families, estimated at 91% of EPA Engine families for model years 1988 to 2006. For off-road, our products cover 71% of EPA Engine families from 5 liter to 15 liters and 47% of EPA Engine families from 3 liter to 15 liters. This allows us to offer a one-stop-shop compliance solution for the Level 3 Plus retrofit market for both the on and off road heavy duty diesel markets.

- **Broad Applicability -** Our diesel emissions control technologies range from active systems (e.g. Horizon®, Vista™), to active-passive systems (ThermaCat), to straight passive systems (LongMile®-S) that offer end users emissions compliance across a broad range of applications and duty cycles in both the on-road and off-road markets.
- **Best available technology -** Our best available technologies are designed to have operational and technical advantages over the competition and are priced competitively in the market. This includes modular configurations, user-friendly designs, numerous inlet/outlet end cone configurations, and a diverse set of customizable brackets for ease of installation. The modular design facilitates service and de-ashing of the diesel particulate filter. The reusable band clamp design enables quick turnaround for maximum uptime. Moreover, our proprietary MLC® embedded in the majority of our CARB verified diesel control emissions technologies allows for diminished vehicle down times and better product applicability.
- **Solution driven services –** ESW Group does not only offer diesel emission control technologies, but also provides engineering focused solutions, extensive on-site and remote installation and training programs, as well as a market leading customer service field team with in-depth mechanical, engine and aftertreatment experience.
- **ESW America Testing Services -** ESW America provides us with the unique ability to develop and verify new diesel emission control technologies developed by ESW Group. This vertically integrated capability allows us to quickly react to changing regulatory requirements, and application and vehicle specific opportunities for our products, as well as offer the trusted emissions data that complies with strict CARB and EPA testing standards.

ESW America differentiates itself from the competition in the emissions and durability testing market by continually updating our testing facilities and equipment in response to changing regulatory mandates and vehicle technology. ESW America also provides a broad set of capabilities for advanced research, engineering and testing for various aftermarket products and new technologies. In addition, ESW America is one of a small number of testing facilities situated on the east coast of the United States which is capable of running tests for CARB and EPA certification and verification programs. ESW America's location provides a logistical advantage for east coast based clients as well as for EPA related testing programs given ESW America's proximity to Washington D.C.

RAW MATERIALS

The primary raw materials used to manufacture our diesel emission control technologies include, but are not limited, to stainless steel, stainless steel wire, stainless steel tubing, precious metals such as platinum and palladium, particulate filters and other electronic and mechanical components.

Overall, substrates and precious metal coated components accounted for the most significant portion of our raw materials costs in 2014. We are exposed to fluctuating raw material prices, and are particularly exposed to price fluctuations for certain precious metals such as platinum and palladium. We seek to offset raw material price fluctuations on our result of operations by passing through certain price increases, negotiating volume discounts from raw material suppliers; purchasing high-value inventory components based on committed orders; scrapping and selling steel cut-offs at the highest possible price; and implementing continuous cost reduction programs. We do not currently pursue a financial hedging strategy for any of our raw materials.

Our results of operations could be adversely affected if steel and precious metal prices increase substantially unless we are successful in passing along these price increases to customers or otherwise offset these increases through decreases in material and/or operating costs.

Other purchased raw materials or components include electronic components, tools, fasteners, other steel and components for the Level 3 plus products, as well as a variety of custom alloy materials and chemicals, all of which are available from numerous suppliers. For ESW America Testing Services, key raw materials include fuels, rollers and other consumables.

CUSTOMERS

Our customers consist of established distributors focused on the diesel emission control and the MHDD market and OEM engine manufacturers for the emissions and durability testing business. We generated sales from 69 customers in each of 2014 and 2013. In 2014, our top three customers accounted for 18.2%, 16.9% and 10.8% of our revenue. Our top three customers accounted for 23.0%, 11.1% and 11.1% of revenues in 2013.

We will continue to establish long-term relationships with new customers and foster opportunities with existing distributors. The loss of, or major reduction in business from, one or more of these major distributors could have a material adverse effect on our liquidity, financial position, or results of operations.

PATENT AND TRADEMARKS

We develop new technologies or further the development of existing technologies through internal research and development. Where necessary, we will seek access to third-party patents and/or licenses to develop new products and services aimed at the emissions and air testing markets.

Through ESWT and ESWCT, we hold both Canadian and U.S. patents covering catalytic converter and related technology. We will pursue our legal rights to the fullest extent of the law to ensure non-infringement of our established patents. However, there can be no assurance that these patents or existing or future trade secret protections that we pursue, will survive legal challenge, or provide meaningful levels of protection.

Additionally, we possess certain registered and common law trademarks. We consider the goodwill associated with the trademarks to be an important part of developing product identity.

PRODUCT CERTIFICATION

In 2009 the ThermaCat Active Level 3 Plus system was verified by CARB for a variety of on- and off-road engine applications (PM reduction greater than 85%). In July 2012 the ThermaCat-e Active Level 3 Plus system was verified by CARB for a variety of on-road EGR engine applications. In December, 2012, we demonstrated compliance with nitrogen dioxide (NO^2) limits using the Non-road Transient Composite test cycle for the Company's existing ThermaCat Active Level 3 Plus Diesel Particulate Filter System targeted at Off-road applications.

In May, 2013, we received notification from CARB that ESWCT has met the requirements under Verification Procedure, Warranty, and In-Use Compliance Requirements for In-Use Strategies to Control Emissions from Diesel Engines, and CARB issued verifications for the LongMile-S™ and Horizon™. On June 18, 2013, CARB issued ESWCT the verifications of the Vista™ and LongView®. In September, 2013, CARB issued a verification for the Phoenix™ off-road product.

Effective April 21, 2014, we were notified by CARB that the Skyline™ Level III Plus Active Diesel Particulate Filter System specifically designed for off-road equipment with duty cycles including cold exhaust and older engines achieved CARB Level III Plus (>85%) verification. We continue to pursue the verification of one other passive off-road Level III product.

In August 2011, our XtrmCat Kit was certified for 2 stroke, Category 2, marine engines by the EPA. The issuance of the 'remanufacturing certificate' was a significant milestone for the Company as it validates the DOC technology for the marine market sector. The Certifications are applicable to Electro-Motive Diesel ("EMD") 710 and 645 engines. The XtrmCat can achieve Tier 0 and Tier I compliance as per 40 CFR 1042 when retrofitted to EMD 710 and 645 engines.

Our products are generally sold according to appropriate government application regulations; however, we do not need government approval to sell our products into unregulated markets.

WARRANTY MATTERS

We may face an inherent business risk of exposure to product liability and warranty claims in the event that our products fail to perform as expected. We cannot assure that we will not experience any material warranty or product liability losses in the future or that we will not incur significant costs to defend such claims. In addition, if any of the products are or are alleged to be defective, we may be required to participate in a recall involving such products. Each of our customers has its own policy regarding product recalls and other product liability actions relating to our suppliers. CARB verified products require us to provide specific warranties and warranty reporting on products depending upon engine applications. A successful claim brought against us or a requirement to participate in a product recall may have a material adverse effect on our business.

Our Active, Active-Passive and Passive Level 3 Plus on-road diesel emission control systems which have been verified as Level 3 technologies are typically required to meet CARB limited warranty standards of either (i) 5 years or 100,000 miles or (ii) 2 years and unlimited miles, depending on engine application.

Our Active and Active-Passive Level 3 Plus off-road diesel emission control systems which have been verified as Level 3 technologies are typically required to meet a CARB limited warranty standard of 5 years or 4,200 hours. In 2013 we had estimated a one-time charge of $1,000,000 related to our assumption of warranties for legacy Cleaire products in the field. We had also estimated a one-time warranty charge of $504,900 associated with certain verification procedures relating to the ThermaCat. The actual amount of loss associated with such assumption of warranties and/or verification procedures, however, could be materially different. Both of these warranty charges are based on an estimation of the number of operational units, the average remaining life of such units and the cost of warrantable failures.

To date we have not had any major product warranty recalls.

MANUFACTURING AND TESTING SERVICES

ESWCT and TFI house our manufacturing operations.

ESWCT is located at 7706 Trade Street, San Diego, CA, 92121 and serves as a light manufacturing and distribution facility for ESW Group's diesel emission control systems. ESWCT also has an engineering and service facility in Richmond, California capable of design and development of diesel emission control systems. The office serves a dual purpose as a service and training facility servicing northern California.

TFI is co-located at 200 Progress Drive, Montgomeryville, PA, 18936 along with ESW America, an emissions and durability testing laboratory. TFI manufactures ESW Group's diesel emission control products. The 40,200 square foot facility also houses the ESW America emissions testing laboratory capable of performing engine emissions verification test protocols. ESW America incorporates eight dedicated engine and vehicle dynamometer test cells.

ESW America's capabilities include:

- Engine dynamometer capacity from 5hp to 1000hp, including both transient and steady state testing.
- Chassis dynamometer testing including light/medium duty applications (up to 18000 lbs gross vehicle weight ("GVW")) and heavy duty applications (up to 80,000 lbs GVW, tandem axle) with full emissions measurement capabilities.
- Motorcycle/ATV/UTV dynamometer capable of conducting emissions testing and mileage accumulation on motorcycles, ATVs and UTVs.
- Full flow Constant Volume Sampling emission measurement system capability across all test cells.
- All emission systems have a dual Nitrogen Oxide Chemiluminescence detector and the capability of non-methane hydrocarbon measurement.
- Engine dynamometer test cells comply with 40 Code of Federal Regulations (CFR) Part 60, 86, 89, 90, 92, 1042, 1048 and CARB testing protocols.
- Our test Cells are currently in transition to 40 CFR Part 1065 standards.

We continue to invest in our manufacturing and testing facilities to ensure best-in-class capabilities, as well as to obtain efficiency and productivity gains to improve our quality systems and standards, and to meet the demands placed by changing regulations.

RESEARCH AND DEVELOPMENT

In 2014, research and development costs amounted to $689,163 (2013 - $651,485). We invest in research and development, including emissions and durability testing as well as engineering resources, to improve on existing as well as to develop new products that will meet standards set by changing regulations or evolving application and/or engine specific needs in the market.

ENVIRONMENTAL MATTERS

We are presently engaged in a business that does not generate significant hazardous waste. Some of our facilities have tanks for storage of diesel fuel and other petroleum products that are subject to laws regulating such storage tanks. Federal, state, and local provisions relating to the protection of the environment have not had, and are not expected to have, a material adverse effect on our liquidity, financial position, and results of operations. However, like all manufacturers, if a release of hazardous substances occurs, we may be held liable for the contamination, and the amount of such liability could be material. While we devote resources to maintaining compliance with these requirements, there can be no assurance that we operate at all times in complete compliance with all such requirements

EMPLOYEES

ESW and our subsidiaries presently employ 51 full-time employees. We do not have any collective bargaining agreements and consider our relationship with our employees to be good.

ITEM 1A. RISK FACTORS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to matters such as sales growth, price demand for our products and services as well as competition, and our ability to obtain additional financing should same be necessary to sustain our operations. We have used words such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "thinks," "estimates," "seeks," "predicts," "could," "projects," "potential" and other similar terms and phrases, including references to assumptions, in this report to identify forward-looking statements. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties, risks and factors relating tour operations and business environments, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by these forward-looking statements. These risks and other factors include those listed in this Item 1A. "Risk Factors" and elsewhere in this report.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. There may also be other factors that we cannot anticipate or that are not described in this report that could cause results to differ materially from our expectations. Forward-looking statements speak only as of the date they are made and we assume no obligation to update them after the date of this report as a result of new information, future events or subsequent developments, except as required by the federal securities law.

RISKS RELATED TO OUR COMPANY

Our business plans and strategic initiatives may not be successful and may expose us to certain risks.

During the year ended December 31, 2014 we recorded revenue of $25,475,956 and a net income and comprehensive income after income taxes of $11,461,625. During the year ended December 31, 2013 we recorded revenue of $17,544,496 and a net income and comprehensive income after income taxes of $843,713. During the year ended December 31, 2014, we generated income from operations of $5,564,591; however, during the year ended December 31, 2013 we had a loss from operations of $514,310. Thus, we have a limited history of income and positive cash flows from operations. Our business plans, to a large extent, depend on our ability to increase our market penetration through our current distribution network and potential new distributors in areas that we lack coverage. We are also heavily dependent on the availability of federal and state level regulations and funding to support MHDD diesel emission control programs. Any lack of effective regulations or federal and state funding can have a material adverse effect on our operations. There is no assurance that we will be able to achieve our growth objectives, our operations may not be profitable, and strategic initiatives may not be successful. All these factors create uncertainty in our operating results. Our sales and revenue continue to be unpredictable, and should demand in our core markets erode, we will be forced to alter our business plans significantly and can expect periods with operating losses.

If cash flows from operations are not sufficient and if we are unable to obtain additional funding, then we may have to significantly curtail the scope of our operations and alter our business model.

Our sales are unpredictable; the market that we operate in is both highly regulated and highly competitive and is dependent on federal and state-level public budgets for funding of MHDD diesel emission control programs. In the event that profitable operations are not maintained, our present financial resources and track record for raising capital should allow us to continue operations in the short term. If additional financing is required and not available when required, or is not available on acceptable terms, we may be unable to continue operations at current levels or satisfy the requirements necessary to fulfill our order book. We continue to implement corrective actions to minimize operating expense. We would consider strategic opportunities, including investments in the Company, acquisitions, or other acceptable transactions, to sustain operations. There can be no assurances that additional capital will be available to us on acceptable terms, or at all.

We intend to deregister our common stock under the Securities Exchange Act of 1934. Deregistration will result in less disclosure about us and may negatively affect the liquidity and trading prices of our common stock.

On March 25, 2015, the our Board of Directors voted to voluntarily deregister our common stock under the Exchange Act and suspend our reporting obligations. In connection therewith, the Board of Directors approved the filing with the SEC of a Post-Effective Amendment to our previously filed Form S-8 to deregister all shares unsold to date pursuant to such form and, after the filing of this Form 10-K, the filing with the SEC of a Form 15 to voluntarily deregister our common stock under Section 12(g) of the Exchange Act and suspend our reporting obligations under Section 15(d) of the Exchange Act. We expect to file the Form 15 on or about April 1, 2015. We expect that our obligations to file periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, will be suspended immediately upon the filing of the Form 15 with the SEC, and our proxy statement, Section 16 and other Section 12(g) reporting responsibilities will terminate effective 90 days after the filing of the Form 15. We are eligible to deregister under the Exchange Act because our common stock is held by fewer than 300 shareholders of record. We expect that following the Form 15 filing, our common stock, which is currently traded on the OTCQB, will be eligible for quotation on the OTC Pink marketplace by broker-dealers. However, there is no assurance that broker-dealers will elect to make a market our common stock, which is a requirement for OTC Pink marketplace trading, or that our common stock will trade on any other securities exchange or quotation medium. Following deregistration, we do not expect to publish periodic financial information or furnish such information to its stockholders except as may be required by applicable laws. As a result of the foregoing factors, deregistration will result in less disclosure about us and may negatively affect the liquidity and trading prices of our common stock.

RISKS RELATED TO THE MARKET FOR OUR COMMON STOCK.

The price of our shares may be adversely affected by the public sale of a significant number of the shares eligible for future sale.

Sales of a limited amount of our common stock in the public market could materially adversely affect the market price of our common stock. Such sales may also inhibit our ability to obtain future equity or equity-related financing on acceptable terms. The issuance of additional shares could have a significant adverse effect on the trading price of our common stock.

The price of our common stock has been highly volatile.

Our common stock traded as low as $26 per share and as high as $175 per share during the year ended December 31, 2014. Some of the factors leading to the volatility in the price of our common stock include:

- price and volume fluctuation in the stock market at large and market conditions which are not necessarily related to our operating performance;
- limited trading volumes;
- fluctuation in our operating results;
- financing arrangements which may require the issuance of a significant number of shares in relation to the number of shares of our common stock currently outstanding;
- announcements about market statistics, agreements, technological innovations, certification / verifications or new products which we or our competitors make;
- costs and availability of precious metals used in the production of our products; and
- fluctuations in market demand and supply of our products.

Our common stock is currently traded on the OTC markets - OTCQB tier and an investor's ability to trade our common stock may be limited by trading volume.

The trading volume in our common stock has been relatively limited. Our common stock may not generate a consistently active trading market on the OTC Markets. The average daily trading volume of our common stock for the year ended December 31, 2014 was approximately 26 shares. We have a limited trading history and there can be no assurances that there will be increased liquidity in our stock.

The company may issue more shares in connection with a financing, merger or acquisition, which would result in substantial dilution.

Our Certificate of Incorporation authorizes the issuance of a maximum of 250,000,000 shares of common stock. Any further financing, merger or acquisition effected by us may result in the issuance of additional securities without stockholder approval and may result in substantial dilution in the percentage of our common stock held by our then existing stockholders. For example, the senior secured convertible promissory notes issued to certain affiliated lenders in 2013, and issuable in the related rights offering, each of which is described in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Debt Structure," are convertible into up to 64,031 shares of our common stock in the aggregate (excluding any interest due on the senior secured convertible promissory notes that may also be converted). Moreover, the common stock issued in any such financing, merger or acquisition transaction may be valued on an arbitrary or non-arm's-length basis by our management, resulting in an additional reduction in the percentage of common stock held by our then existing stockholders. Our board of directors has the power to issue any or all of such authorized but unissued shares without stockholder approval. To the extent that additional shares of common stock are issued in connection with a financing, business combination or otherwise, dilution to the interests of our stockholders will occur and the rights of the holders of common stock might be materially adversely affected.

Several of our shareholders own a significant amount of our outstanding shares and collectively may be able to decide certain corporate action.

A group of our shareholders collectively own 95,736 shares, which is equivalent to 71.1% of the outstanding shares of the Company as of March 31, 2015, on an undiluted basis. As such, all or some of these shareholders may be able to control aspects of our business operations including the election of board members, the acquisition or disposition of assets, the Company's business plans and strategy, and the future issuance of shares. For additional information about beneficial ownership please refer to "Security Ownership of Certain Beneficial Owners, Management and Related Stockholder Matters."

We do not expect to pay dividends on common stock and investors will only be able to receive cash in respect of their shares of common stock upon the sale of their shares.

We have never paid any cash dividends on our common stock, and we have no intention in the foreseeable future to pay any cash dividends on our common stock. Therefore, an investor in our common stock will obtain an economic benefit from the common stock only after an increase in its trading price and only by selling the common stock.

RISKS RELATED TO OUR BUSINESS

Our results may fluctuate due to certain regulatory, marketing and competitive factors over which we have little or no control.

The factors listed below some of which we cannot control may cause the Company's revenues and result of operations to fluctuate significantly:

- Actions taken by regulatory bodies relating to the verification and certification of our products;
- Changes in federal and state level MHDD diesel emission control compliance mandates;
- Availability of federal and state level funding to support MHDD diesel emission control sales;
- The extent to which our products obtain market acceptance;
- The timing and size of customer purchases; and
- End user and distributors' concerns about the stability of our business which could cause them to seek alternatives to our products.

We are currently dependent on a few major customers / distributors for a significant portion of our revenues.

We generated sales from 69 customers in fiscal years 2014 and 2013. In 2014, our top customers accounted for 18.2%, 16.9% and 10.8% of our revenue. Three of our customers accounted for 23.0%, 11.1% and 11.1% respectively of ESW Group's revenue in the fiscal year 2013. The loss of, or major reduction in business from, one or more of the major distributors could have a material adverse effect on our liquidity, financial position, or results of operations.

We have limited marketing capabilities as compared to many of our competitors, and as a result we are forced to rely upon customer / distributor referrals, trade publications and a small sales force.

We have limited marketing capabilities as compared to many of our competitors. We do not have a large sales, promotion and marketing budget. As a result of our limited marketing capabilities, we are forced to rely upon customer / distributor referrals, trade publications and a small sales force. Our competitors have direct advertising and sales promotion programs for their products as well as sales and marketing personnel that may have a competitive advantage over us in contacting prospective customers / distributors. Our position in the industry is considered small in comparison to that of our competitors. We continue to develop and explore new marketing methods and techniques such as trade show representation and sales programs directed toward customers / distributors. Our ability to compete at the present time is limited. Our success depends upon the ability to market our products, penetrate and expand markets and form alliances with third party distributors.

There can be no assurances that:

- our selling efforts will be effective;
- we will obtain an expanded degree of market acceptance; or
- we will be able to successfully form additional relationships with distributors to market our products.

We depend upon the marketability of our core products.

Diesel emission control technologies are our primary products. We may have to cease operations if our primary products fail to achieve market acceptance and/or generate significant revenues and/or experience product performance related issues. Additionally, the marketability of our products is dependent upon obtaining and maintaining verification and certifications as well as the effectiveness of the product in relation to various environmental regulations as well as competitor’s products in the various jurisdictions we market and sell our products.

We may not be able to obtain direct or indirect regulatory certification or verification approvals with respect to certain products.

The industry that we operate in is regulated. In the United States of America these regulations are enforced by U.S. Environmental Protection Agency and California Air Resources Board. We plan to further develop and market diesel emission control technologies and support products that meet new regulations enforced by these agencies. If we are unable to demonstrate the feasibility of these products or obtain in a timely manner the verification and or certifications for our products from such regulatory agencies as the EPA or CARB, we may have to abandon the products or alter our business plan. Such modifications to our business plan will have an adverse effect on revenue and our ability to achieve profitability. The regulatory approval process with EPA and CARB is complex and requires lengthy and expensive durability testing which must precede final certification/verification of products. We do not control the timeliness of the certification/verification process; however, we have taken steps to ensure the efficacy of our contribution to the certification/verification process. Our consolidated balance sheet as of December 31, 2014 reflects a one-time warranty charge of $504,900 associated with certain verification procedures relating to the ThermaCat. The actual amount of loss associated with such verification procedures, however, could be materially different.

We face constant changes in governmental standards by which our products are evaluated.

We believe that due to the constant focus on the environment and clean air standards throughout the world, we will be required in the future to adhere to new and more stringent regulations. Governmental agencies constantly seek to improve standards required for verification and or certification of products intended to promote clean air. In the event our products fail to meet these ever changing standards, some or all of our products may become obsolete or de-listed from government verification, having a direct negative effect on the Company’s ability to generate revenue and become profitable.

We face intense competition and rapid technological advances from competitors.

Competition among companies that provide solutions for pollution emissions from diesel engines is intense. Several companies market products that compete directly with our products. Other companies offer products that potential customers may consider to be acceptable alternatives to our products and services. We face direct competition from companies with far greater financial, technological, manufacturing and personnel resources. We also face direct competition with companies who purchase their substrates from others, and do further processing with their own formulas and fabrication for direct sale to the market place. Newly developed products could be more effective and lower priced than our current products or those we may develop in the future. Many of our current and potential future competitors have substantially more engineering, sales and marketing capabilities, substantially greater financial, technological and personnel resources, and broader product lines than we do. We also face indirect competition in the form of alternative fuel consumption vehicles such as those using methanol, hydrogen, ethanol and electricity.

We claim certain proprietary rights in connection with the design and manufacture of our products.

The protections provided by patents are important to our business, although we believe that no individual right is material to our business at the present time. There can be no assurance that these patents or existing or future trade secret protections that we seek will survive legal challenge, or provide meaningful levels of protection. Additionally, there can be no assurances when these patents or pending patents may be assigned to us directly. We do not presently have any worldwide patent protection or any immediate plans to file for protection in any foreign countries other than Canada. There can be no assurances that any patents we may have or have applied for or any agreements we have in place or will enter into will protect our technology and or prevent competitors from employing the use of our design and production information.

Attraction and retention of key personnel.

Our success depends in significant part, on the continued services of key technical, sales and senior management personnel. The loss of our executive officers or other key employees could have materially adverse effects on our business, results of operations and financial condition. Our success depends upon our continued ability to attract and attain highly qualified technical, sales and managerial personnel. There can be no assurances that we can attract, assimilate or retain other highly qualified technical, sales and managerial personnel in the future. At the present time certain key employees of the company and or subsidiaries do not have employment contracts and may be viewed as employees at will.

We are dependent upon key suppliers for certain materials which are one of the necessary components of our products.

The production process of our products includes certain raw materials including:

- stainless steel;
- substrates;
- precious metals; and
- electronic components.

An extended interruption of the supply of precious metals and components necessary for the production of our products could have an adverse effect on us. Further, a substantial price increase of the raw materials that are components of our products could also have an adverse effect on our business. We currently rely on third party vendors to provide certain components of our products. We currently do not have any fixed commitments from suppliers to provide supplies.

We do not have a significant level of product recall insurance due to its high cost.

Our diesel emission control technologies products are subject to extended warranty programs that could generate product liability and warranty claims against the Company. Our on-road diesel emission control systems which have been verified as a Level 3 technology are typically required to meet CARB limited warranty standard of 5 years or 100,000 miles or 2 years unlimited miles depending on engine application. Our off-road diesel emission control systems which have been verified as a Level 3 technology are typically required to meet CARB limited warranty standard of up to 5 years or 4,200 hours. Any failure of our products may result in a recall or a claim against us. Due to the high cost of product recall insurance, we do not maintain significant amounts of insurance to protect against claims associated with use of our products. Any claim against us, whether or not successful, may result in expenditure of substantial funds and litigation, may require management’s time and use of our resources and may have a materially adverse impact on our overall ability to continue operations.

Our success partially depends on relationships entered into or sought by us for development and sale of our products.

Our success partially depends on the relationships that we develop with various suppliers, OEM’s, dealers, and distributors for the further development and deployment of our technology in the field. We do not manage these entities nor is it assured that we will be able to create relationships with these entities. The absence of such relationships could adversely impact our business plans.

ITEM 1B. UNRESOLVED STAFF COMMENTS

ESW has received no written comments regarding its periodic or current reports from the staff of the Securities and Exchange Commission that were issued 180 days or more preceding the end of our 2014 fiscal year and that remained unresolved.

ITEM 2. PROPERTIES

We do not own real property. Through our subsidiary, ESW America, we lease our executive offices as well as our production and emissions testing laboratory facility which totals approximately 40,220 square feet. Our Pennsylvania facility is located at 200 Progress Drive, Montgomery Township, Pennsylvania. The lease for this facility expires on February 28, 2018, with an option exercisable by ESW America to extend the lease term.

Through ESWCT we lease an 18,000 square foot manufacturing facility at 7706 Trade Street, San Diego, CA, 92121. The lease for this facility expires on July 31, 2016, with an option exercisable by ESWCT to extend the lease term for two additional 36-month periods.

Through ESWCT we lease an 1,808 square foot commercial property located in Richmond, California, used primarily to house ESWCT's engineering and field service operations. The facility also serves as a training facility servicing northern California. The Lease provides for a 12-month lease term (commencing October 1, 2013), with an option exercisable by ESWCT to extend the lease term for one additional 12-month period. The Company is in negotiations with the landlord to extend the term of this lease.

ITEM 3. LEGAL PROCEEDINGS

There are currently no pending legal proceedings against the Company.

From time to time, the Company may be involved in a variety of claims, suits, investigations and proceedings arising from the ordinary course of our business, collections claims, breach of contract claims, labor and employment claims, tax and other matters. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, ESW believes that the resolution of current pending matters will not have a material adverse effect on its business, consolidated financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on ESW because of legal costs, diversion of management resources and other factors.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUERS PURCHASES OF EQUITY SECURITIES

Shares of our common stock are quoted on the OTCQB under the symbol "ESWW".

On March 31, 2015, the last reported closing sale price of our common stock was $60 per share. The following table sets forth, for the quarters indicated, the range of high and low closing sale prices for our common stock as reported on the OTCQB.

Period	High	Low
Year Ended December 31, 2013		
First Quarter	$80	$20
Second Quarter	80	40
Third Quarter	80	25
Fourth Quarter	50	21
Year Ended December 31, 2014		
First Quarter	$50	$26
Second Quarter	73	50
Third Quarter	175	51
Fourth Quarter	85	55
Year Ended December 31, 2015		
First Quarter (through March 31, 2015)	$75	$51

We have not declared or issued any dividends in the past, and we intend to retain future earnings, if any, for general business purposes and to repay debt.

As of March 31, 2015 there were approximately 80 stockholders of record of our common stock. We estimate there are approximately 487 additional stockholders with stock held in street name. On March 31, 2015, there were 135,404 shares of our common stock outstanding.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as at December 31, 2014 securities authorized for issuance under equity compensation plans:

EQUITY COMPENSATION PLAN INFORMATION

	(A)	(B)	(C)	(D)
PLAN CATEGORY	**Number of securities to be issued upon exercise of outstanding options**	**Weighted-average exercise price of outstanding options**	**Number of securities to be issued upon vesting of outstanding restricted stock grants**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column A & C)**
2010 Stock Incentive Plan (Shareholder Approved. Authorized - 2,500 shares)	413	$1,010	-	-
2013 Stock Option Plan (Shareholder Approved. Authorized - 20,000 shares)	-	-	4,981	6,450

The Company's 2013 Stock Plan (the "2013 Stock Plan"), which is currently in effect, replaced the Company's 2010 Stock Incentive Plan. While previously granted awards under the Company's 2010 Stock Incentive Plan and 2002 Stock Option Plan will remain in effect in accordance with the terms of the individual awards, the 2013 Stock Incentive Plan replaced the Company's 2010 Stock Incentive Plan and 2002 Stock Option Plan for grants following its adoption. The 2013 Stock Plan authorizes the granting of awards to employees (including officers) and directors of, and consultants to, the Company and its subsidiaries in the form of any combination of non-statutory stock options ("NSOs"), incentive stock options ("ISOs"), stock appreciation rights ("SARs"), shares of restricted stock, restricted stock units ("RSUs") and performance shares and share units, other stock-based awards in the Committee's discretion, and dividend equivalent rights (collectively, "Awards").

Under the 2013 Stock Plan, the Company may deliver authorized but unissued shares of common stock, treasury shares of common stock, and shares of common stock acquired by the Company for the purposes of the 2013 Stock Plan. Each Award will be evidenced by an agreement between the recipient and the Company setting forth the terms of the Award, as determined by the Committee. A maximum of 20,000 shares of common stock will be available for grants pursuant to Awards under the 2013 Stock Plan. The maximum number of shares of common stock with respect to which any individual may be granted Options or Stock Appreciation Rights during any one calendar year is 2,500 shares. The 2013 Stock Plan is administered by the Compensation Committee. The Compensation Committee has authority, subject to ratification by the Board, to interpret the 2013 Stock Plan, adopt administrative regulations, determine the recipients of Awards, and determine and amend the terms of Awards.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with ESW's Consolidated Financial Statements and Notes thereto included elsewhere in this Report.

This Form 10-K contains certain forward-looking statements regarding, among other things, the anticipated financial and operating results of ESW's business. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. ESW undertakes no obligation to publicly release any modifications or revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, ESW caution investors that actual financial and operating results may differ materially from those projected in forward-looking statements made by, or on behalf of, ESW. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Risks and uncertainties inherent in forward-looking statements are set forth in the Risk Factor disclosure contained elsewhere in this report.

GENERAL OVERVIEW

We are a developer of diesel emissions control technology solutions, advancing emissions reduction technology by commercializing leading edge diesel emission control systems that have attained regulatory verification with California Air Resources Board (“CARB”) or United States Environmental Protection Agency (“EPA”). Our key technologies and products are detailed below and are suited to meet the most stringent global emissions regulations under enforcement in California and other markets in the United States. Among the key CARB verified and EPA certified products manufactured and commercialized by ESW Group are the LongMile-S™, Horizon™, Vista™ Phoenix™, Longview™, ThermaCat, and ThermaCat-e diesel emissions control technologies. We also manufacture an export off-road product named HCD, the XtrmCat for marine applications, as well as military technologies including the StlthCat and Scat-IR-Shield exhaust shielding technology employed on U.S. Marine Light Armored Vehicles.

We believe we are one of the leading players in the diesel emission control market. We focus on further developing, certifying and commercializing best available diesel emission control technologies primarily for the medium and heavy duty diesel (“MHDD”) on-road and off-road markets. Our strategy is centered on increasing our market presence through our leading portfolio of CARB verified Level 3 Plus diesel emissions technologies and focus on becoming the compliance solution provider to fleet owners and other end users across the United States as well as internationally. In addition, ESW Group is focused on growing its presence in the emissions testing market primarily in the diesel, natural gas and hybrid engine markets and spanning a wide array of applications from motorcycles and ATVs to heavy duty diesel engines. We are also exploring opportunities in other diesel aftertreatment verticals and engine and fuel related opportunities that can leverage our knowledge base and capabilities surrounding the medium and heavy duty on-road and off-road markets.

As part of our growth strategy, we entered into an asset purchase agreement with the acting receiver for Cleaire, a company engaged in the design, development and manufacturing of emission control systems for on-road and off-road diesel engines, on April 1, 2013 (the “Asset Purchase Agreement”). On April 18, 2013, the Court issued the sale order to consummate the transactions contemplated by the Asset Purchase Agreement for a purchase price of $1.4 million plus a portion of gross profit realized on a certain purchase order. Upon the completion of the transactions contemplated by the Asset Purchase Agreement and in accordance with FASB 805, Business Combinations, we determined that the above noted Cleaire transaction did not constitute a business combination, and accordingly accounted for the transaction as an asset acquisition.

Effective April 18, 2013, we established a new wholly-owned subsidiary, ESWCT, which houses the assets purchased from Cleaire. ESWCT operates out of San Diego, California. Effective June 7, 2013, ESWCT entered into a commercial real estate lease with Trepte Industrial Park, Ltd., a California limited partnership, pursuant to which. ESWCT is leasing approximately 18,000 square feet of commercial property located in San Diego, California, for housing ESWCT manufacturing operations.

Effective October 1, 2013 ESWCT leased an engineering and service facility in Richmond, California capable of design and development of diesel emission control systems. The facility also serves as a service and training facility for northern California.

During the first half of 2013 we issued 10% Senior Secured Convertible Promissory Notes ("Existing Notes") to certain lenders who are affiliated shareholders of the Company as described below under "Debt Structure". Proceeds of the Existing Notes funded the purchase of the Cleaire assets, and are being used for working capital, planned capital investments and other general corporate purposes.

On January 23, 2013, our board of directors approved a one-for-two thousand reverse split of our common stock. Upon the completion of the reverse stock split, which was effective on May 24, 2013, there was no change to our authorized shares of common stock, which remained at 250,000,000 shares, par value $0.001 per share. Issued and outstanding common stock was reduced from 228,213,173 shares to approximately 113,464 shares. At December 31, 2014 we had 134,746 shares of common stock issued and outstanding. Effective October 4, 2013, we registered 20,000 shares of common Stock (par value $0.001 per share) under Form S-8 that are issuable under the Environmental Solutions Worldwide, Inc. 2013 Stock Plan. See "NOTE 12 - STOCK OPTIONS AND RESTRICTED STOCK PLAN".

In December 23, 2013, we filed a Form S-1 Registration Statement under the Securities Act Of 1933 relating to a subscription rights offering to shareholders described below under "Debt Structure". This registration statement registers $4,596,929 in 10% Senior Secured Convertible Promissory Notes due 2018 (the "New Notes" and, together with the Existing Notes, the "Notes") and the potential 152,899 shares of common stock issuable upon conversion of the Notes and, if applicable, as payment of interest on the Notes by the Company. The Registration Statement was declared effective by the Securities and Exchange Commission on February 12, 2014. In March 2014, we filed a form 424B3 with the Securities and Exchange Commission (the "prospectus") and commenced the rights offering by mailing the prospectus and related documents to our shareholders of record as of February 13, 2014. The rights offering was completed on May 9, 2014, and on May 23, 2014 the Company issued New Notes, in the principal amount of $122,486, to the shareholders that participated in the rights offering.

We experienced strong demand for our products in 2014; our revenues for the MHDD diesel emission control market were $24,749,085. Our second half 2014 revenues were lower than the first half of 2014; the reason was high product stock levels at our distributors, which reduced demand by such distributors for our products, and seasonality. ESW America Air Testing business revenue contributed a total of $726,871 of revenue in 2014. Testing revenues for 2014 were higher by $99,357 compared to 2013. We increased the utilization of the ESW America testing capacity for internal research and new product development in 2014 as compared to 2013.

Between May and December 2014, we expensed $191,403 towards streamlining our heavy manufacturing operations into our Pennsylvania location. We continue to pursue opportunities to create operating and product level synergies.

The cost of developing a complete range of products to meet regulations is substantial. We believe that we possess a competitive advantage in ensuring regulatory compliance by leveraging our testing and research facility in Montgomeryville, Pennsylvania to support our certification and verification efforts. Historically, we have also managed to offset some of these development costs through the application of research grants and tax refunds.

Effective April 21, 2014, we were notified by CARB that the Skyline™ Level III Plus Active Diesel Particulate Filter System specifically designed for off-road equipment with duty cycles including cold exhaust and older engines achieved CARB Level III Plus (>85%) verification. We continue to pursue the verification of one other passive off-road Level III product.

Our products cover a wide ranging number of on-road EPA Engine families, estimated at 91% of EPA Engine families for model years 1988 to 2006. For off-road, our products cover 71% of EPA Engine families from 5 liter to 15 liters and 47% for EPA Engine families from 3 liter to 15 liters. This allows us to offer a one-stop-shop compliance solution for the Level 3 Plus diesel emission control market for both the on and off-road heavy duty diesel markets.

Our diesel emissions control technologies range from active systems (e.g. Horizon®, Vista™, Skyline™), to active-passive systems (ThermaCat and ThermaCat-e), to straight passive systems (LongMile®-S) that offer end users emissions compliance across a broad range of applications and duty cycles in both the on-road and off-road markets.

COMPARISON OF THE YEAR ENDED DECEMBER 31, 2014 TO THE YEAR ENDED DECEMBER 31, 2013

RESULTS OF OPERATIONS

Revenues for the year ended December 31, 2014, increased by 45.2 percent, to $25,475,956 from $17,544,496 for the comparable period in 2013. The increase in revenue in 2014 is due to ESW's expanded product offering which has increased our market share of the MHDD diesel emission control market, deliveries for the Chicago Transit Authority program, and demand related to the California Truck and Bus regulation requiring retrofitting or replacement for certain classes of diesel trucks in that state.

Cost of revenue as a percentage of revenues for the year ended December 31, 2014 was 51.5 percent compared to 63.4 percent for the year ended December 31, 2013. Cost of revenue for year ended December 31, 2014 increased by $1,981,252 compared to the year ended December 31, 2013. The primary driver for the increase in the cost of revenue during the year ended December 31, 2014 was the higher revenue during the period.

The gross margin for the year ended December 31, 2014 was 48.5 percent compared to 36.6 percent for the year ended December 31, 2013. The improved gross margin primarily resulted from the negative impact in the cost of sales during the year ended December 31, 2013 related to the acquisition of assets from Cleaire, as well as one time warranty charges of $1,504,900 for ESWCT and TFI products.

Marketing, office and general expenses for the year ended December 31, 2014 increased 6.6 percent to $4,730,854 from $4,437,572 for the year ended December 31, 2013. The increase is primarily due to: (a) an increase in customer service, sales and marketing and wages and selling expenses of $337,490 (b) increase in general administration expenses of $143,934 and (c) increase in engineering expenses of $232,996. These increases were related to the overall increase in operations and revenue in 2014. These increases were offset by decreases in (a) investor relation costs of $66,510 related to corporate actions including our reverse stock split and the rights offering discussed under "General Overview" above and (b) decrease in facility expenses of $354,628 as we continuously improve efficiencies in our operations.

Officers' compensation and directors' fees for the year ended December 31, 2014 increased by $34,747, or 3.8 percent, to $938,474 from $903,727 for the year ended December 31, 2013. The increase relates to accruals for stock-based board compensation for 2014 and vesting of restricted stock grants.

Research and development ("R&D") expenses for the year ended December 31, 2014 increased by $37,678, or 5.8 percent, to $689,163 versus $651,485 for the year ended December 31, 2013. The primary driver of R&D expenses for the year ended December 31, 2014 is ESW's pursuit of the verification expansion of its Level III products, and the pursuit of new products in other aftertreatment verticals. During the year ended December 31, 2014 there was no grant funding or tax credit to offset R&D cost, whereas for the year ended December 31, 2013 tax credits amounted to $40,946.

Consulting and professional fees for the year ended December 31, 2014 decreased by $277,320, or 41.6 percent, to $388,536 from $665,856 for the year ended December 31, 2013. The decrease is mainly related to higher legal and consulting fees in the prior year period in connection with corporate actions such as the reverse stock split and the rights offering discussed under "General Overview" above as well as the acquisition of certain assets from Cleaire and the related setup of the ESWCT subsidiary.

Depreciation expense for the year ended December 31, 2014 decreased by $152,283, or 72.7 percent to $57,265 from $209,548 for the year ended December 31, 2013. The primary reason for the reduction in depreciation expense was the run-off of depreciation related to ESWA's property, plant and equipment during the year ended December 31, 2014, and a year-to-date reallocation for software depreciation.

Foreign exchange gain for the year ended December 31, 2014, was $1,765 as compared to a loss of $25,232 for the year ended December 31, 2013. This is mainly a result of the fluctuation in the exchange rate of the Canadian Dollar to the United States Dollar.

There was no asset impairment for the year ended December 31, 2014. Impairment loss for the year ended December 31, 2013 was $37,800 related to the impairment of patents and trademarks.

Income from operations for the year ended December 31, 2014 was $5,564,591 compared to a loss of $514,310 for the year ended December 31, 2013. ESW's income from operations for the year ended December 31, 2014 included non-cash expenses such as depreciation of $416,383, stock-based compensation of $229,026 and an allowance for doubtful accounts of $32,820. These non-cash expenses were offset by reversal of warranty provision of $162,476, recovery on disposal of inventory of $12,423 and proceeds from sale of property, plant and equipment of $29,500. In addition, the Company expensed $191,403 during the year ended December 31, 2014 towards streamlining its heavy manufacturing operations into its Pennsylvania location.

During the years ended December 31, 2014 and 2013, we recorded the following costs and (gain) related to the Existing Notes and the loan payable:

		2014		2013
Interest on convertible promissory notes payable	$	522,450	$	327,777
Interest on loan payable	$	11,155	$	13,251
Accretion of discount on convertible promissory notes payable	$	432,573	$	225,882
Change in fair value of conversion option derivative liability	$	1,581,957	$	(1,947,357)

Net income before provision for income taxes for the year ended December 31, 2014 amounted to $3,016,456 and $866,137 respectively.

Income tax expense for the year ended December 31, 2014 amounted to $509,299, (for the year ended December 31, 2013 – $22,424). This amount mainly relates to income taxes in California and federal alternate minimum tax. We recorded a deferred tax asset of $8,954,468 in 2014, (2013 - $0). Our effective tax rate in 2014 is significantly affected by the reversal of the valuation allowance.

Net and comprehensive income after income taxes for the year ended December 31, 2014 amounted to $11,461,625 compared to a net and comprehensive income after income taxes of $843,713 for the year ended December 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2014, we generated $5,241,315 of cash from operating activities compared with $183,831 of cash used for operating activities for the year ended December 31, 2013. As of December 31, 2014 and 2013, we had cash and cash equivalents of $8,306,428 and $4,077,096, respectively.

Net cash generated from operating activities for the year ended December 31, 2014 amounted to $5,241,315. This amount was attributable to the net income of $11,461,625, less non-cash expenses primarily consisting of the change in fair value of conversion option derivative liability, deferred tax asset and warranty provisions and also consisting of expenses such as depreciation, stock-based compensation, amortization of discount on promissory notes payable, plus expenses like interest on promissory notes payable, and other items amounting to $5,914,008, and a decrease in cash flows from operating activities of $306,302 primarily due to the purchase of inventory and payment of accounts payable. The change in the fair value of the conversion option derivative liability of $1,581,957 was primarily due to an increase in the price of our common stock and high expected volatility, and was recorded as a loss in the consolidated statement of operations for the year ended December 31, 2014.

Net cash used in operating activities for the year ended December 31, 2013 amounted to $183,831. This amount was attributable to the net income of $843,713, plus non-cash expenses primarily consisting of the change in fair value of conversion option derivative liability relating to the Existing Notes, warranty provisions and also consisting of expenses such as depreciation, stock-based compensation, discount on Existing Notes, and others of $1,107,722, and a decrease in cash flows from operating activities of $2,135,266 primarily due to the purchase of inventory as part of the Cleaire asset acquisition.

Net cash used in investing activities such as acquisition of property, plant and equipment and additions to property, plant and equipment under construction was $797,296 for the year ended December 31, 2014, as compared to $872,629 used in similar investing activities for the year ended December 31, 2013.

For the year ended December 31, 2014 net cash used in financing activities totaled $214,687, resulting from $122,486 related to proceeds from notes payable, less a payment of interest on promissory notes of $266,151 and a loan payable repayment of $71,022 in principal. For the year ended December 31, 2013, net cash provided by financing activities totaled and $4,879,558, resulting from $5,000,000 in proceeds from notes payable, less a loan payable repayment of $68,926 in principal and a repurchase of common stock (in the form of cash payment in lieu of fractional shares not issued in the reverse stock split) of $51,516.

ESW operates in a capital intensive and highly regulated industry that is subject to long product development timelines. ESW is focusing its research and development efforts on expanding the coverage of applications and engines for its diesel emission control technologies, on expanding its off-road verification, and for the expansion of its diesel emission control parts portfolio.

ESW's principal use of liquidity relates to the Company's working capital needs and to finance any further capital expenditures or tooling needed for production and/or its testing facilities.

ESW anticipates certain capital expenditures during 2015 related to the general operations of its business as well as to upgrade ESWA's testing facilities in Montgomeryville, PA according to our board approved capital expenditure plan.

Overall, capital adequacy is monitored on an ongoing basis by our management and reviewed quarterly by the Board of Directors. During 2014 ESW generated income from operations and cash from operations. The Company will use its cash on hand to fund planned capital expenditures.

DEBT STRUCTURE

As of December 31, 2014, we had $5,748,726 (December 31, 2013 - $3,682,732) of debt on the consolidated balance sheet. Of this amount, $73,182 (December 31, 2013 - $71,022) is repayable in the next 12 months.

On March 22, 2013, the Company entered into a note subscription agreement and a security agreement and issued senior secured five (5) year convertible promissory notes (collectively the "Existing Loan Agreements") to Black Family Partners LP, John J. Hannan, Orchard Investments, LLC and Richard Ressler (each individually an "Existing Lender" and collectively the "Existing Lenders") who are current shareholders and may be deemed affiliates of the Company. Pursuant to the Existing Loan Agreements, the Existing Lenders made loans to the Company in the principal aggregate amount of $5.0 million (the "Existing Loan"), subject to the terms and conditions set forth in the Existing Loan Agreements and represented by senior secured convertible promissory notes (the "Existing Notes"), dated March 22, 2013, April 23, 2013 and June 27, 2013. The Existing Loan Agreements were approved by directors of the Company unaffiliated with the Existing Lenders. The Existing Notes mature on March 22, 2018.

Proceeds of the Existing Loan were used by the Company and/or its subsidiaries to fund the purchase of certain assets of Cleaire Advanced Emission Controls, LLC ("Cleaire"), and are being used by the Company and/or its subsidiaries for working capital, planned capital investments and other general corporate purposes.

The Existing Notes are secured by a lien on and a security interest in all assets, excluding certain collateral subject to pre-existing liens, of the following wholly owned subsidiaries of the Company, comprising substantially all of the assets of the Company, taken as a whole: TFI, ESWA, ESWT and ESWCT. The Existing Notes bear interest at a rate of 10% per annum compounded quarterly. Interest is payable semi-annually in arrears in cash and at the Company's election, during the term of the Existing Notes, up to two accrued and unpaid semi-annual interest payments can be paid in the form of the Company's common stock, valued at the lesser of $80, subject to adjustment (the "Existing Note Conversion Price") or the market value of the Company's common stock as of the date of such payment (based on the average closing price of the Company's common stock for the twenty trading days preceding such date), with interest payments commencing September 30, 2013. At the option of the holders representing a majority of the then-outstanding principal balance of the Existing Notes together with the New Notes (as defined below), all principal, and interest amounts then outstanding under all of the Existing Notes shall be exchanged for shares of the Company's common stock at the Existing Note Conversion Price. The Existing Note Conversion Price is subject to anti-dilution adjustment in the event the Company at any time while the Existing Notes are outstanding issues equity securities including common stock or any security convertible or exchangeable for shares of common stock for no consideration or for consideration less than the Existing Note Conversion Price.

The anti-dilution protection excludes shares of common stock issuable upon the exercise of options or other securities granted to directors, officers, bona fide consultants and employees of the Company issued pursuant to a board approved option or incentive plan or stock, warrants or other securities issued to a bank or other financial institution in connection with a financing.

Effective October 1, 2013 the Company elected to pay and paid interest on the Existing Notes in the form of common stock, as per the terms of the Existing Notes. The Company issued 8,000 shares on October 1, 2013, as interest payment to the holders of the Existing Notes for interest accrued during the nine months ended September 30, 2013 totaling $200,000. The conversion price of the shares was $25 for the interest payment, which was based upon the market value of the Company's common stock on the date of payment (determined by calculating the average closing price of the Company's common stock for the twenty trading days preceding such date). Per the terms of the Notes interest payments can be paid in the Company's common stock valued at the lesser of $80 per share, subject to adjustment, or the market value of the Company's common stock.

In connection with the Existing Loan, the Company further agreed to conduct a rights offering to all of its holders of common stock, offering all such holders the right to purchase up to their pro-rata Company ownership amount of 10% senior secured five (5) year convertible promissory notes (the "New Notes" and, together with the Existing Notes, the "Notes") that will be substantially similar to the Existing Notes. In connection with this rights offering, in December 2013, the Company filed a Form S-1 Registration Statement under the Securities Act Of 1933 to register an aggregate of $4,596,929 in New Notes) and the potential 152,899 shares of common stock issuable upon conversion of the Notes and, if applicable, as payment of interest on the Notes by the Company. The Registration Statement was declared effective by the Securities and Exchange Commission on February 12, 2014. In March 2014, the Company filed a form 424B3 with the Securities and Exchange Commission (the "prospectus") and commenced the rights offering by mailing the prospectus and related documents to our shareholders of record as of February 13, 2014. The rights offering was completed on May 9, 2014, and on May 23, 2014 the Company issued New Notes, in the principal amount of $122,486, to the shareholders that participated in the rights offering. The New Notes mature on March 22, 2018.

Effective April 1, 2014, the Company elected to pay and paid interest on the Notes in the form of common stock, as per the terms of the Notes. The Company issued 5,126 shares as interest payment to the holders of the Existing Notes for interest accrued up to March 31, 2014 totaling $256,300. The conversion price of the shares was $50 for the interest payment, which was based upon the market value of the Company's common stock on the date of payment (determined by calculating the average closing price of the Company's common stock for the twenty trading days preceding such date). Per the terms of the Notes, up to two interest payments could be paid in the Company's common stock valued at the lesser of $80 per share, subject to adjustment, or the market value of the Company's common stock. The Company has used both options to pay interest in the form of the Company's common stock.

Effective October 1, 2014, the Company paid interest on the Notes in the form of cash payments for interest accrued up to September 30, 2014 totaling $263,020.

On April 25, 2012, the Company's wholly-owned subsidiary ESWA entered into a Machinery and Equipment Loan Fund ("MELF Facility") with the Commonwealth of Pennsylvania for up to $500,000 for the purchase of equipment and related purchases. Two (2) draw-downs were permitted under the MELF Facility by ESWA. The first draw-down of $280,787 was made under the MELF Facility in connection with equipment purchased by ESWA on April 25, 2012 (the "Closing Date"). ESWA made one (1) additional draw-down of $219,213 on November 13, 2012 per the terms of the MELF Facility so that the aggregate amount borrowed under the MELF Facility amounts to $500,000.

Terms of the MELF Facility include initial interest at three (3%) percent per annum with monthly payments and full repayment of the MELF Facility on or before the first day of the eighty fifth (85) calendar month following the Closing Date. As part of the loan agreement, within three years from the Closing Date ESWA is required to create, or retain, at its current location a certain number of jobs that is specified in the loan application. A breach by ESWA in the creation or maintenance of these jobs shall be considered an event of default under the MELF Facility. In the event ESWA defaults on any payments, the MELF Facility may be accelerated with full payment due along with certain additional modifications including the increase in interest to twelve and one half (12 1/2%) percent. In connection with the MELF Facility, the Company entered into a Guaranty and a Loan and Security Agreement on behalf of its wholly-owned subsidiary ESWA.

LEASES

Effective November 24, 2004, the Company's wholly-owned subsidiary, ESWA, entered into a lease agreement for approximately 40,220 square feet of leasehold space at 200 Progress Drive, Montgomeryville, Pennsylvania. The leasehold space houses the Company's emissions testing facilities and ESW's manufacturing operations. The lease commenced on January 15, 2005. Effective October 16, 2009, the Company's wholly-owned subsidiary ESWA entered into a lease renewal agreement with Nappen & Associates for the leasehold property in Pennsylvania. There were no modifications to the original economic terms of the lease under the lease renewal agreement. Under the terms of the lease renewal, the lease term was extended to February 28, 2013. Effective September 24, 2012, ESWA entered into a second lease amendment agreement with Nappen & Associates for the leasehold property in Pennsylvania, whereby ESWA extended the term of the lease agreement by an additional 5 years. There were no modifications to the original economic terms of the lease. Under the terms of the second lease renewal, the lease will expire on February 28, 2018, with an option exercisable by ESWA to extend the lease term for an additional five year period.

On June 7, 2013, the Company's wholly-owned subsidiary, ESWCT, entered into a commercial real estate lease with Trepte Industrial Park, Ltd., a California limited partnership, pursuant to which ESWCT is leasing approximately 18,000 square feet of commercial property located in San Diego, California, to be used primarily for housing ESWCT's manufacturing and diesel particulate filter cleaning operations. This lease provides for a 37-month lease term (commencing July 1, 2013), with an option exercisable by ESWCT to extend the lease term for two additional 36-month periods.

Effective October 1, 2013, the Company's wholly-owned subsidiary, ESWCT, entered into a commercial real estate lease with Marina Bay Crossing, LLC, a California Limited Liability Company, ESWCT leased approximately 1,808 square feet of commercial property located in Richmond, California, to be used primarily for housing ESWCT's engineering and service operations. The facility also serves as a training facility servicing northern California. This lease provides for a 12-month lease term (commencing October 1, 2013), with an option exercisable by ESWCT to extend the lease term for one additional 12-month period. Effective October 1, 2014, ESWCT is leasing the Richmond, California property on a month-to-month basis. The Company is in negotiations with the landlord to extend the term of this lease.

At December 31, 2014, included in prepaid expenses and other assets, is prepaid rent of $17,941.

The following is a summary of the minimum annual lease payments for the Pennsylvania and California leases:

Year Ending December 31,		Amount
2015	$	372,935
2016		279,799
2017		180,990
2018		30,165
Total	**$**	**863,889**

LEGAL MATTERS

There are currently no pending legal proceedings against the Company.

From time to time, the Company may be involved in a variety of claims, suits, investigations and proceedings arising from the ordinary course of our business, collections claims, breach of contract claims, labor and employment claims, tax and other matters. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, ESW believes that the resolution of current pending matters will not have a material adverse effect on its business, consolidated financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on ESW because of legal costs, diversion of management resources and other factors.

RECENTLY ISSUED ACCOUNTING STANDARDS AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

"Income Taxes (ASC Topic - 740): Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists" ("ASU 2013-11") was issued during July 2013. FASB issued guidance on how to present an unrecognized tax benefit. The guidance is effective for annual periods beginning after December 15, 2013. The adoption of the accounting pronouncement did not have a material effect on the accompanying consolidated financial statements.

In April 2014, the FASB issued ASC Update No. 2014-08 (Topic 205 and Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This ASC update modifies the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. This update also requires additional financial statement disclosures about discontinued operations, as well as disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation. The updated guidance is effective prospectively for years beginning on or after December 15, 2014. The Company expects that the adoption of the accounting pronouncement will not materially affect its financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, a new standard on revenue recognition. The new standard will supersede existing revenue recognition guidance and apply to all entities that enter into contracts to provide goods or services to customers. The guidance also addresses the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as real estate, property and equipment. The new standard will become effective for us beginning with the first quarter of 2017 and can be adopted either retrospectively to each reporting period presented or as a cumulative effect adjustment as of the date of adoption. We are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

In June 2014, the FASB issued new authoritative accounting guidance related to the recognition of share-based compensation when an award provides that a performance target can be achieved after the requisite service period. This guidance may be applied either prospectively or retrospectively and is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early application is permitted. The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in currency exchange rates and interest rates. The Company has foreign currency exposures at its foreign operations related to buying and selling currencies other than the local currencies. The risk under these interest rate and foreign currency exchange agreement is not considered to be significant.

FOREIGN EXCHANGE RISK

Our exposure to foreign currency translation gains and losses also arises from the translation of the assets and liabilities of its subsidiaries to U.S. dollars during consolidation. These risks have been significantly mitigated since ESW's operations were re-located to the United States from Canada in October 2011.

In the consolidated statements of operations and comprehensive income / (loss) for the year ended December 31, 2014, ESW has recognized a translation gain of $1,765 as compared to a loss of $25,232 for the year ended December 31, 2013, primarily as a result of exchange rate differences between the U.S. dollar and the Canadian dollar.

INTEREST RATE RISK

ESW currently has no variable-rate long-term debt that exposes ESW to interest rate risk.

MNP LLP

Report of Independent Registered Public Accounting Firm

To the Board or Directors and Shareholders of Environmental Solutions Worldwide, Inc.

We have audited the accompanying consolidated balance sheets of Environmental Solutions Worldwide, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. Environmental Solutions Worldwide, Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Environmental Solutions Worldwide, Inc. is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Environmental Solutions Worldwide, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Environmental Solutions Worldwide, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
March 31, 2015

ACCOUNTING › CONSULTING › TAX
701 EVANS AVENUE, 8TH FLOOR, TORONTO ON, M9C 1A3
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ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2014	DECEMBER 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	$ 8,306,428	$ 4,077,096
Accounts receivable (Note 17), net of allowance for doubtful accounts of $62,470 (2013 - $250,862) (Note 2)	1,896,428	1,888,511
Inventory, net of reserve of $221,357 (2013 - $246,509) (Note 6 and 17)	4,462,664	3,693,367
Prepaid expenses and other assets (Note 14)	565,041	750,835
Current deferred tax asset (Note 11)	958,967	-
Income tax receivable (Note 11)	240,368	-
Total current assets	16,429,896	10,409,809
Equipment under construction (Note 7)	657,045	431,022
Property, plant and equipment, net of accumulated depreciation of $3,710,551 (2013 - $3,294,168) (Note 7)	1,758,571	1,574,181
Long term deferred tax asset (Note 11)	7,995,501	-
	$ 26,841,013	$ 12,415,012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable (Notes 13 and 17)	$ 1,779,206	$ 1,656,379
Income tax payable (Note 11)	508,552	-
Accrued liabilities (Notes 9 and 13)	888,809	1,007,920
Warranty provision (Note 14)	1,561,293	1,723,769
Customer deposits	187,910	124,645
Current portion of loan payable (Note 8)	73,182	71,022
Total current liabilities	4,998,952	4,583,735
Long-term Liabilities		
Senior secured convertible promissory notes payable (Notes 9 and 13)	2,645,200	2,146,780
Conversion option derivative liability (Note 10)	2,770,340	1,131,745
Loan payable (Note 8)	260,003	333,185
Total long-term liabilities	5,675,543	3,611,710
Total liabilities	10,674,495	8,195,445
Commitments and Contingencies (Note 14)		
Stockholders' Equity (Note 12)		
Common stock, $0.001 par value, 250,000,000 shares authorized; 134,746 (2013 - 125,742) shares issued and outstanding	134	125
Additional paid-in capital	57,935,716	57,541,924
Shares to be issued	91,525	-
Accumulated other comprehensive income	344,183	344,183
Accumulated deficit	(42,205,040)	(53,666,665)
Total stockholders' equity	16,166,518	4,219,567
	$ 26,841,013	$ 12,415,012

Subsequent Events (Note 18)

The accompanying notes are an integral part of these consolidated financial statements.

ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
Revenue (Notes 2 and 17)	$ 25,475,956	$ 17,544,496
Cost of revenue (Notes 2, 6, 7 and 14)	13,108,838	11,127,586
Gross profit	12,367,118	6,416,910
Operating expenses		
Marketing, office and general expenses	4,730,854	4,437,572
Officers' compensation and directors' fees (Notes 12 and 13)	938,474	903,727
Research and development costs (Notes 2 and 7)	689,163	651,485
Consulting and professional fees (Note 13)	388,536	665,856
Depreciation (Note 7)	57,265	209,548
Foreign exchange (gain) / loss	(1,765)	25,232
Loss on impairment of patents and property, plant and equipment, net (Notes 4 and 7)	-	37,800
	6,802,527	6,931,220
Income / (loss) from operations	5,564,591	(514,310)
Interest on convertible promissory notes payable (Notes 9 and 13)	(522,450)	(327,777)
Interest on loan payable (Note 8)	(11,155)	(13,251)
Accretion of discount on convertible promissory notes payable (Note 9)	(432,573)	(225,882)
Change in fair value of conversion option derivative liability (Note 10)	(1,581,957)	1,947,357
Net income before provision for income taxes	3,016,456	866,137
Income taxes (Note 11)	509,299	22,424
Deferred tax recovery (Note 11)	(8,954,468)	-
Net and comprehensive income	$ 11,461,625	$ 843,713
Net earnings / (loss) per share (Note 16)		
Basic	$ 88.22	$ 7.31
Fully diluted	$ 70.52	$ (3.09)
Weighted average number of shares outstanding (Note 16)		
Basic	129,922	115,417
Fully diluted	201,350	177,917

The accompanying notes are an integral part of these consolidated financial statements.

ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Common Stock						
	Shares	**Amount**	**Additional Paid-In Capital**	**Shares To Be Issued**	**Accumulated Other Comprehensive Income**	**Accumulated Deficit**	**Total Stockholders' Equity**
Balance, January 1, 2013	112,049	$ 112	$ 57,080,047	$ -	$ 344,183	$ (54,510,378)	$ 2,913,964
Net income	-	-	-	-	-	843,713	843,713
Stock-based compensation (Note 13)	6,335	6	313,400	-	-	-	313,406
Repurchase of common stock (Note 2)	(642)	(1)	(51,515)	-	-	-	(51,516)
Shares issued in settlement of interest (Notes 10 and 14)	8,000	8	199,992	-	-	-	200,000
Balance December 31, 2013	125,742	$ 125	$ 57,541,924	$ -	$ 344,183	$ (53,666,665)	$ 4,219,567
Net income	-	-	-	-	-	11,461,625	11,461,625
Stock-based compensation (Note 12)	3,878	4	137,497	91,525	-	-	229,026
Shares issued in settlement of interest (Notes 9 and 13)	5,126	5	256,295	-	-	-	256,300
Balance December 31, 2014	134,746	$ 134	$ 57,935,716	$ 91,525	$ 344,183	$ (42,205,040)	$ 16,166,518

The accompanying notes are an integral part of these consolidated financial statements.

ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
Net income	$ 11,461,625	$ 843,713
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation (Note 7)	416,383	562,709
Interest on promissory notes payable (Note 9)	522,450	327,777
Amortization of discount on promissory notes payable (Note 9)	432,573	225,882
Change in fair value of conversion option derivative liability (Note 9)	1,581,957	(1,947,357)
Deferred tax recovery	(8,954,468)	-
Stock-based compensation (Note 12)	229,026	313,406
Allowance for doubtful accounts	62,470	29,650
Warranty provision	(162,476)	1,580,205
Loss on write down of inventory (Note 6)	-	230,002
Recovery on disposal of inventory	(12,423)	(252,352)
Loss on patents and impairment of property, plant and equipment, net	-	37,800
Gain on sale of property, plant and equipment	(29,500)	-
	(5,914,008)	1,107,722
Increase / (decrease) in cash flows from operating activities resulting from changes in:		
Accounts receivable	(70,387)	(595,841)
Inventory	(756,874)	(1,708,738)
Prepaid expenses and other assets	185,794	(617,397)
Income tax receivable	(240,368)	-
Accounts payable and accrued liabilities	3,716	735,143
Income tax payable	508,552	-
Customer deposits	63,265	51,567
	(306,302)	(2,135,266)
Net cash generated from / (used in) operating activities	5,241,315	(183,831)
Investing activities:		
Proceeds from sale of property, plant and equipment	29,500	-
Acquisition of patent and trademarks	-	(42,000)
Acquisition of property, plant and equipment	(177,331)	(467,316)
Additions to property, plant and equipment under construction	(649,465)	(363,313)
Net cash used in investing activities	(797,296)	(872,629)
Financing activities:		
Proceeds from notes payable (Note 9)	122,486	5,000,000
Payment of interest on promissory notes (Note 9)	(266,151)	-
Payment for fractional shares	-	(51,516)
Repayment of loan payable (Note 8)	(71,022)	(68,926)
Net cash (used in) / provided by financing activities	(214,687)	4,879,558
Net change in cash and equivalents	4,229,332	3,823,098
Cash and cash equivalents, beginning of year	4,077,096	253,998
Cash and cash equivalents, end of year	$ 8,306,428	$ 4,077,096
Supplemental disclosures:		
Cash interest paid	$ 11,155	$ 13,251
Vesting of restricted stock grants issued to directors and officers	$ 91,525	$ -
Interest paid in common stock (Note 9)	$ 256,300	$ 200,000
Transfer from equipment under construction to property, plant and equipment	$ 423,442	$ 282,721

The accompanying notes are an integral part of these consolidated financial statements.

ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS

Environmental Solutions Worldwide, Inc. (the “Company” or “ESW”) through its wholly-owned subsidiaries is engaged in the design, development, manufacturing and sales of diesel emissions control technologies. ESW also provides emissions testing and environmental certification services with its primary focus on the North American on-road and off-road diesel and natural gas engines, chassis and after-treatment market. ESW currently manufactures and markets a line of emission control technologies for a number of applications focused on the medium and heavy duty diesel (“MHDD”) market.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which contemplates continuation of the Company as a going concern.

As of December 31, 2014, the Company had an accumulated deficit of $42,205,040 and had cash and cash equivalents of $8,306,428. Based on cash and cash equivalents, anticipated revenues and spending levels, the Company estimates that it has sufficient cash resources to meet its anticipated net cash needs through the next twelve months.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, ESW America Inc. (“ESWA”), ESW Technologies Inc. (“ESWT”), ESW Canada Inc. (“ESWC”), ESW CleanTech Inc. (“ESWCT”) and Technology Fabricators Inc. (“TFI”). All inter-company transactions and balances have been eliminated on consolidation. Amounts in the consolidated financial statements are expressed in U.S. dollars.

REVERSE STOCK-SPLIT

On May 24, 2013, ESW affected a one-for-two thousand reverse stock split of its common stock. As a result all outstanding common stock, and per share amounts contained in the consolidated financial statements and related notes have been retroactively adjusted to reflect this reverse stock-split for all periods presented. No fractional shares were issued resulting in a decrease to the outstanding shares on a post-split basis. In lieu of fractional shares, holders were paid cash equal to the number of shares of common stock held by any such holder immediately prior to the reverse stock split that were not combined into whole shares, multiplied by the fair market value of one pre-reverse stock split share. In lieu of issuing fractional shares, the Company paid holders cash in aggregate of $51,516.

ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Significant estimates include amounts for inventory valuation, impairment of and useful lives of property plant and equipment, the valuation of the stock-based compensation, conversion option derivative liability, warranty provisions and deferred taxes.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is estimated and recorded based on management’s assessment of the credit history with the customer and the current relationships with them. On this basis management has determined that an allowance for doubtful accounts of $62,470 and $250,862 was appropriate as of December 31, 2014 and December 31, 2013, respectively. During the year ended December 31, 2014, the Company wrote off $250,862 (December 31, 2013 - $0). The impact was a reduction of gross receivables and a reduction in the allowance for doubtful accounts.

STOCK-BASED COMPENSATION

The Company records expense for stock-based compensation in accordance with the provisions of Accounting Standards Codification ("ASC") 718-10-10, "Compensation — Stock Compensation," and related Interpretations. Disclosures required with respect to the fair value measurement and recognition methods prescribed are presented in Note 12.

INVENTORY

Inventory is stated at the lower of cost or market determined using the first-in, first-out method. Inventory is periodically reviewed for use and obsolescence, and adjusted as necessary. Inventory consists of raw materials, work-in-process, finished goods and parts.

PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

The Company capitalizes customized equipment built to be used in the future day to day operations at cost. Once complete and available for use, the cost for accounting purposes is transferred to property, plant and equipment, where normal depreciation rates apply.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, generally between 5 to 10 years. Maintenance and repairs are charged to operations as incurred. Significant renewals and betterments are capitalized.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company follows the ASC Topic 360, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable. In performing the review for recoverability, if future discounted cash flows (excluding interest charges) from the use of ultimate disposition of the assets are less than their carrying values, an impairment loss represented by the difference between its fair value and carrying value, is recognized. Properties held for sale are recorded at the lower of the carrying amount or the expected sales price less costs to sell.

PATENTS AND TRADEMARKS

Patents and trademarks are measured at the cost incurred to acquire them from an independent third party (see Note 4). Topic 350-20, Goodwill, and 350-30, General Intangibles Other than Goodwill, in the ASC requires intangible assets with a finite life be tested for impairment whenever events or circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated discounted cash flow used in determining the fair value of the asset.

Patents and trademarks were acquired as part of the Cleaire asset acquisition (Note 4) and were being amortized on a straight-line basis over their estimated useful lives of five years. Amortization expense was $0 for the year ended December 31, 2014 (2013 - $4,200).

FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Included in the ASC Topic 820 framework is a three level valuation inputs hierarchy with Level 1 being inputs and transactions that can be effectively fully observed by market participants spanning to Level 3 where estimates are unobservable by market participants outside of the Company and must be estimated using assumptions developed by the Company. The Company discloses the lowest level input significant to each category of asset or liability valued within the scope of ASC Topic 820 and the valuation method as exchange, income or use. The Company uses inputs which are as observable as possible and the methods most applicable to the specific situation of each company or valued item.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of their short-term nature. Per ASC Topic 820 framework these are considered Level 2 inputs where inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The loan payable is measured using Level 2 inputs; the interest rate on this loan approximates a market rate based on the Company's incremental borrowing rate.

Our conversion option derivative liability, which is measured at fair value on a recurring basis, is measured using Level 3 inputs.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks.

The Company reviews the terms of convertible debt, equity instruments and other financing arrangements to determine whether there are embedded derivative instruments, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative financial instrument. Also, in connection with the issuance of financing instruments, the Company may issue freestanding options or warrants to employees and non-employees in connection with consulting or other services. These options or warrants may, depending on their terms, be accounted for as derivative instrument liabilities, rather than as equity.

Derivative financial instruments are initially measured at their fair value. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income. To the extent that the initial fair values of the freestanding and/or bifurcated derivative instrument liabilities exceed the total proceeds received an immediate charge to income is recognized in order to initially record the derivative instrument liabilities at their fair value.

The discount from the face value of the convertible debt or equity instruments resulting from allocating some or all of the proceeds to the derivative instruments, together with the stated rate of interest on the instrument, is amortized over the life of the instrument through periodic charges to income, using the effective interest method.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. If reclassification is required, the fair value of the derivative instrument, as of the determination date, is reclassified. Any previous charges or credits to income for changes in the fair value of the derivative instrument are not reversed. Derivative instrument liabilities are classified in the consolidated balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date.

REVENUE RECOGNITION

The Company derives revenue primarily from the sale of its diesel emission control products. In accordance with Staff Accounting Bulletin No. 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the amount is fixed or determinable and collection is reasonably assured.

The Company also derives revenue (approximately 2.9% and 3.6% of total revenue for the years ended December 31, 2014 and 2013, respectively) from providing air testing and environmental certification services. Revenues are recognized upon delivery of testing services when persuasive evidence of an arrangement exists and collection of the related receivable is reasonably assured.

EARNINGS PER SHARE OF COMMON STOCK

Basic and diluted earnings per share have been determined by dividing the consolidated net earnings available to shareholders for the applicable period by the basic and diluted weighted average number of shares outstanding, respectively. The diluted weighted average number of shares outstanding is calculated as if all dilutive options and restricted stock grants had been exercised or vested at the later of the beginning of the reporting period or date of grant, using the treasury stock method. The dilutive effect of convertible notes has been reflected in diluted weighted average number of shares using the if-converted method.

Income per share of common stock is computed by dividing the net income by the weighted average number of shares of common stock outstanding during the period. Common stock equivalents are excluded from the computation of diluted income per share when their effect is anti-dilutive.

INCOME TAXES

Income taxes are computed in accordance with the provisions of ASC Topic 740, which requires, among other things, a liability approach to calculating deferred income taxes. The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The Company is required to make certain estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters. In the event that uncertain tax positions are resolved for amounts different than the Company's estimates, or the related statutes of limitations expire without the assessment of additional income taxes, the Company will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on ESW's income tax provision and results of operations.

SHIPPING AND HANDLING COSTS

The Company's shipping and handling costs of $353,662 and $121,259 are included in cost of revenue for the year ended December 31, 2014 and 2013, respectively.

Additionally, the Company has recorded recoveries of these costs amounting to $110,753 and $97,091, which are included in cost of revenues for year ended December 31, 2014 and in revenue for the year ended December 31, 2013, respectively.

RESEARCH AND DEVELOPMENT

The Company is engaged in research and development work. Research and development costs are charged as an operating expense as incurred. Any grant money received for research and development work is used to offset these expenditures.

For the years ended December 31, 2014 and 2013, gross research and development expense, excluding any offsetting grant revenues, amounted to $689,163 and $692,431, respectively, and grant revenues amounted to $0 and $40,946, respectively.

FOREIGN CURRENCY TRANSLATION

The functional currency of the Company and its foreign subsidiaries is the U.S. dollar. All of the Company's revenue and materials purchased from suppliers are denominated in, or linked to, the U.S. dollar. Transactions denominated in currencies other than the functional currency are converted to the functional currency on the transaction date, and any resulting assets or liabilities are further translated at each reporting date and at settlement. Gains and losses recognized upon such translations are included within foreign exchange (gain) / loss in the consolidated statements of operations and comprehensive income / (loss).

PRODUCT WARRANTIES

The Company provides for estimated warranty costs at the time of sale and accrues for specific items at the time their existence is known and the amounts are determinable. The Company estimates warranty costs using standard quantitative measures based on industry warranty claim experience and evaluation of specific customer warranty issues. The Company currently estimates warranty costs as 2% of revenue for on-road products and 4% of revenue for off-road products.

SEGMENT REPORTING

ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information", establishes standards for the way that public business enterprises report information about operating segments in the Company's consolidated financial statements. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. ESW operates in two reportable segments; medium and heavy duty diesel emission control operations and air testing services (see Note 15). ESW's chief operating decision maker is the Company's Executive Chairman.

NOTE 3 – RECENTLY ISSUED ACCOUNTING STANDARDS AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

"Income Taxes (ASC Topic - 740): Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists" ("ASU 2013-11") was issued during July 2013. FASB issued guidance on how to present an unrecognized tax benefit. The guidance is effective for annual periods beginning after December 15, 2013. The adoption of the accounting pronouncement did not have a material effect on the accompanying consolidated financial statements.

In April 2014, the FASB issued ASC No. 2014-08 (Topic 205 and Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This ASC update modifies the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. This update also requires additional financial statement disclosures about discontinued operations, as well as disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation. The updated guidance is effective prospectively for years beginning on or after December 15, 2014. The Company expects that the adoption of the accounting pronouncement will not materially affect its financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, a new standard on revenue recognition. The new standard will supersede existing revenue recognition guidance and apply to all entities that enter into contracts to provide goods or services to customers. The guidance also addresses the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as real estate, property and equipment. The new standard will become effective for the Company beginning with the first quarter of 2017 and can be adopted either retrospectively to each reporting period presented or as a cumulative effect adjustment as of the date of adoption. The Company is currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

In June 2014, the FASB issued new authoritative accounting guidance related to the recognition of share-based compensation when an award provides that a performance target can be achieved after the requisite service period. This guidance may be applied either prospectively or retrospectively and is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early application is permitted. The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

NOTE 4 – ASSET ACQUISITION

On April 18, 2013, ESW through a new-wholly owned subsidiary ESWCT, completed the transactions contemplated by the Asset Purchase Agreement, dated April 1, 2013 with David P. Stapleton (the "Receiver"), as the receiver for Cleaire, a Delaware limited liability company. Prior to shutdown of its operations in January 2013, Cleaire was engaged in the design, development and manufacturing of emission control systems for on-road and off-road diesel engines. Subject to the terms and conditions of the asset purchase agreement, the Company was selected as (and agreed to act as) the "stalking horse bidder" to buy certain of Cleaire's assets for a purchase price of $1.4 million plus a portion of gross profit realized on a certain purchase order. The purchased assets included inventory, machinery and equipment and patents and trademarks.

Upon the completion of the Asset Purchase Agreement and in accordance with FASB ASC 805 Business Combinations, the Company determined that the above noted Asset Purchase Agreement transaction does not constitute a business combination, and accordingly has accounted for it as an asset acquisition. The total consideration paid was $1.4 million in cash, plus a portion of gross profit realized on a certain purchase order.

The purchase price allocation was allocated based on the relative fair value of the assets acquired at the asset acquisition date:

Assets acquired		**April 18, 2013**
Inventory	$	1,260,000
Machinery and equipment		98,000
Patents and trademarks		42,000
	$	**1,400,000**

Effective December 31, 2013 the Company performed an annual impairment test of Patents and trademarks and concluded that the undiscounted cash flows estimated to be generated by these assets are less than their carrying amounts. Patents and Trademarks were impaired and the Company recorded an impairment charge of $37,800 (net of amortization) that reduced the carrying value of these assets to zero.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments purchased with original maturities of generally 90 days or less at the date of purchase. At December 31, 2014 and December 31, 2013, all of the Company's cash and cash equivalents consisted of cash.

NOTE 6 – INVENTORY

Inventory consists of:

Inventory		December 31, 2014		December 31, 2013
Raw materials	$	2,444,728	$	1,964,412
Work-in-process		2,239,293		1,950,642
Finished goods		-		6,868
Parts		-		17,954
		4,684,021		3,939,876
Less: reserve for inventory obsolescence		(221,357)		(246,509)
Total	**$**	**4,462,664**	**$**	**3,693,367**

During the year ended December 31, 2014, ESW recorded a write down on inventory against reserve of $25,152. In addition, there was recovery from sale of scrap inventory of $12,423.

During the year ended December 31, 2013, ESW recorded a $230,002 write down on inventory which was subsequently sold as scrap for $252,352 resulting in a net gain on disposal of scrap inventory of $22,350 included in the cost of revenue.

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Classification		December 31, 2014		December 31, 2013
Plant, machinery and equipment	$	4,064,519	$	3,583,451
Office equipment		221,240		186,916
Furniture and fixtures		-		1,063
Vehicles		48,443		17,038
Leasehold improvements		1,134,920		1,079,881
		5,469,122		4,868,349
Less: accumulated depreciation		(3,710,551)		(3,294,168)
	$	**1,758,571**	**$**	**1,574,181**

Depreciation expense recognized in the consolidated statements of operations and comprehensive income / (loss) was included in the following captions:

		For the years ended		
Depreciation Expense		December 31, 2014		December 31, 2013
Depreciation expense included in cost of revenue	$	359,118	$	350,119
Depreciation expense included in operating expenses		57,265		209,548
Depreciation expense included in research and development costs		-		3,042
Total depreciation expense	**$**	**416,383**	**$**	**562,709**

At December 31, 2014 and December 31, 2013, the Company had $657,045 and $431,022, respectively, of customized equipment under construction.

Certain property and equipment of the Company and its subsidiaries is used as collateral for borrowings under the Machinery and Equipment Loan Fund ("MELF") facility (Note 8). All other property and equipment of the Company and its subsidiaries is used as collateral for borrowing under the senior secured convertible promissory notes payable (Note 9).

NOTE 8 - LOAN PAYABLE

On April 25, 2012, the Company's wholly-owned subsidiary ESWA entered into the MELF Facility with the Commonwealth of Pennsylvania for up to $500,000 for the purchase of equipment and related purchases. Two (2) draw-downs were permitted under the MELF Facility by ESWA. The first draw-down of $280,787 was made under the MELF Facility in connection with equipment purchased by ESWA on April 25, 2012 (the "Closing Date"). ESWA made one (1) additional draw-down of $219,213 on November 13, 2012 per the terms of the MELF Facility so that the aggregate amount borrowed under the MELF Facility amounts to $500,000. Terms of the MELF Facility include initial interest at three (3%) percent per annum with monthly payments and full repayment of the MELF Facility on or before the first day of the eighty fifth (85) calendar month following the Closing Date. As part of the loan agreement, within three years from the Closing Date ESWA is required to create, or retain, at its current location a certain number of jobs that is specified in the loan application. A breach by ESWA in the creation or maintenance of these jobs shall be considered an event of default under the MELF Facility. In the event ESWA defaults on any payments, the MELF Facility may be accelerated with full payment due along with certain additional modifications including the increase in interest to twelve and one half (12 1/2%) percent. The loan is secured by certain property and equipment and a corporate guarantee of the Company.

As of December 31, 2014 and December 31, 2013, the loan payable (current and long-term) amounted to $333,185 and $404,207, respectively.

For the years ended December 31, 2014 and 2013, the Company paid interest amounting to $11,155 and $13,251 on the principal amount outstanding under the MELF Facility and also repaid principal in the amount of $71,022 and $68,926, respectively.

As at December 31, 2014 $73,182 (December 31, 2013 - $71,022) of the loan is repayable in the next 12 months with the remaining $260,003 (December 31, 2013 - $333,185) repayable thereafter.

Principal on the loan is repayable as follows:

Year Ending December 31,		Amount
2015	$	73,182
2016		75,408
2017		77,702
2018		80,065
2019		26,828
Total	**$**	**333,185**

NOTE 9 – SENIOR SECURED CONVERTIBLE PROMISSORY NOTES

On March 22, 2013, the Company entered into a note subscription agreement and a security agreement (the "Agreements") and issued senior secured convertible promissory notes (the "March 2013 Notes") to four accredited investors who are currently shareholders (the "Holders") and may be deemed affiliates of the Company (Note 13). Pursuant to the Agreements and the March 2013 Notes, the Holders made initial loans of $1,400,000 to the Company.

On April 23, 2013 and June 27, 2013, the Company issued additional Notes in the principal amount of $1,600,000 and $2,000,000, respectively, to the Holders pursuant to the Agreements (together with the March 2013 Notes, the "Existing Notes"). The Existing Notes mature on March 22, 2018. The Existing Notes are a part of a senior secured convertible loan facility of up to $5,000,000 which is now fully drawn down.

The Existing Notes bear interest at a rate of 10% per annum compounded quarterly. Interest is payable semi-annually in arrears in cash and at the Company's election, during the term of the Existing Notes, up to two accrued and unpaid semi-annual interest payments can be payable in the Company's common stock valued at the lesser of $80 per share, subject to adjustment ("Conversion Price"), or the market value of the Company's common stock, with interest payments commencing September 30, 2013.

At the option of the Holders, all principal, and interest amounts outstanding under all of the Notes (as defined below) may be exchanged for shares of the Company's common stock at the Conversion Price. The Conversion Price is subject to an anti-dilution adjustment in the event the Company at any time, while the Notes are outstanding, issues equity securities including common stock or any security convertible or exchangeable for shares of common stock for no consideration or for consideration less than $80 per share. The anti-dilution protection excludes shares of common stock issuable upon the exercise of options or other securities granted to directors, officers, bona fide consultants and employees of the Company issued pursuant to a Board approved option or incentive plan or stock, warrants or other securities issued to a bank or other financial institution.

The Notes are secured by a lien on and a security interest in all assets of the following wholly-owned subsidiaries of the Company: TFI, ESWCT, ESWA and ESWT, excluding certain collateral subject to pre-existing liens.

Effective October 1, 2013 the Company elected to pay and paid interest on the Existing Notes in the form of common stock, as per the terms of the Existing Notes. The Company issued 8,000 shares as interest payment to four note holders for interest accrued during the nine months ended September 30, 2013 totaling $200,000. The conversion price of the shares was $25 for the interest payment, which was based upon the market value of the Company's common stock on the date of payment (determined by calculating the average closing price of the Company's common stock for the twenty trading days preceding such date). The Company further agreed to conduct a rights offering to all of its holders of common stock, offering the right to purchase up to their pro-rata Company ownership amount of senior secured convertible promissory notes substantially similar to the Existing Notes.

On February 12, 2014, the Securities and Exchange Commission declared effective a Form S-1 Registration Statement under the Securities Act Of 1933 originally filed by the Company on December 23, 2013 ("Registration Statement"). The Registration Statement relates to the subscription rights offering to existing Company shareholders that the Company agreed to conduct in connection with the 2013 issuance of senior secured convertible promissory notes to accredited investors. The Registration Statement registers an aggregate of $4,596,929 new 10% Senior Secured Convertible Promissory Notes due 2018 (the "New Notes" and, together with the Existing Notes, the "Notes") as well as potential 152,899 shares of common stock issuable upon conversion of the Notes and, if applicable, as payment of interest on the Notes by the Company. In March, 2014, the Company filed a form 424B3 with the Securities And Exchange Commission (the "prospectus") and commenced the rights offering by mailing the prospectus and related documents to the Company's shareholders of record as of February 13, 2014. The rights offering was completed on May 9, 2014, and on May 23, 2014 the Company issued New Notes, in the principal amount of $122,486, to the shareholders that participated in the rights offering. The New Notes mature on March 22, 2018.

Effective April 1, 2014, the Company elected to pay and paid interest on the Existing Notes in the form of common stock, as per the terms of the Notes. The Company issued 5,126 shares as interest payment to the holders of the Existing Notes for interest accrued up to March 31, 2014 totaling $256,300. The conversion price of the shares was $50 for the interest payment, which was based upon the market value of the Company's common stock on the date of payment (determined by calculating the average closing price of the Company's common stock for the twenty trading days preceding such date). Per the terms of the Notes, up to two interest payments could be paid in the Company's common stock. The Company has used both options to pay interest in the form of the Company's common stock, future interest payments on the Notes will be paid in cash.

On March 22, 2013, April 23, 2013, June 27, 2013 and May 23, 2014, the Company recorded a discount on the Notes equal to the fair value of the conversion option derivative liability (Note 10). This discount is amortized using the effective interest rate method at an interest rate of 9.6%, 17.3% and 38.3% for the March 22, April 23 and June 27, 2013 Notes, respectively, over the term of the Notes. The May 23, 2014 Notes were discounted on recognition by $56,639 and the discount will be amortized using the effective interest rate method at a rate of 16.5% over the term of the Note.

		Period ended December 31 ,2014
Face value of March 22, 2013 promissory notes payable	$	1,400,000
Face value of April 23, 2013 promissory notes payable		1,600,000
Face value of June 27, 2013 promissory notes payable		2,000,000
Total face value of promissory notes payable		**5,000,000**
Discount on promissory notes payable		(3,079,102)
Accretion of discount on promissory notes payable		225,882
Balance December 31, 2013	**$**	**2,146,780**
Face value of May 23, 2014 promissory notes payable		122,486
Discount on the May 23, 2014 promissory notes payable		(56,639)
Accretion of discount on promissory notes payable		432,573
Balance December 31, 2014	**$**	**2,645,200**

During the years ended December 31, 2014 and 2013, accretion of discount on the Notes amounted to $432,573 and $225,882, respectively.

During the years ended December 31, 2014 and 2013, interest expense on the Notes amounted to $522,450 and $327,777, respectively.

For the years ended December 31, 2014 and 2013, interest expense accrued on the Notes included in accrued liabilities on the consolidated balance sheets amounted to $130,908 and $127,777, respectively.

NOTE 10 – CONVERSION OPTION DERIVATIVE LIABILITY

The Company's Notes are subject to anti-dilution adjustments (the "conversion option") that provide for reductions in the Conversion Price in the event the Company subsequently issues equity securities including common stock or any security convertible or exchangeable for shares of common stock (with certain exceptions) for no consideration or for consideration less than $80 per share. Simultaneously with any reduction to the Conversion Price, the number of shares of common stock that may be converted increases proportionately. The Company accounted for the conversion option in accordance with ASC Topic 815 ("Derivatives and Hedging"), under which the conversion option meets the definition of a derivative instrument and, since it is not considered to be solely indexed to the Company's own stock, is treated as a derivative liability.

This conversion option derivative liability was measured at fair value on the dates of issue and at December 31, 2014 using a binomial lattice model, with changes in the fair value charged or credited, as applicable, to income.

Since the Conversion Price is subject to an anti-dilution adjustment, the probability that the Conversion Price of the Notes would decrease as the share price decreased was incorporated into the valuation calculation.

The inputs into the binomial lattice model are as follows:

	March 22, 2013	**April 23, 2013**	**June 27, 2013**	**December 31, 2013**	**May 23, 2014**	**December 31, 2014**
Closing share price	$40	$54	$80	$26	$50	$55
Conversion price	$80	$80	$80	$80	$80	$80
Risk free rate	0.80%	0.71%	1.38%	1.75%	1.17%	1.10%
Expected volatility	110%	126%	114%	117%	125%	149%
Dividend yield	0%	0%	0%	0%	0%	0%
Expected life	5 years	4.92 years	4.75 years	4.25 years	3.92 years	3.27 years

The fair value of the conversion option derivative liability, as determined using the binomial lattice model, was $2,770,340 at December 31, 2014 and $1,131,745 at December 31, 2013. The change in the fair value of the conversion option derivative liability of $1,581,957 was primarily due to an increase in the price of our common stock and high expected volatility, and was recorded as a loss in the consolidated statement of operations for the year ended December 31, 2014 and $1,947,357 was recorded as a gain in the consolidated statement of operations for year ended December 31, 2013.

Conversion option derivative liability, beginning balance	**$**	-
Origination of conversion option derivative liability on March 22, 2013		526,810
Origination of conversion option derivative liability on April 23, 2013		905,569
Origination of conversion option derivative liability on June 27, 2013		1,646,723
Gain on change in fair value of conversion option derivative liability, December 31, 2013		(1,947,357)
Balance, December 31, 2013	**$**	**1,131,745**
Origination of conversion option derivative liability on May 23, 2014 (Note 9)		56,639
Loss on change in fair value of conversion option derivative liability, December 31, 2014		1,581,957
Balance, December 31, 2014	**$**	**2,770,340**

NOTE 11 - INCOME TAXES

The income taxes by jurisdiction consist of the following:

	Years ended December 31, 2014	2013
Current:		
Federal	$ 88,324	$ -
State	420,975	22,424
Foreign	-	-
Total Current	**509,299**	**22,424**
Deferred:		
Federal	(8,900,989)	-
State	(53,479)	-
Foreign	-	-
Total Deferred	**$ (8,954,468)**	**$ -**

The difference between the U.S. federal statutory tax rate and the Company's effective income tax rate was:

	Years ended December 31, 2014	2013
U.S. statutory income tax rate	35.00%	35.00%
State income taxes, net of federal benefit	9.30%	0.00%
Foreign rates varying from 35%	0.41%	0.00%
Valuation Allowance	(325.49)%	0.00%
Other	0.18%	0.00%
Effective income tax rate (benefit) / expense	(280.60)%	35.00%

Our effective tax rates for the year ended December 31, 2014 was negative 280.6% and for the year ended December 31, 2013 was 35.0%. The reversal of the valuation allowance on the reported effective income tax rate was a reduction of 325.49 percentage points for 2014 (2013 – 0%). In 2014 the effective income tax rate benefited significantly from the reversal of the valuation allowance.

Deferred income tax reflects the tax effects of temporary differences that gave rise to significant portions of our deferred tax assets and liabilities and consisted of the following:

	Years ended December 31 2014	2013
Deferred Tax Assets:		
Current		
Accrued Liabilities	$ 127,788	$ 116,870
Warranty Reserve	602,138	603,320
Deferred compensation	45,448	-
Property and equipment	-	-
State taxes	86,957	-
Other	96,636	-
Valuation allowance	-	(720,190)
	958,967	-
Long-term		
Net Operating Loss	7,860,246	10,022,470
Unrealized tax credits	480,153	374,380
Loss on Convertible Derivatives	40,484	-
Valuation Allowance	(182,917)	(10,396,850)
	8,197,966	-
Net deferred assets	**$ 9,156,933**	**$ -**
Deferred Tax Liabilities:		
Long-term		
Property and equipment	$ (202,465)	$ -
Net deferred tax liabilities	**(202,465)**	**-**
Net deferred taxes	**$ 8,954,468**	**$ -**

The following table sets forth the changes in the valuation allowance:

		2014		2013
Balance, January 1	$	11,117,040	$	11,000,470
Additions related to the current year		-		1,105,367
Subtractions, charged to operations		(10,934,123)		(1,585,840)
Balance, December 31,	**$**	**182,917**	**$**	**10,519,997**

Income taxes are provided based on the liability method, which results in income tax assets and liabilities arising from temporary differences. Temporary differences are differences between the tax basis assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The liability method requires the effect of tax rate changes on current and accumulated deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than- not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes interest accrued on uncertain tax positions as well as interest received from favorable tax settlements within interest expense. The Company recognizes penalties accrued on unrecognized tax benefits within general and administrative expenses. As of December 31, 2014 and 2013, the Company had no uncertain tax positions.

The Company does not anticipate any significant changes to the total amounts of recognized tax benefits in the next twelve months. In many cases the Company's uncertain tax positions are related to tax years that remain subject to examination by tax authorities. The following describes the open tax years, by major tax jurisdiction, as of December 31, 2014.

United States - Federal	2011	–	present
United States - State	2010	–	present
Canada - Federal	2011	–	present
Canada - Provincial	2011	–	present

NOTE 12 - STOCK OPTIONS AND RESTRICTED STOCK PLAN

Stock-based compensation consists of stock options and restricted stock granted by the Company as follows:

		For the years ended		
		December 31, 2014		December 31, 2013
Stock options	$	-	$	20,708
Shares to be issued		91,525		-
Restricted stock grants vested		137,501		292,698
Total stock-based compensation	**$**	**229,026**	**$**	**313,406**

For the year ended December 31, 2014, $229,026 (December 31, 2013 - $313,406) has been recorded in officers' compensation and directors' fees.

STOCK OPTIONS

A summary of option transactions, including those granted pursuant to the terms of certain employment and other agreements follows:

Details	Stock Purchase Options	Weighted Average Exercise Price
Outstanding, January 1, 2013	588	$1,000
Expired	(175)	(957)
Balance, January 1, 2014	413	$1,010
Expired	-	-
Outstanding, December 31, 2014	**413**	**$1,010**

At December 31, 2014 and December 31, 2013, the outstanding options have a weighted average remaining life of 7 months and 19 months, respectively. No stock options were granted during the years ended December 31, 2014 and 2013.

During the years ended December 31, 2014 and 2013, $0 and $20,708, respectively, of stock option expense has been recorded in officers' compensation and directors' fees, in the consolidated statements of operations and comprehensive income. At December 31, 2014, the Company had outstanding options as follows:

Number of Options	Exercise Price	Expiration Date
300	$1,300	April 15, 2015
113	$240	June 30, 2016
413		

RESTRICTED STOCK PLAN

On March 20, 2013, the Company received the written consent of shareholders holding a majority of the outstanding shares of the Company's common stock on a proposal to approve and adopt the Environmental Solutions Worldwide, Inc. 2013 Stock Plan (the "2013 Stock Plan"). The 2013 Stock Plan replaces the Company's 2010 Stock Incentive Plan, which replaced the Company's 2002 Stock Option Plan. While previously granted awards under the Company's 2010 Stock Incentive Plan and 2002 Stock Option Plan will remain in effect in accordance with the terms of the individual awards, the 2013 Stock Plan will replace the Company's 2010 Stock Incentive Plan and 2002 Stock Option Plan for future grants.

The 2013 Stock Plan authorizes the granting of awards to employees (including officers) and directors of, and consultants to, the Company and its subsidiaries in the form of any combination of non-statutory stock options ("NSOs"), incentive stock options ("ISOs"), stock appreciation rights ("SARs"), shares of restricted stock, restricted stock units ("RSUs") and performance shares and share units, other stock-based awards in the Committee's discretion, and dividend equivalent rights (collectively, "Awards"). Under the Plan, the Company may deliver authorized but unissued shares of common stock, treasury shares of common stock, and shares of common stock acquired by the Company for the purposes of the Plan. Each Award will be evidenced by an agreement between the recipient and the Company setting forth the terms of the Award, as determined by the Committee. A maximum of 20,000 shares of common stock will be available for grants pursuant to Awards under the Plan. The maximum number of shares of common stock with respect to which any individual may be granted Options or Stock Appreciation Rights during any one calendar year is 2,500 shares.

The 2013 Stock Plan is administered by the Compensation Committee. The Compensation Committee has authority, subject to ratification by the Board, to interpret the 2013 Stock Plan, adopt administrative regulations, determine the recipients of Awards, and determine and amend the terms of Awards.

Shares of restricted common stock issued were valued at the quoted market price on the dates of grant. During the years ended December 31, 2014 and 2013, $229,026 and $292,689, respectively, has been recorded in officers' compensation and directors' fees in the consolidated statements of operations and comprehensive income for shares to be issued related to restricted stock grants and the fair value of the vested portion of each grant of restricted common stock.

Date of Issuance	Number of restricted common stock issued	Shares To Be Issued	Additional Paid-In Capital	Note
February 28, 2013	2,057	$ -	$ 152,245	(1)
December 31, 2013	3,620	-	123,345	(2)
December 31, 2013	658	-	17,108	(3)
Total December 31, 2013	6,335	$ -	$ 292,698	
Vested but not yet issued	-	91,525	-	(4)
June 30, 2014	658	-	17,108	(3)
December 31, 2014	3,220	-	120,389	(5)
Total December 31, 2014	**3,878**	**$ 91,525**	**$ 137,497**	

1) Effective December 10, 2012, the Board, on the recommendation of its compensation committee, approved a one-time grant of 4,114 shares of restricted common stock from treasury to a member of the Company's Board for services rendered as Executive Chairman, 2,057 shares of which were issued upon the date of grant. The shares of common stock were issued from treasury not under the Company's 2010 stock incentive plan. Effective February 28, 2013, the Company issued 2,057 shares of restricted common stock valued at $152,245 from treasury, in accordance with the grant.

(2) Effective December 31, 2013, the Company issued 3,620 shares of restricted common stock valued at $123,345 to seven board members under the 2013 Stock Plan as per the approved board compensation structure.

(3) Effective December 31, 2013, the Company issued 658 shares of restricted common stock valued at $17,108 to two executive officers under the 2013 Stock Plan as per their approved executive compensation arrangements. Effective January 12, 2012, the Board, on the recommendation of its compensation committee, approved a management incentive plan which includes a 10% restricted stock pool for management. Key participants of this plan will be executive officers. Secondary participants will include other management and certain other employees. The program provides for 5 year vesting. The equity grants are effective subject to the execution of the requisite grant agreements. Stock-based compensation expense will be recorded as of the vesting terms of the grants. Effective June 30, 2014, the Company issued 658 shares of restricted common stock valued at $17,108 to two executive officers under the 2013 Stock Plan as per their approved executive compensation arrangements.

(4) As of December 31, 2014, $91,525 (December 31, 2013 - $0) has been recorded as stock-based compensation under shares to be issued related to the vesting of restricted stock grants in the consolidated statements of changes in stockholders' equity.

(5) Effective December 31, 2014, the Company issued 3,220 shares of restricted common stock valued at $120,389 to seven board members under the 2013 Stock Plan as per the approved board compensation structure.

The following tables show the outstanding equity awards (unvested portion of restricted stock grants) at December 31, 2014.

Vesting date	**Number of restricted common stock outstanding (unvested)**
January 12, 2015	658
December 31, 2015	2,054
January 12, 2016	658
December 31, 2016	951
January 12, 2017	660
Total	**4,981**

NOTE 13 - RELATED PARTY TRANSACTIONS AND BALANCES

In addition to reimbursement of business expenses, transactions with related parties include: On April 19, 2011, the Company's Board ratified a Services Agreement (the "Orchard Agreement") between the Company and Orchard Capital Corporation ("Orchard") which was approved by the Company's Compensation Committee and was effective January 30, 2011. Under the Orchard Agreement, Orchard agreed to provide services that may be mutually agreed to by and between Orchard and the Company including those duties customarily performed by the Chairman of the Board and executive of the Company as well as providing advice and consultation on general corporate matters and other projects as may be assigned by the Company's Board as needed. Orchard is controlled by Richard Ressler. Certain affiliated entities of Orchard as well as Richard Ressler own shares of the Company. On August 1, 2013, the Company's Board ratified a change to the terms of the Orchard Agreement increasing compensation under the agreement to $430,000 from $300,000 per annum.

During the years ended December 31, 2014 and 2013, management fees (pursuant to the Orchard Agreement) charged to operations amounted to $430,000 and $354,965, respectively.

As at December 31, 2014, $0 (December 31, 2013 - $107,500) is included in accrued liabilities and $107,500 (December 31, 2013 - $0) is included in accounts payable.

Mr. Nitin Amersey, a director of the Company, is listed with the Securities and Exchange Commission as a control person of Bay City Transfer Agency Registrar Inc., the Company's transfer agent, and of Freeland Venture Resources Inc., which provides Edgar filing services to the Company.

For the year ended December 31, 2014, the Company paid $16,165 to Bay City Transfer Agency Registrar Inc., for services rendered and $16,100 to Freeland Venture Resources Inc., for services rendered.

For the year ended December 31, 2013, the Company paid $47,539 to Bay City Transfer Agency Registrar Inc., for services rendered and $18,470 to Freeland Venture Resources Inc., for services rendered.

At December 31, 2014, accounts payable includes $700 (December 31, 2013 - $1,000) due to these entities.

During the years ended December 31, 2014 and 2013 the Company paid Mr. Amersey $36,000 and $32,500, respectively, as fees, for services performed as audit committee chairperson.

Mr. John Dunlap, a director of the Company, is the President of Dunlap Group, which provides consulting services to the Company related to regulatory compliance matters. During the years ended December 31, 2014 and 2013, the Company paid fees to Dunlap Group amounting to $5,913 and $24,686, respectively.

During the years ended December 31, 2014 and 2013 the Company paid Mr. Dunlap $36,000 and $32,500, respectively, as fees, for services performed as compensation committee chairperson.

During the years ended December 31, 2014 and 2013 the Company paid each of Mr. John Suydam and Mr. Zohar Loshitzer $20,000 and $8,333, respectively, as fees, for serving as a director of the Company.

During the years ended December 31, 2014 and 2013, $294,203 (includes vesting of restricted stock of $180,536) and $123,345 respectively, has been recorded as directors fees under officers' compensation and directors' fees related to the services provided by seven board members. As per the approved board compensation structure, these services will be compensated through restricted stock grants with a 3 year vesting period.

Effective December 10, 2012, the Board approved a one-time grant of 4,114 shares of restricted common stock from treasury to Mr. Mark Yung, a member of the Company's Board, for services rendered as Executive Chairman, 2,057 shares of which were issued upon the date of grant, and 2,057 shares of which were issued on February 28, 2013 (Note 12). The issued shares were valued at the quoted market price on the grant date. During the years ended December 31, 2014 and 2013, $0 and $152,245, respectively, has been recorded in officers' compensation and directors' fees in the consolidated statements of operations and comprehensive income for the fair value related to the grant of restricted common stock to Mr. Yung in 2013. The shares of common stock were issued from treasury, not under the Company's 2010 stock incentive plan. During the years ended December 31, 2014, no expense was incurred with respect to such shares.

On March 22, 2013, April 23, 2013, June 27, 2013 and May 23, 2014, the Company issued an aggregate amount of $5,064,423 unsecured convertible promissory notes to certain shareholders and deemed affiliates of certain members of the Board of Directors (Note 9). During the years ended December 31, 2014 and 2013, interest expense on the Notes amounted to $522,450 and $327,777, respectively. At December 31, 2014 and 2013, interest expense accrued on the Notes included in accrued liabilities on the consolidated balance sheets amounted to $130,908 and $127,777, respectively. As of December 31, 2014 the Company has issued 5,126 shares as interest payment (December 31, 2013 – 8,000 shares) and the Company paid interest on the Notes in the form of cash payments for interest accrued up to September 30, 2014 totaling $260,034 to related parties.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

LEASES

Effective November 24, 2004, the Company's wholly-owned subsidiary, ESWA, entered into a lease agreement for approximately 40,220 square feet of leasehold space at 200 Progress Drive, Montgomeryville, Pennsylvania. The leasehold space houses the Company's emissions testing facilities and ESW's manufacturing operations. The lease commenced on January 15, 2005. Effective October 16, 2009, the Company's wholly-owned subsidiary ESWA entered into a lease renewal agreement with Nappen & Associates for the leasehold property in Pennsylvania. There were no modifications to the original economic terms of the lease under the lease renewal agreement. Under the terms of the lease renewal, the lease term was extended to February 28, 2013. Effective September 24, 2012, ESWA entered into a second lease amendment agreement with Nappen & Associates for the leasehold property in Pennsylvania, whereby ESWA extended the term of the lease agreement by an additional 5 years. There were no modifications to the original economic terms of the lease. Under the terms of the second lease renewal, the lease will expire on February 28, 2018, with an option exercisable by ESWA to extend the lease for an additional five year period.

On June 7, 2013, the Company's wholly-owned subsidiary, ESWCT, entered into a commercial real estate lease with Trepte Industrial Park, Ltd., a California limited partnership, pursuant to which ESWCT is leasing approximately 18,000 square feet of commercial property located in San Diego, California, to be used primarily for housing ESWCT's manufacturing and diesel particulate filter cleaning operations. This lease provides for a 37-month lease term (commencing July 1, 2013), with an option exercisable by ESWCT to extend the lease term for two additional 36-month periods.

Effective October 1, 2013, the Company's wholly-owned subsidiary, ESWCT, entered into a commercial real estate lease with Marina Bay Crossing, LLC, a California Limited Liability Company, ESWCT leased approximately 1,808 square feet of commercial property located in Richmond, California, to be used primarily for housing ESWCT's engineering and service operations. The facility also serves as a training facility servicing northern California. This lease provides for a 12-month lease term (commencing October 1, 2013), with an option exercisable by ESWCT to extend the lease term for one additional 12-month period. Effective October 1, 2014, ESWCT is leasing the Richmond, California property on a month-to-month basis. The Company is in negotiations with the landlord to extend the term of this lease.

At December 31, 2014, included in prepaid expenses and other assets, is prepaid rent of $17,941 (2013 - $117,482).

The following is a summary of the minimum annual lease payments for the Pennsylvania and California leases:

Year Ending December 31,		Amount
2015	$	372,935
2016		279,799
2017		180,990
2018		30,165
Total	**$**	**863,889**

LEGAL MATTERS

There are currently no pending legal proceedings against the Company.

From time to time, the Company may be involved in a variety of claims, suits, investigations and proceedings arising from the ordinary course of our business, collections claims, breach of contract claims, labor and employment claims, tax and other matters. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, ESW believes that the resolution of current pending matters will not have a material adverse effect on its business, consolidated financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on ESW because of legal costs, diversion of management resources and other factors.

WARRANTY PROVISIONS

The Company is also exposed to warranty contingencies associated with certain verification procedures relating to the ThermaCat and to the assumption of warranties for legacy Cleaire products in the field. In 2013, ESW had estimated a one-time charge of $1,000,000 related to its assumption of warranties for legacy Cleaire products in the field and a one-time warranty charge of $504,900 associated with certain verification procedures relating to the ThermaCat. The actual amount of loss associated with such assumption of warranties and/or verification procedures, however, could be materially different. Both of these warranty charges are based on the estimated number of operational units, average remaining warranty life and cost of warrantable failure. These amounts, as well as the on-road and off-road warranty provision have been included in the warranty provision of $1,561,293 as of December 31, 2014 on the consolidated balance sheets (December 31, 2013 - $1,723,769).

For the years ended December 31, 2014 and 2013, the total warranty costs included in cost of revenue was $470,187 and $1,827,620, respectively.

STOCK ISSUANCE

Effective August 1, 2013, the Board of Directors on the recommendation of the Compensation Committee approved the issuance of 2,350 shares of common stock to the Executive Chairman of the Company for services, contingent upon conversion of the Notes, in order to maintain his percentage ownership interest in the Company.

NOTE 15 – OPERATING SEGMENTS

The Company has two principal operating segments, air testing services and MHDD diesel emission control manufacturing and sales. These operating segments were determined based on the nature of the products and services offered. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company's Executive Chairman has been identified as the chief operating decision-maker, and directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

The Company evaluates performance based on several factors, of which the primary financial measure is net income. The accounting policies of the business segments are the same as those described in Note 2. The following tables show the operations and certain assets of the Company's reportable segments:

For the year ended December 31, 2014

	MHDD Diesel Emission Control	Air Testing	Unallocated	Adjustments and eliminations	Consolidated
Revenue from external customers	$ 24,749,085	$ 726,871	$ -	$ -	$ 25,475,956
Intersegment revenue	$ -	$ 867,511	$ -	$ (867,511) (1)	$ -
Net income / (loss)	$ 7,104,472	$ (2,500)	$ 4,359,653	$ -	$ 11,461,625
Property, plant and equipment additions	$ 139,073	$ 38,258	$ -	$ -	$ 177,331
Property, plant and equipment under construction additions	$ (11,730)	$ 661,195	$ -	$ -	$ 649,465
Interest expense	$ -	$ 11,155	$ 522,450	$ -	$ 533,605
Depreciation and amortization	$ 186,858	$ 229,525	$ -	$ -	$ 416,383

As of December 31, 2014

	MHDD Diesel Emission Control	Air Testing	Unallocated	Adjustments and eliminations	Consolidated
Total assets	$ 8,293,572	$ 2,092,713	$ 16,454,728	$ -	$ 26,841,013
Property, plant and equipment under construction	$ 3,300	$ 653,745	$ -	$ -	$ 657,045
Property, plant and equipment	$ 498,301	$ 1,260,270	$ -	$ -	$ 1,758,571
Accounts receivable	$ 1,818,743	$ 77,685	$ -	$ -	$ 1,896,428
Inventories	$ 4,462,664	$ -	$ -	$ -	$ 4,462,664

For the year ended December 31, 2013

	MHDD Diesel Emission Control	Air Testing	Unallocated	Adjustments and eliminations	Consolidated
Revenue from external customers	$ 16,916,982	$ 627,514	$ -	$ -	$ 17,544,496
Intersegment revenue	$ -	$ 350,574	$ -	$ (350,574) (1)	$ -
Net income / (loss)	$ 1,800,959	$ (768,884)	$ (188,362)	$ -	$ 843,713
Property, plant and equipment additions	$ 467,317	$ 282,721	$ -	$ -	$ 750,038
Property, plant and equipment under construction additions	$ 13,631	$ 66,960	$ -	$ -	$ 80,591
Interest expense	$ -	$ 13,251	$ 327,777	$ -	$ 341,028
Depreciation and amortization	$ 130,532	$ 432,177	$ -	$ -	$ 562,709

As of December 31, 2013

	MHDD Diesel Emission Control	Air Testing	Unallocated	Adjustments and eliminations	Consolidated
Total assets	$ 7,202,958	$ 1,557,127	$ 3,654,927	$ -	$ 12,415,012
Property, plant and equipment under construction	$ 15,030	$ 415,992	$ -	$ -	$ 431,022
Property, plant and equipment	$ 546,086	$ 1,028,095	$ -	$ -	$ 1,574,181
Accounts receivable	$ 1,833,950	$ 54,561	$ -	$ -	$ 1,888,511
Inventories	$ 3,693,367	$ -	$ -	$ -	$ 3,693,367

(1) These amounts represent revenues earned from services performed for the MHDD Diesel Emission Control segment and its profits, they are eliminated upon consolidation.

All of the Company's revenue for the year ended December 31, 2014 and 2013 was derived from operations in the United States. All property, plant and equipment (including property, plant and equipment under construction) were located in the United States at December 31, 2014 and 2013.

NOTE 16 – EARNINGS PER SHARE

For the year ended December 31, 2014, the Company excluded 413 shares of common stock issuable upon exercise of ESW's outstanding stock options from the computation of diluted earnings per share because the inclusion of these shares would be anti-dilutive due to the exercise price exceeding the average share price for the year.

Potential common shares of 413 related to ESW's outstanding stock options and potential common shares of 6,007 related to restricted common stock grants outstanding (unvested were excluded from the computation of diluted earnings per share for the year ended December 31, 2013 because the inclusion of these shares would be anti-dilutive.

The reconciliation of the number of shares used to calculate the earnings per share for the years ended December 31, 2014 and 2013 is estimated as follows:

	Years ended December 31, 2014	2013
Numerator		
Net income	$ 11,461,625	$ 843,713
Interest on promissory notes payable	522,450	327,777
Tax effect on interest on promissory notes payable	201,491	-
Amortization of discount on promissory notes payable	432,573	225,882
Change in fair value of conversion option derivative liability	1,581,957	(1,947,357)
	$ 14,200,096	**$ (549,985)**
Denominator		
Weighted average number of shares outstanding	129,922	115,417
Dilutive effect of :		
Stock options	-	-
Restricted stock grants	4,981	-
Contingent restricted stock grants (Note 14)	2,350	-
Conversion of promissory notes payable	64,097	62,500
Diluted weighted average shares outstanding	**201,350**	**177,917**

NOTE 17 - RISK MANAGEMENT

CONCENTRATIONS OF CREDIT RISK AND ECONOMIC DEPENDENCE

The Company's cash balances are maintained in various banks in Canada and the United States. Deposits held in banks in the United States are insured up to $250,000 per depositor for each bank by the Federal Deposit Insurance Corporation. Deposits held in banks in Canada are insured up to $100,000 Canadian per depositor for each bank by The Canada Deposit Insurance Corporation, a federal crown corporation. Actual balances at times may exceed these limits.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The promissory notes payable and loan payable both have fixed interest rates therefore the Company is exposed to interest rate risk in that they could not benefit from a decrease in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities.

Accounts Receivable and Concentrations of Credit Risk: The Company performs on-going credit evaluations of its customers' financial condition and generally does not require collateral from its customers. Three of its customers accounted for 18.2%, 16.9% and 10.8%, respectively, of the Company's revenue during the year ended December 31, 2014 and three of its customers accounted for 34.9%, 14.8% and 10.4%, respectively, of its accounts receivable as of December 31, 2014.

Three of its customers accounted for 23.0%, 11.1% and 11.1%, respectively, of the Company's revenue during the year ended December 31, 2013 and 23.1%, 17.2% and 10.0% respectively, of its accounts receivable as of December 31, 2013.

For the year ended December 31, 2014, the Company purchased approximately 9.7% and 8.2% of its inventory from two vendors. For the year ended December 31, 2013, the Company purchased approximately 18.8% and 12.3% of its inventory from two vendors.

The accounts payable to the two largest vendors aggregated $608,232 as of December 31, 2014 and accounts payable to the two largest vendors aggregated $953,321 as of December 31, 2013.

NOTE 18 – SUBSEQUENT EVENTS

Effective February 18, 2015, the Company issued 658 shares of restricted common stock valued at $17,108 to two executive officers under the 2013 Stock Incentive Plan as per their approved executive compensation arrangements.

On March 25, 2015, the Company's Board of Directors voted to voluntarily deregister the Company's common stock under the Exchange Act and become a non-reporting company. In connection therewith, the Board of Directors approved the filing with the SEC of a Post-Effective Amendment to the Company's previously filed Form S-8 to deregister all shares unsold to date pursuant to such form and, after the filing of this Form 10-K, the filing with the SEC of a Form 15 to voluntarily deregister the Company's common stock under Section 12(g) of the Exchange Act and suspend its reporting obligations under Section 15(d) of the Exchange Act. The Company expects to file the Form 15 on or about April 1, 2015. The Company expects that its obligations to file periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, will be suspended immediately upon the filing of the Form 15 with the SEC, and its proxy statement, Section 16 and other Section 12(g) reporting responsibilities will terminate effective 90 days after the filing of the Form 15. The Company is eligible to deregister under the Exchange Act because its common stock is held by fewer than 300 shareholders of record.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On May 31, 2013, we received notice that, effective as of June 1, 2013, MSCM LLP ("MSCM"), the Company's independent registered public accountants, merged with MNP LLP ("MNP"). Most of the professional staff of MSCM continued with MNP either as employees or partners of MNP and will continue their practice with MNP.

During 2013 (through June 1), there were no disagreements between the Company and MSCM on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of MSCM, would have caused MSCM to make reference to the subject matter of the disagreements in connection with our audit reports on the Company's financial statements. During the interim period through June 4, 2013, MSCM did not advise the Company of any of the matters specified in Item 304(a)(1)(v) of Regulation S-K.

As the merger of MSCM and MNP is viewed as a change in reporting accountants due to the change in legal entity, the Company's board of directors and Audit Committee elected to retain MNP as of June 1, 2013. During the period preceding the merger of MSCM and MNP, the Company had no consultations with MNP (other than communications with former MSCM personnel) regarding (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements as to which the Company received a written report or oral advice that was an important factor in reaching a decision on any accounting, auditing or financial reporting issue; or (b) any matter that was the subject of a disagreement or a reportable event as defined in Items 304(a)(1)(iv) and (v), respectively, of Regulation S-K.

During 2014, there were no disagreements between the Company and MNP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of ESW's management, including ESW's Executive Chairman and Chief Financial Officer, ESW evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2014 (the "Evaluation Date"). Based upon that evaluation, the Executive Chairman and Chief Financial Officer concluded that, as of the Evaluation Date, ESW's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in ESW's Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including the Executive Chairman and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

CHANGES IN INTERNAL CONTROLS

There was no significant change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the last fiscal year that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

INTERNAL CONTROL OVER FINANCIAL REPORTING

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ESW's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, ESW's Executive Chairman and Chief Financial Officer and effected by ESW's Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that ESW's receipts and expenditures are being made only in accordance with the authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on ESW's consolidated financial statements.

Because of inherent limitations, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Also projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Under the supervision of and with the participation of management, including ESW's Executive Chairman and Chief Financial Officer, ESW assessed the effectiveness of its internal control over financial reporting as of December 31, 2014. In making this assessment, management used the framework set forth in INTERNAL CONTROL-INTEGRATED FRAMEWORK issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, ESW's management concluded that ESW's internal control over financial reporting was effective as of December 31, 2014.

This annual report does not include an attestation of ESW's registered public accounting firm regarding internal controls over financial reporting as management's report was not subject to attestation by ESW's registered public accounting firm pursuant to the rules of the Securities and Exchange Commission Rule applicable to smaller reporting companies.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

DIRECTORS AND EXECUTIVE OFFICERS

Certain information concerning the directors and executive officers of the Company is set forth in the following table and in the paragraphs following. Information regarding each such directors and executive officer's ownership of voting securities of the Company appears as "Securities Ownership of Certain Beneficial Owners and Management" below.

Name	Position	Month Elected / Appointed
Mark Yung	Executive Chairman	February 2011
Nitin Amersey	Director	January 2003
John D. Dunlap III	Director	February 2007
John J Suydam	Director	January 2011
John J Hannan	Director	January 2011
Benjamin Black	Director	January 2011
Joshua Black	Director	January 2011
Zohar Loshitzer	Director	January 2011
Brian Webster	Chief Operating Officer	August 2013
Virendra Kumar	Chief Commercial Officer	August 2013
Praveen Nair	Chief Financial Officer and Chief Administrative Officer	August 2013

Set forth below is information relating to the business experience of each of the directors and executive officers of the Company.

MARK YUNG, age 41, is a Managing Director at Orchard Capital, an investment firm located in Los Angeles, California. Mr. Yung currently acts as Executive Chairman of ESW and as a Chairman of the Board of Vantage Surgical. Prior to joining Orchard, Mr. Yung was a Senior Vice President in the Corporate Strategy and Merger and Acquisitions groups of Citigroup and ABN AMRO. Prior to his corporate strategy roles, Mr. Yung was an investment professional at JPMorgan Partners ("JPMP"). At JPMP, Mr. Yung focused on venture capital, growth equity and buyout transactions in Latin America and acted as board member for various emerging companies in the region. Mr. Yung holds a B.A. from Cornell University and a M.B.A. from INSEAD. Effective February 10, 2011, Mr. Mark Yung was elected to serve as Executive Chairman of the Company's board of directors. Mr. Yung has been serving as an elected member of the board of directors of the Company since December 17, 2010. Mr. Mark Yung is also employed by Orchard Capital Corp., which is controlled by Mr. Richard Ressler, affiliated entities of Orchard Capital Corp. as well as Mr. Richard Ressler are shareholders of the Company.

NITIN M. AMERSEY, age 62, has 40 years of experience in international trade, marketing and corporate management. Mr. Amersey was elected as a director of ESW and has served as a member of the board since January 2003. Mr. Amersey was appointed Interim Chairman of the Board in May 2004 and subsequently was appointed Chairman of the Board in December 2004 and served as Chairman on our board through to January 2010. In addition to his service as a board member of ESW, Mr. Amersey has been Chairman of Scothalls Limited, a private trading firm from 1978 to 2005. Mr. Amersey has also served as President of Circletex Corp., a financial consulting management firm since 2001, has been the Managing Member in Amersey Investments, LLC, a financial consulting management firm since 2006, and has served as chairman of Midas Touch Global Media Corp from 2005 to the present. He is also Chairman of Hudson Engineering Industries Pvt. Ltd. and of Trueskill Technologies Pvt. Ltd., private companies domiciled in India. He is a director and Chief Financial Officer of the Trim Holding Group. He was a director of New World Brands Inc. from September 2010 to July 2011 and Chief Executive Officer of New World Brands, Inc., from December 2010 to July 2011. He is a director of Azaz Capital Corp., formerly ABC Acquisition Corp 1505 and formerly our Chairman. Mr. Amersey served as director and Chief Executive Officer of ABC Acquisition Corp. 1502, from June 2010 to February 2011. From 2003 to 2006 Mr. Amersey was Chairman of RMD Entertainment Group and also served during the same period as chairman of Wide E-Convergence Technology America Corp. Mr. Amersey has a Master's of Business Administration Degree from the University of Rochester, Rochester, New York, and a Bachelor of Science in Business from Miami University, Oxford, Ohio. He graduated from Miami University as a member of Phi Beta Kappa and Phi Kappa Phi. He is the sole member manager of Amersey Investments LLC. Mr. Amersey also holds a Certificate of Director Education from the NACD Corporate Director's Institute.

JOHN DUNLAP, III, age 56, served as Chairman of the board of directors of the California Air Resources Board from 1994 to 1999. In this post, Mr. Dunlap promoted advanced technological solutions to achieve air quality and public health protection gains. During his tenure as Chairman, Mr. Dunlap oversaw the development and implementation of the most far-reaching air quality regulations in the world aimed at fuels, engines and over 200 consumer products. Prior to Mr. Dunlap's tenure at CARB, he served as the Chief Deputy Director of the California Department of Toxic's Substances Control where his responsibilities included crafting the state's technology advancement program, serving as the lead administration official in securing congressional and U.S. Department of Defense / Executive Branch support and funding for military base closure environmental clean-up and in creating a network of ombudsman staff to assist the regulated businesses in demystifying the regulatory process. In addition, Mr. Dunlap spent more than a decade at the South Coast Air Quality Management District in a host of regulatory, public affairs and advisory positions where he distinguished himself as the principal liaison with the business and regulatory community. Mr. Dunlap is currently the owner of a California-based advocacy and consulting firm called the Dunlap Group. He has served on the board of directors of ESW since 2007. Mr. Dunlap has a BA degree in Political Science and Business from the University of Redlands (California) and a Master's degree in Public Policy from Claremont Graduate University (California).

JOHN J SUYDAM, age 55, Mr. Suydam joined Apollo Global Management in 2006 and serves as Apollo's Chief Legal and Compliance Officer. Prior to joining Apollo, Mr. Suydam was a Partner at O'Melveny & Myers LLP where he served as head of Mergers and Acquisitions and co-head of the Corporate Department. Prior to that time, Mr. Suydam served as Chairman of the law firm O'Sullivan LLP which specialized in representing private equity investors. Mr. Suydam serves on the boards of The Legal Action Center, Environmental Solutions Worldwide, Inc. and New York University School of Law, and is a member of the Department of Medicine Advisory Board of The Mount Sinai Medical Center. Mr. Suydam received his JD from New York University and graduated magna cum laude with a BA in History from the State University of New York at Albany.

JOHN J HANNAN, age 60, is Chairman of the board of directors of Apollo Investment Corporation, a public investment company. He served as Chief Executive Officer of Apollo Investment Corporation from 2006 to 2008. Mr. Hannan, a senior partner of Apollo Management, L.P., co-founded Apollo Management, L.P. in 1990. He received a BBA from Adelphi University and an MBA from the Harvard Business School.

BENJAMIN BLACK, age 30, is an Associate in the Natural Resources Group at Apollo Global Management. Previously he was an attorney at Sullivan & Cromwell LLP. From 2007 to 2009, he was employed in the Technology, Media & Telecoms Group within the Investment Banking Division at Goldman, Sachs & Co. He holds a JD/MBA from Harvard University and graduated cum laude from the University of Pennsylvania in 2007 with a major in History.

JOSHUA BLACK, age 28, is employed at Apollo Management. Formerly, he was employed by the Leveraged Finance Group within the Investment Banking Division at Goldman, Sachs & Co from 2010 to June, 2011. From 2008 to 2010, he was employed in the Financial Institutions Group within the Investment Banking Division also at Goldman, Sachs & Co. He graduated cum laude and with departmental distinction from Princeton University in 2008 with a major in Religion.

ZOHAR LOSHITZER, age 57, is CEO of Vantage surgical and Chief Business Development Officer and Director of Presbia PLC, (NASDAQ: LENS) an ophthalmic-device firm. Mr. Loshitzer possesses a varied background guiding commercialization of emerging technologies in fields including aerospace, telecommunications and medical devices. Mr. Loshitzer has held leadership positions in several portfolio companies affiliated to Orchard Capital, including Presbia. Previously, Mr. Loshitzer served as Presbia President and CEO as well as the President, CEO and founder of Universal Telecom Services (UTS), which provides high-quality, competitively priced voice and data telecommunications solutions to emerging markets. Mr. Loshitzer oversaw the company's operations and our critical relationships with key foreign entities, mainly in the Indochina region. He is one of the founders of J2 Global Communications (NASDAQ: JCOM), and a co-founder and former managing director of Life Alert Emergency Response, Inc., currently serves as a managing director of Orchard Telecom, Inc., and has served as a board member to MAI Systems Corporation, an AMEX-listed company and j2 Global communications (NASDAQ: JCOM) from 1998 - 2001 . Earlier in his career, Mr. Loshitzer worked in the aerospace industry at the R&D lab of Precision Instruments, a division of IAI (Israel Aircraft Industries). Mr. Loshitzer focuses on helping grow companies from start-ups to global enterprises. In the later part of 2011 Mr. Loshitzer joined the board of OCATA (Formally Advance Cell Technology Inc.) , a biotechnology Company. Mr. Loshitzer holds a degree in Electrical & Electronic Engineering from Ort Syngalowski College in Israel.

VIRENDRA KUMAR, age 40, is the Chief Commercial Officer of the Company. He had previously served as Vice President of Operations of the Company since March 2011. Mr. Kumar has been General Manager of ESW America since 2010 and is responsible for the overall operations related to Air Testing Services. Prior to joining ESW America in 2009, Mr. Kumar was employed by Cummins Inc. as an Emission Operations Leader from 2004 through 2009, prior to that by Escort JCB as a design and production engineer, and by the Indian Institute of Technology Delhi as a project manager. Mr. Kumar holds a Master's degree in Mechanical Engineering from the Indian Institute of Technology Delhi and a Bachelor's degree in Mechanical Engineering from the University of Rajasthan. Mr. Kumar was also a PhD candidate at University of California, Riverside.

PRAVEEN NAIR, age 40, is the Chief Financial Officer and Chief Administrative Officer of the Company. He joined the Company in May 2005 and served in the position of Assistant to the Chief Financial Officer supporting the Company's Chief Financial Officer in day-to-day operations. In May 2006 he was promoted to Controller for ESW America and ESW Canada and was appointed Chief Accounting Officer in February 2008 and then Chief Financial Officer in March 2011. Effective August 1, 2013 Mr. Nair was promoted to Chief Financial and Administrative Officer. Prior to joining the Company, Mr. Nair was with e-Serve International Ltd, a Citigroup company from December 2000 through January 2005 where he served as a Deputy Manager in the Business Development and Migrations Unit and subsequently as Manager and Senior Manager. He was responsible for feasibility studies and regionalizing operations from countries in Europe, North America and Africa. Mr. Nair has a Bachelor's Degree in Commerce with specialization in Accounting and a Master's Degree in Finance from Faculty of Management Studies, College of Materials Management, Jabalpur, India.

BRIAN WEBSTER, age 57, is the Chief Operating Officer of the Company. He joined ESWCT in April 2013 as Head of Manufacturing, leading ESWCT's manufacturing team in our San Diego facility. Prior to joining ESWCT, Mr. Webster was employed by Cleaire Advanced Emission Controls, LLC, serving first as Director of Operations and then as Vice President of Manufacturing from January 2009 through January 2013. Mr. Webster provided Program Management Consulting services to corporations in the Vehicle Emissions Control Devices (Cleaire), Rugged Computer displays (L-3 Communications/Litton/Northrup Grumman) and Aerospace (DuPont Aerospace) sectors from December 1998 through December 2008. He also served as Business Unit Manager for the Commercial Group at Senior Aerospace Ketema for 4 years, after progressing from Design Engineer through Program Technical Manager at Goodrich Aerostructures (known as Rohr Industries) over a 9 year period. Mr. Webster has a Bachelor's Degree in Aerospace Engineering from San Diego State University, San Diego, CA.

CORPORATE GOVERNANCE

GENERAL

Our management and board of directors believe that good corporate governance is important to ensure that the Company is managed for the long-term benefit of our stockholders. This section describes key corporate governance practices that have been adopted.

BOARD OF DIRECTORS MEETINGS AND ATTENDANCE

Our board of directors has responsibility for establishing broad corporate policies and reviewing overall performance of the Company rather than day-to-day operations. The primary responsibility of our board of directors is to oversee the management of the Company and, in doing so, serve the best interests of the Company and our stockholders. The board of directors selects, evaluates and provides for the succession of executive officers and, subject to stockholder approval, the election of directors. The Board also reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources as well as participates in decisions that have a potential major economic impact on our Company. Management keeps the directors informed of Company activity through regular communication, including written reports and presentations at board of directors and committee meetings. We have no formal policy regarding director attendance at the annual meeting of stockholders. The board of directors held two (2) meetings in 2014, all of which were telephonic. All board members were in attendance for both the board meetings.

AUDIT COMMITTEE COMPOSITION

The Company has a separately designated standing Audit Committee comprised of Nitin M. Amersey (Chairman) and John Dunlap III. Nitin Amersey qualifies as a "financial expert" as defined by SEC rules. The Company's Board has also determined that Nitin Amersey meets the SEC definition of an "independent" director. The Audit Committee met 4 times during 2014.

COMPENSATION COMMITTEE COMPOSITION

The Compensation Committee is currently comprised of John Dunlap III, who serves as Chairman, and Nitin Amersey. In accordance with its charter, the Compensation Committee is responsible for establishing and reviewing the overall compensation philosophy of the Company, establishing and reviewing: the Company's general compensation policies applicable to the executive officers and other officers; evaluating the performance of the executives officer and other officers and approving their annual compensation; reviewing and recommending the compensation of directors; reviewing and recommending employment, consulting, retirement and severance arrangements involving officers and directors of the Corporation; and reviewing and recommending proposed and existing incentive-compensation plans and equity-based compensation plans for the Corporation's directors, officers, employees and consultants. The Compensation Committee met two (2) times during 2014.

COMPENSATION POLICY

The objective of the Compensation Committee with respect to compensation for executive officers is to ensure that compensation packages are designed and implemented to align compensation with both short-term and long-term key corporate objectives and employee performance and to ensure that the Corporation is able to attract, motivate and retain skilled and experienced executives in an effort to enhance our success and shareholder value.

The compensation policies are designed to align the interests of management with our shareholders. In order to do so, the committee takes into consideration the experience, responsibility and performance of each individual over the longer term and considers a range of short-and long-term cash, and non-cash compensation elements. The Company believes that this serves the goals of compensating our executive officers competitively on a current basis, tying a significant portion of the executives' compensation to company performance, and allowing the executive officers and key employees to gain an ownership stake in our commensurate with their relative levels of seniority and responsibility. Each year, a review of the executive compensation program, compensation philosophy, committee mission and performance is completed. In addition, each year the committee reviews the nature and amounts of all elements of the executive officers' compensation, both separately and in the aggregate, to ensure that the total amount of compensation is competitive with respect to our peer companies, and that there is an appropriate balance for compensation that is tied to the short- and long-term performance of the Company.

NOMINATION COMMITTEE

The Company does not at present have a formal nominating committee. The full board of directors as a group performs the role. The Board does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a significant breadth of experience, knowledge and abilities that will allow our Board to fulfill its responsibilities.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Under the securities laws of the United States, the Company's directors, executive officers, and any persons holding more than ten percent of the Company's common stock are required to report their initial ownership of the Company's common stock and any subsequent changes in their ownership to the Securities and Exchange Commission. Specific due dates have been established by the Commission, and the Company is required to disclose any failure to file by those dates. Based upon the copies of Section 16 (a) reports that the Company received from such persons for their 2014 fiscal year transactions, the Company believes there has been compliance with all Section 16 (a) filing requirements applicable to such officers, directors and ten-percent beneficial owners for such fiscal year, except that a Form 4 with respect to 101 shares of restricted stock issued to Mr. Hannan was inadvertently filed 273 days late.

CODE OF ETHICS

Our board of directors has adopted a Code of Business Conduct and Ethics which provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. The Audit Committee is responsible for monitoring compliance with this code of ethics and any waivers or amendments thereto can only be made by the Board or a Board committee. The Code of Ethics is available on www.sec.gov as an exhibit with the Company's Form 10KSB filed with the Securities and Exchange Commission on April 3, 2006. The Company can provide a copy of such Code of Ethics, upon receipt of a written request to the attention of the CFO's Office, at ESW Group®, 200 Progress Drive, Montgomeryville, PA 18936. The written request should include the Company name, contact person and full mailing address and/or email address of the requestor.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

The following table sets forth the compensation for each of the last two (2) fiscal years earned by each of the most highly compensated executive officers (the "Named Executives").

SUMMARY COMPENSATION TABLE

Name / Principal position	Year	Salary	Bonus	Restricted Stock awards	Option awards	Non-equity incentive plan compensation	Non-qualified deferred compensation earnings	All other compensation	Total
Praveen Nair (1)	2014	$162,975	--	$8,554	--	$51,350	--	$4,010	$226,978
Chief Financial and Administrative Officer	2013	$158,169	--	$8,554	--	$14,562	--	$4,628	$185,913
Virendra Kumar (2)	2014	$180,000	--	$8,554	--	$51,350	--	$8,764	$248,668
Chief Commercial Officer	2013	$162,923	--	$8,554	--	$15,000	--	$8,010	$194,487
Brian Webster (3)	2014	$180,000	--	--	--	$35,450	--	$11,859	$227,309
Chief Operating Officer	2013	$112,277	--	--	--	--	--	$8,002	$120,279

1. In 2014, Mr. Nair received an annual salary of CAD$180,000 (which translated to USD $162,975), $8,554 in restricted common stock related to a 1,646 share restricted stock grant (of which 329 shares vested in 2014), $51,350 in non-equity incentive plan compensation and standard medical and dental benefits provided by the Company totaling $4,010. In 2013, Mr. Nair received $158,169 as salary, $14,562 in non-equity incentive plan compensation, $8,554 in restricted common stock related to a 1,646 share restricted stock grant (of which 329 shares vested on the execution date of the grant documents), and standard medical and dental benefits provided by the Company totaling $4,628.

2. Mr. Kumar received an annual salary of $180,000 for the year ended December 31, 2014, $8,554 in restricted common stock related to a 1,646 share restricted stock grant (of which 329 shares vested in 2014), $51,350 in non-equity incentive plan compensation and standard medical and dental benefits provided by the Company totaling $8,764. In 2013, Mr. Kumar received $162,923 as salary, $15,000 in non-equity incentive plan compensation, $8,554 in restricted common stock related to a 1,646 share restricted stock grant (of which 329 shares vested on the execution date of the grant documents) and standard medical and dental benefits provided by the Company totaling $8,010.

3. Mr. Webster joined the Company in April 2013. Effective August 1, 2013, Mr. Webster was promoted to Chief Operating Officer. Mr. Webster received an annual salary of $180,000 for the year ended December 31, 2014, $35,450 in non-equity incentive plan compensation and standard medical and dental benefits provided by the Company totaling $11,859. In 2013, Mr. Webster received $112,923 as salary (based on an annual rate of $170,000) and standard medical and dental benefits provided by the Company totaling $8,002.

CONTRACTS AND AGREEMENTS

On April 19, 2011, the Company's Board ratified a Services Agreement (the "Orchard Services Agreement") between the Company and Orchard Capital Corp. ("Orchard") which was approved by the Company's Compensation Committee. Under the Orchard Services Agreement, which was effective as of January 30, 2011, Orchard agreed to provide services that may be mutually agreed to by and between Orchard and the Company including those duties customarily performed by the Chairman of the Board and executives of the Company as well as providing advice and consultation on general corporate matters and other projects as may be assigned by the Company's Board as needed. Orchard has agreed to appoint Mark Yung, who is also employed by Orchard, as the Company's Executive Chairman to act on Orchard's behalf and provide the services to the Company under the Orchard Services Agreement. Orchard reserves the right to replace Mr. Yung as the provider of services under the Orchard Services Agreement at its sole option. The Orchard Services Agreement may be terminated by either party upon thirty (30) days written notice unless otherwise provided for under the Orchard Services Agreement. Compensation under the agreement is the sum of $430,000 per annum plus reimbursement for out-of-pocket expenses incurred by Orchard. Prior to August 1, 2013, compensation under the agreement was the sum of $300,000 per annum plus reimbursement for out-of-pocket expenses incurred by Orchard. The agreement includes other standard terms including indemnification and limitation of liability provisions. Orchard is controlled by Richard Ressler; affiliated entities of Orchard as well as Richard Ressler own shares of the Company. Under the agreement the Company has paid $430,000 for the year ended December 31, 2014 and $354,965 for the year ended December 31, 2013.

NON-EQUITY INCENTIVE PLAN COMPENSATION

Non-equity incentive plan compensation is based upon the achievement of predetermined annual goals, namely, quantitative financial goals such as revenue and EBITDA as well as non-quantitative performance goals. Examples of non-quantitative goals include performance against specific project level objectives and demonstration of attributes that are conducive to the betterment of the Company, among others. The Compensation Committee determines the compensation for achievement or partial achievement of any such predetermined goal. For the eligible employees, non-equity incentive compensation is calculated by assigning 70% weight to quantitative financial goals (35% to each of revenue and EBITDA) and 30% to non-quantitative goals. No 2014 non-equity incentive plan compensation opportunity has yet been approved for the other Named Executives, but such opportunity may be approved at a later date.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following tables show certain information regarding the outstanding equity awards (unvested portion of restricted stock grants) held by the below Named Executives at the end of 2014.

Name	Number of restricted common stock outstanding (unvested) at December 31, 2014	Vesting dates
Virendra Kumar	988	(1)
Praveen Nair	988	(1)

(1) 329 shares vest on each of January 12, 2015 and January 12, 2016 and 330 shares vest on January 13, 2017.

2013 STOCK PLAN

The Company's 2013 Stock Plan, which is currently in effect, replaced the Company's 2010 Stock Incentive Plan. While previously granted awards under the Company's 2010 Stock Incentive Plan and 2002 Stock Option Plan will remain in effect in accordance with the terms of the individual awards, the 2013 Stock Incentive Plan replaced the Company's 2010 Stock Incentive Plan and 2002 Stock Option Plan for grants following its adoption. The 2013 Stock Plan authorizes the granting of awards to employees (including officers) and directors of, and consultants to, the Company and its subsidiaries in the form of any combination of non-statutory stock options ("NSOs"), incentive stock options ("ISOs"), stock appreciation rights ("SARs"), shares of restricted stock, restricted stock units ("RSUs") and performance shares and share units, other stock-based awards in the Committee's discretion, and dividend equivalent rights (collectively, "Awards"). Under the 2013 Stock Plan, the Company may deliver authorized but unissued shares of common stock, treasury shares of common stock, and shares of common stock acquired by the Company for the purposes of the 2013 Stock Plan. Each Award will be evidenced by an agreement between the recipient and the Company setting forth the terms of the Award, as determined by the Committee. A maximum of 20,000 shares of common stock will be available for grants pursuant to Awards under the 2013 Stock Plan. The maximum number of shares of common stock with respect to which any individual may be granted Options or Stock Appreciation Rights during any one calendar year is 2,500 shares. The 2013 Stock Plan is administered by the Compensation Committee. The Compensation Committee has authority, subject to ratification by the Board, to interpret the 2013 Stock Plan, adopt administrative regulations, determine the recipients of Awards, and determine and amend the terms of Awards.

COMPENSATION OF NON-MANAGEMENT DIRECTORS

Name of outside director	Year		Fees earned cash		Restricted stock awards(1) $		Total
Nitin M. Amersey (2)	2014	$	36,000	$	17,902	$	53,902
	2013	$	32,500	$	19,150	$	51,650
John D. Dunlap III (3)	2014	$	36,000	$	17,902	$	53,902
	2013	$	32,500	$	19,150	$	51,650
Mark Yung (4)	2014	$	--	$	--	$	--
	2013	$	--	$	152,244	$	152,244
Zohar Loshitzer (5)	2014	$	20,000	$	13,560	$	33,560
	2013	$	8,333	$	17,980	$	26,313
Benjamin Black (6)	2014	$	--	$	19,157	$	19,157
	2013	$	--	$	15,028	$	15,028
Joshua Black (6)	2014	$	--	$	19,157	$	19,157
	2013	$	--	$	15,028	$	15,028
John J Hannan (7)	2014	$	--	$	19,157	$	19,157
	2013	$	--	$	19,030	$	19,030
John Suydam (5)	2014	$	20,000	$	13,560	$	33,560
	2013	$	8,333	$	17,980	$	26,313

In 2014 the cash fee component of the compensation for the chairmen of each of the Audit Committee and Compensation Committee was $3,000 per month. Fees for board members were calculated on the basis of $40,000 per annum (excluding the Executive Chairman, Audit Committee Chair and Compensation Committee Chair), with up to $20,000 per annum payable in cash at the board members election, and the remaining portion as a restricted stock grant calculated at $80 per share with a 3 year vesting schedule.

In August 2013, the Board of Directors on the recommendation of the Compensation Committee approved a change in the fee structure for outside directors. The cash fee component of the compensation for the chairmen of each of the Audit Committee and Compensation Committee was increased to $3,000 per month from $2,500 per month. Fees for board members were calculated on the basis of $40,000 per annum (excluding the Executive Chairman, Audit Committee Chair and Compensation Committee Chair), with up to $20,000 per annum payable in cash at the board members election, and the remaining portion as a restricted stock grant calculated at $80 per share with a 3 year vesting schedule. The Board of Directors on the recommendation of the Compensation Committee also approved the issuance of 2,350 shares of common stock to Mark Yung for his services as Executive Chairman of the Company, subject to and upon conversion of the Notes, in order to maintain his percentage ownership interest in the Company.

(1) Represents the cost of the compensation expense recorded by the Company in accordance with ASC 718-10-10. In 2014, compensation expense for restricted stock grants related to the Board of Directors amounted to $180,536. In 2013, compensation expense for restricted stock grants amounted to $275,590.

(2) In 2014 Mr. Amersey received $36,000 in board fees and 479 shares of restricted common stock valued at $17,902 under the 2013 Stock Incentive Plan. Of the 479 shares issued, 142 shares related to service as a board member in 2014, 171 shares related to service as a board member in 2013, and 166 shares related to service as a board member in 2012.

In 2013 Mr. Amersey received $32,500 in board fees and 530 shares of restricted common stock valued at $19,150 under the 2013 Stock Incentive Plan. Of the 530 shares issued, 171 shares related to service as a board member in 2013, 334 shares related to service as a board member in 2012, and 25 shares related to service as a board member in 2011.

(3) In 2014 Mr. Dunlap received $36,000 in board fees and 479 shares of restricted common stock valued at $17,902 under the 2013 Stock Incentive Plan. Of the 479 shares issued, 142 shares related to service as a board member in 2014, 171 shares related to service as a board member in 2013, and 166 shares related to service as a board member in 2012.

In 2013 Mr. Dunlap received $32,500 in board fees and 530 shares of restricted common stock valued at $19,150 under the 2013 Stock Incentive Plan. Of the 530 shares issued, 171 shares related to service as a board member in 2013, 334 shares related to service as a board member in 2012, and 25 shares related to service as a board member in 2011.

(4) In 2014, there was no restricted common stock granted to Mr. Yung. In 2013, there were 2,057 shares of restricted common stock issued to Mr. Yung for services rendered as Executive Chairman.

(5) In 2014, represents $20,000 in board fees (for board members electing to receive part of the board compensation in cash) and 382 shares of restricted common stock valued at $13,560 under the 2013 Stock Incentive Plan. Of the 382 shares issued, 84 shares related to service as a board member in 2014, 132 shares related to service as a board member in 2013 and 166 shares related to service as a board member in 2012.

In 2013, represents $8,333 in board fees (for board members electing to receive part of the board compensation in cash) and 491 shares of restricted common stock valued at $17,980 under the 2013 Stock Incentive Plan. Of the 491 shares issued, 132 shares related to service as a board member in 2013, 334 shares related to service as a board member in 2012 and 25 shares related to service as a board member in 2011.

(6) In 2014, represents $0 in board fees and 500 shares of restricted common stock valued at $18,509 under the 2013 Stock Incentive Plan. Of the 500 shares issued, 167 shares related to service as a board member in 2014, 167 shares related to service as a board member in 2013 and 166 shares related to service as a board member in 2012.

In 2013, represents $0 in board fees and 526 shares of restricted common stock valued at $15,028 under the 2013 Stock Incentive Plan. Of the 526 shares issued, 167 shares related to service as a board member in 2013, 334 shares related to service as a board member in 2012 and 25 shares related to service as a board member in 2011.

(7) In 2014, represents $0 in board fees and 500 shares of restricted common stock valued at $19,175 under the 2013 Stock Incentive Plan. Of the 500 shares issued, 167 shares related to service as a board member in 2014, 167 shares related to service as a board member in 2013 and 166 shares related to service as a board member in 2012.

In 2013, represents $0 in board fees and 526 shares of restricted common stock valued at $15,028 under the 2013 Stock Incentive Plan. Of the 526 shares issued, 167 shares related to service as a board member in 2013, 334 shares related to service as a board member in 2012 and 25 shares related to service as a board member in 2011.

The following table shows certain information regarding the outstanding equity awards (unvested portion of restricted stock grants) held by the Outside Directors at the end of 2014, after giving effect to the reverse stock split.

Name	**Number of restricted common stock outstanding (unvested) at December 31, 2014**	**Vesting dates**
Nitin M. Amersey	454	312 - December 31, 2015 142 - December 31, 2016
John Dunlap III	454	312 - December 31, 2015 142 - December 31, 2016
Mark Yung	2,350	Subject to conversion of the Notes, fully vested upon issuance
Zohar Loshitzer	300	216 - December 31, 2015 84 - December 31, 2016
Benjamin Black	499	333 - December 31, 2014 166 - December 31, 2015
Joshua Black	499	333 - December 31, 2014 166 - December 31, 2015
John Suydam	300	216 - December 31, 2015 84 - December 31, 2016
John J Hannan	499	333 - December 31, 2014 166 - December 31, 2015
	5,355	

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year 2014, none of our executive officers served on our board of directors or the Compensation Committee of any other entity of whose executive officers served on our board of directors or Compensation Committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, to the best knowledge of the Company, as of March 31, 2015, certain information with respect to (1) beneficial owners of more than five percent (5%) of the outstanding common stock, (2) beneficial ownership of shares of common stock by each director and named executive, (3) beneficial ownership of shares of common stock by all directors and officers as a group.

Unless otherwise noted, all shares are beneficially owned and the sole voting and investment power is held by the persons/entities indicated.

Calculations are based upon the aggregate of all shares of common stock issued and outstanding as of March 31, 2015 in addition to shares issuable upon exercise of options currently exercisable or becoming exercisable within 60 days and which are held by the individuals named on the table.

Name and address of beneficial owner	Total beneficial Ownership	(1)	Percent of class
Mark Yung, Executive Chairman c/o 200 Progress Drive Montgomeryville, PA 18936	4,134	(2)	3.05%
Nitin M. Amersey, Director c/o 200 Progress Drive Montgomeryville, PA 18936	1,525	(3)	1.13%
John D. Dunlap, III, Director c/o 200 Progress Drive Montgomeryville, PA 18936	1,613	(4)	1.19%
Zohar Loshitzer, Director c/o 200 Progress Drive Montgomeryville, PA 18936	1,241	(5)	0.92%
Benjamin Black, Director c/o 200 Progress Drive Montgomeryville, PA 18936	1,595	(6)	1.18%
Joshua Black, Director c/o 200 Progress Drive Montgomeryville, PA 18936	1,595	(7)	1.18%
John Suydam, Director c/o 200 Progress Drive Montgomeryville, PA 18936	1,241	(8)	0.92%
John J Hannan, Director c/o 200 Progress Drive Montgomeryville, PA 18936	2,918	(9)	2.16%
Virendra Kumar, Chief Commercial Officer c/o 200 Progress Drive Montgomeryville, PA 18936	1,646	(10)	1.21%
Praveen Nair, Chief Financial Officer c/o 200 Progress Drive Montgomeryville, PA 18936	1,646	(11)	1.21%

Name and address of beneficial owner	Total beneficial Ownership	(1)	Percent of class
Brian Webster Chief Operating Officer c/o 200 Progress Drive Montgomeryville, PA 18936	-		
John J. Hannan as Trustee of the Black Family 1997 Trust c/o 9 West 57TH Street, Suite 4300 New York NY 10019	15,320	(12)	11.31%
Leon D. Black c/o 9 West 57TH Street, Suite 4300 New York NY 10019	6,308	(13)	4.66%
John J. Hannan as Trustee of the Leon D. Black Trust UAD 11/30/92 FBO Alexander Black c/o 9 West 57TH Street, Suite 4300 New York NY 10019	4,952	(14)	3.66%
John J. Hannan as Trustee of the Leon D. Black Trust UAD 11/30/92 FBO Benjamin Black c/o 9 West 57TH Street, Suite 4300 New York NY 10019	4,952	(15)	3.66%
John J. Hannan as Trustee of the Leon D. Black Trust UAD 11/30/92 FBO Joshua Black c/o 9 West 57TH Street, Suite 4300 New York NY 10019	4,952	(16)	3.66%
John J. Hannan as Trustee of the Leon D. Black Trust UAD 11/30/92 FBO Victoria Black c/o 9 West 57TH Street, Suite 4300 New York NY 10019	4,952	(17)	3.66%
Black Family Partners LP c/o 9 West 57TH Street, Suite 4300 New York NY 10019	14,389	(18)	10.63%
Richard R. Ressler C/O CIM GROUP 6922 Hollywood Boulevard Los Angeles CA 90028	1,633	(19)	1.21%
Orchard Investments, LLC C/O CIM GROUP 6922 Hollywood Boulevard Los Angeles CA 90028	12,929	(20)	9.55%
Bengt G. Odner 15 Rue Du Cendrier, 6TH Floor Geneva V8 1211	705	(21)	0.52%
Sedam Ltd 15 Rue Du Cendrier, 6TH Floor Geneva V8 1211	17,292	(21)	12.77%
All current directors and executive officers as a group (Eleven persons)	54,282		40.09%

(1) Calculated on the basis of 135,404 shares of common stock outstanding plus, in the case of any person with the right to acquire beneficial ownership of shares of common stock within 60 days of March 31, 2015, the number of such shares.

(2) Includes 20 shares of restricted common stock granted in 2011, also includes 4,114 shares of restricted common stock granted in 2012 for services rendered.

(3) Includes 1,071 shares of restricted common stock. Also includes a 283 share restricted stock grant which vests on December 31, 2015 and December 31, 2016, and a 171 share restricted stock grant which vest on December 31, 2015.

(4) Includes 1,159 shares of restricted common stock. Also includes a 283 share restricted stock grant which vests on December 31, 2015 and December 31, 2016, and a 171 share restricted stock grant which vest on December 31, 2015.

(5) Includes 943 shares of restricted common stock. Also includes a 168 share restricted stock grant which vests on December 31, 2015 and December 31, 2016, and a 132 share restricted stock grant which vest on December 31, 2015.

(6) Mr. Benjamin Black is a beneficiary of the Leon D. Black Trust UAD 11/30/92 FBO Benjamin Black (the "Benjamin Trust") and the Black Family 1997 Trust (the "1997 Trust"). John J. Hannan is the trustee of the Benjamin Trust and the 1997 Trust and has the sole voting, investment and dispositive power with respect to the shares held by the Benjamin Trust and the 1997 Trust. Mr. Benjamin Black disclaims any beneficial ownership of the shares of common stock held by the Benjamin Trust and the 1997 Trust.

Includes 1,096 shares of restricted common stock. Also includes a 333 share restricted stock grant which vests on December 31, 2015 and December 31,2016, and a 166 share restricted stock grant which vests on December 31, 2015.

(7) Mr. Joshua Black is a beneficiary of the Leon D. Black Trust UAD 11/30/92 FBO Joshua Black (the "Joshua Trust") and the 1997 Trust. John J. Hannan is the trustee of the Joshua Trust and the 1997 Trust and has the sole voting, investment and dispositive power with respect to the shares held by the Joshua Trust and the 1997 Trust. Mr. Joshua Black disclaims any beneficial ownership of the shares of common stock held by the Joshua Trust and the 1997 Trust.

Includes 1,096 shares of restricted common stock. Also includes a 333 share restricted stock grant which vests on December 31, 2015 and December 31, 2016, and a 166 share restricted stock grant which vests on December 31, 2015.

(8) Includes 943 shares of restricted common stock. Also includes a 168 share restricted stock grant which vests on December 31, 2015 and December 31, 2016, and a 132 share restricted stock grant which vest on December 31, 2015.

(9) Includes 2,419 shares of common stock directly owned by John J. Hannan.

Also includes a 333 share restricted stock grant which vests on December 31, 2015 and December 31, 2016 and a 166 share restricted stock grant which vest on December 31, 2015.

As the trustee of each of the 1997 Trust, the Leon D. Black Trust UAD 11/30/92 FBO Alexander Black (the "Alexander Trust"), the Leon D. Black Trust UAD 11/30/92 FBO Victoria Black (the "Victoria Trust"), the Benjamin Trust and the Joshua Trust, Mr. Hannan is the beneficial owner of an additional 35,128 shares of common stock.

(10) Includes a 1,646 share restricted stock grant, of which 987 shares are vested and issued, 329 shares vest on January 12, 2016 and 330 shares vest on January 13, 2017.

(11) Includes a 1,646 share restricted stock grant, of which 987 shares are vested and issued, 329 shares vest on January 12, 2016 and 330 shares vest on January 13, 2017.

(12) Includes 15,320 shares of common stock directly beneficially owned by the 1997 Trust. John J. Hannan is the trustee of the 1997 Trust and has the sole voting, investment and dispositive power with respect to shares of common stock held by the 1997 Trust.

(13) Includes 6,308 shares of common stock directly owned by Mr. Leon D. Black.

(14) Includes 4,952 shares of common stock directly beneficially owned by the Alexander Trust. John J. Hannan is the trustee of the Alexander Trust and has the sole voting, investment and dispositive power with respect to the shares of common stock held by the Alexander Trust.

(15) Includes 4,952 shares of common stock directly beneficially owned by the Benjamin Trust. John J. Hannan is the trustee of the Benjamin Trust and has the sole voting, investment and dispositive power with respect to the shares of common stock held by the Benjamin Trust.

(16) Includes 4,952 shares of common stock directly beneficially owned by the Joshua Trust. John J. Hannan is the trustee of the Joshua Trust and has the sole voting, investment and dispositive power with respect to the shares of common stock held by the Joshua Trust.

(17) Includes 4,952 shares of common stock directly beneficially owned by the Victoria Trust. John J. Hannan is the trustee of the Victoria Trust and has the sole voting, investment and dispositive power with respect to the shares of common stock held by the Victoria Trust.

(18) Includes 14,389 shares of Common Stock directly beneficially owned by Black Family Partners LP. Leon D. Black is a General Partner of Black Family Partners LP. Leon D. Black is a General Partner of Black Family Partners LP.

(19) Includes 1,633 shares of common stock directly owned by Richard S. Ressler. Richard Ressler is the President of Orchard Capital Corp. and the Manager of Orchard Investments LLC.

(20) Includes 12,929 shares of common stock directly owned by Orchard Investments, LLC ("Orchard").

(21) The aggregate amount of common stock beneficially owned by Mr. Bengt Odner, a former director of the Company, is represented by 705 shares of common stock. In addition to the direct ownership listed herein, Mr. Odner has indirect beneficial ownership of 17,292 shares by way of Sedam Limited, a corporation organized under the laws of Cyprus, which is controlled by a trust of which Mr. Bengt Odner is the sole beneficiary.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the year ended December 31, 2014, in addition to fees and salaries as well as reimbursement of business expenses, transactions with related parties include:

- The issuance of the New Notes to the Executive Chairman and a member of the Board of Directors on May 23, 2014. As of December 31, 2014 the Company has issued 5,126 shares as interest payment and the Company paid interest on the Notes in the form of cash payments for interest accrued up to September 30, 2014 totaling $260,034 to related parties.

- The Company paid a total of $430,000 to Orchard under the Orchard Services Agreement.

- Mr. Nitin Amersey, who is a director of the Company, is listed as a control person with the Securities and Exchange Commission of Bay City Transfer Agency Registrar Inc., the Company's transfer agent. Mr. Amersey is also a control person in Freeland Venture Resources Inc., which provide Edgar filing services to the Company. For the year ended December 31, 2014, the Company paid $31,690 to Bay City Transfer Agency Registrar Inc., for services rendered and $22,300 to Freeland Venture Resources Inc., for services rendered.

- Mr. John Dunlap, a director of the Company, is the President of Dunlap Group, which provides consulting services to the Company related to regulatory compliance matters. During the year ended December 31, 2014, the Company paid fees to Dunlap Group amounting to $6,333.

During the year ended December 31, 2013, in addition to fees and salaries as well as reimbursement of business expenses, transactions with related parties include:

- The issuance of the Existing Notes to the Existing Lenders on March 22, 2013, April 23, 2013 and June 27, 2013. As of December 31, 2013 the Company has issued 8,000 shares as interest payment to related parties.

- An increase in fees under the Orchard Services Agreement from $300,000 per annum to $430,000 per annum, effective August 1, 2013. For the year, the Company paid a total of $354,965 to Orchard.

- The grant of 2,350 shares of common stock to Mark Yung (subject to conversion of the Notes) in August 2013, and the issuance of 2,057 shares of restricted common stock to Mark Yung in February 2013, in each case for his services as Executive Chairman of the Company.

- Mr. Nitin Amersey, who is a director of the Company, is listed as a control person with the Securities and Exchange Commission of Bay City Transfer Agency Registrar Inc., the Company's transfer agent. Mr. Amersey is also a control person in Freeland Venture Resources Inc., which provide Edgar filing services to the Company. For the year ended December 31, 2013, the Company paid $47,539 to Bay City Transfer Agency Registrar Inc. for services rendered and $18,470 to Freeland Venture Resources Inc. for services rendered.

- Mr. John Dunlap, a director of the Company, is the President of Dunlap Group, which provides consulting services to the Company related to regulatory compliance matters. During the year ended December 31, 2013, the Company paid fees to Dunlap Group amounting to $24,686.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES:

The Company paid its principal accountant MNP LLP, $27,520 to date in fees for the audit of the Company's annual consolidated financial statements for 2014.

The Company paid its principal accountant MNP LLP $42,133 in fees for review of the consolidated condensed financial statements included in its Form 10-Q for the three quarterly reports in 2014.

The Company paid its principal accountant MNP LLP, $82,254 to date in fees for the audit of the Company's annual consolidated financial statements for 2013.

The Company paid its principal accountant MNP LLP $63,002 in fees for review of the consolidated condensed financial statements included in its Form 10-Q for the three quarterly reports in 2013.

TAX FEES:

The Company paid its principal accountants MNP LLP $0 for tax / compliance services for 2014.

The Company paid its principal accountants MNP LLP and MSCM LLP $0 for tax / compliance services for 2013.

ALL OTHER FEES:

The Company paid its principal accountant MNP LLP $7,368 for services other than audit and tax services for 2014 (2013 - $10,253). These services included review and consent of the use of financial statements in the S-1 and S-8 filings made by the Company.

100% of the services described under “Audit Fees and Tax Fees”, and 0% of the services described under “All Other Fees” were approved by our Audit Committee.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES:

Each year, our audit committee pre-approves the terms of our engagement (for such year) with our independent auditor.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

The Company has filed the following documents as part of this Form 10-K:

1. CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL STATEMENT SCHEDULE

All schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. EXHIBITS.

Exhibits are incorporated by reference to the Index of Exhibits provided at the end of this Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf of the undersigned; thereunto duly authorized this 31st day of March 2015 in the city of Montgomeryville, State of Pennsylvania.

ENVIRONMENTAL SOLUTIONS WORLDWIDE, INC.

(Registrant)

BY: /S/ MARK YUNG
MARK YUNG
EXECUTIVE CHAIRMAN

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below, by the following persons on behalf of the Registrant and in the capacities indicated.

SIGNATURES	TITLE	DATE
/S/ MARK YUNG MARK YUNG	EXECUTIVE CHAIRMAN	MARCH 31, 2015
/S/ NITIN M. AMERSEY NITIN M. AMERSEY	DIRECTOR	MARCH 31, 2015
/S/ JOHN DUNLAP III JOHN DUNLAP	DIRECTOR	MARCH 31, 2015
/S/ ZOHAR LOSHITZER ZOHAR LOSHITZER	DIRECTOR	MARCH 31, 2015
/S/ BENJAMIN BLACK BENJAMIN BLACK	DIRECTOR	MARCH 31, 2015
/S/ JOSHUA BLACK JOSHUA BLACK	DIRECTOR	MARCH 31, 2015
/S/ JOHN J HANNAN JOHN J HANNAN	DIRECTOR	MARCH 31, 2015
/S/ JOHN SUYDAM JOHN SUYDAM	DIRECTOR	MARCH 31, 2015
/S/ PRAVEEN NAIR PRAVEEN NAIR	CHIEF FINANCIAL OFFICER AND PRINCIPAL ACCOUNTING OFFICER	MARCH 31, 2015
/S/ BRIAN WEBSTER BRIAN WEBSTER	CHIEF OPERATING OFFICER	MARCH 31, 2015
/S/ VIRENDRA KUMAR VIRENDRA KUMAR	CHIEF COMMERCIAL OFFICER	MARCH 31, 2015

Exhibits

The following exhibits are filed herewith or incorporated by reference herein:

Exhibit Number	Description
3.1	Articles of Incorporation of the Company. (1)
3.2	Bylaws of the Company. (1)
3.3	Articles of Incorporation of the Company, as amended as of November 29, 2001. (Originally filed as exhibit 3.2) (5)
3.4	Articles of Incorporation of the Company as amended July 20, 2005 (Originally filed as exhibit 3.3)(13)
3.5	Bylaws of the Company as amended January 3, 2006 (15)
3.6	Articles of Incorporation of the Company, as amended as of October 13, 2010. (34)
3.7	Bylaws of the Company as amended January 25, 2011 (Originally filed as exhibit 3.1) (35)
3.8	Articles of Amendment to the Articles of Incorporation of Environmental Solutions Worldwide, Inc. (43)
4.1	Form of Warrant Certificate issued April, 1999. (1)
4.2	Form of Warrant Certificate for 2002 Unit Private Placement (7)
4.3	Form of three (3) year Warrant Certificate exercisable at $0.90 per share issued on April and July 2005. (13)
4.4	Form of three (3) year Warrant Certificate exercisable at $2.00 per share issued on April and July 2005. (13)
4.5	Form of three (3) year Warrant Certificate exercisable at $3.00 per share issued on April and July 2005. (13)
4.6	Form of Specimen of Common Stock Certificate. (Originally filed as exhibit 4.1)
4.7	Note Subscription Agreement entered into on March 22, 2013 by Environmental Solutions Worldwide, Inc. and Black Family Partners LP, John J. Hannan, Orchard Investments, LLC and Richard Ressler. (40)
4.8	Form of Senior Secured Promissory Note issued on March 22, 2013 by Environmental Solutions Worldwide, Inc. in favor of Black Family Partners LP, John J. Hannan, Orchard Investments, LLC and Richard Ressler . (40)
4.9	Form of Security Agreement, dated as of March 22, 2013, by and among Technology Fabricators, Inc. ESW America Inc., ESW Technologies Inc. and Orchard Capital Corp. (40)
4.10	Form of Senior Secured Promissory Note issued on April 23, 2013 by Environmental Solutions Worldwide, Inc. in favor of the Senior Secured Lenders. (41)
4.11	Form of Senior Secured Promissory Note issued on June 27, 2013 by Environmental Solutions Worldwide, Inc. in favor of Black Family Partners LP, John J. Hannan, Orchard Investments, LLC and Richard Ressler (44)
4.12	Form of Amended and Restated Note Subscription Agreement by and between Environmental Solutions Worldwide, Inc. and Black Family Partners LP, John J. Hannan, Orchard Investments, LLC and Richard Ressler. (45)
10.1	Form of Agreement dated January 29, 1999 by and between the shareholders BBL Technologies, Inc. and the Company. (1)
10.2	Form of Consulting Agreement dated March 31, 1999 by and between May Davis Group and the Company. (1)
10.3	Form of Commission Agreement dated March 31, 1999 by and between May Davis Group and the Company. (1)
10.4	Form of Option Agreement dated June 21, 1999, between David Coates o/a Fifth Business and the Company. (1)
10.5	Form of Option Agreement dated June 21 1999 between Zoya Financial Corp. and the Company. (1)
10.6	Form of Consulting Agreement with Bruno Liber dated January 29, 2000. (2)
10.7	Form of Office Offer to Lease for Environmental Solutions Worldwide Inc. dated October 6, 1999. (2)
10.8	Form of Financial relations agreement with Continental Capital & Equity Corporation dated December 5, 2000. (4)
10.9	Form of Employment Agreement between John A. Donohoe, Jr. and the Company dated as of September 10, 2003. (6)
10.10	Form of Employment Agreement between Robert R. Marino and the Company dated as of September 10, 2003. (6)
10.11	Form of Employment Agreement between David J. Johnson and the Company dated as of September 10, 2003. (6)
10.12	Form of Subscription Agreement for 2001 Common Stock Placement. (7)
10.13	Form of Subscription Agreement for 2002 Unit Private Placement and related representation letters. (7)
10.14	Form of unsecured subordinated promissory note issued by the Company to AB Odinia, dated August 27, 2004. (Originally filed as exhibit 10.1) (8)
10.15	Form of Securities Subscription Agreement between the Company and Investor for the purchase of 4% Convertible Debentures and three (3) year warrant exercisable at $1.00 per share dated September, 2004. (Originally filed as exhibit 10.1) (9)
10.16	Form of 4% Three (3) Year Debenture issued by the Company dated September, 2004.(Originally filed as

	exhibit 10.2) (9)
10.17	Form of Three (3) Year Warrant to purchase the Company's Common Stock at $1.00 a share dated September, 2004.(Originally filed as exhibit 10.3) (9)
10.18	Form of Registration Rights Agreement dated September, 2004. (Originally filed as exhibit 10.4) (9)
10.19	Form of Lease agreement and amended lease agreement between the Company's wholly-owned subsidiary ESW America Inc. and Nappen & Associates dated on November 16, 2004. (12)
10.20	Form of Subscription Agreement dated April and July 2005 for Common Stock at $0.85 and Warrants exercisable at $0.90, $2.00 and $3.00 per share. (13)
10.21	Form of Registration rights Agreement dated April and July 2005. (13)
10.22	Form of $1.2 Million Unsecured Subordinated Promissory Note dated June 30, 2006. (16)
10.23	Form of $1 Million Unsecured Subordinated Promissory Note dated September 7, 2006. (17)
10.24	Form of Separation Agreement and Release of Claims by and between the Company and Stan Kolaric dated October 12, 2006. (20)
10.25	Form of $500,000 Unsecured Subordinated Promissory Note dated November 17, 2006. (18)
10.26	Form of Contract for Investor Relations Service by and between the Company and Delta 2005 AG dated December 12, 2006. (20)
10.27	Form of Consolidated $2.3 Million Unsecured Subordinated Demand Promissory Note dated February 9, 2007. (20)
10.28	Form of $500,000 Unsecured Subordinated Demand Promissory Note by and between the Company and Mr. Bengt Odner, dated February 15, 2007. (20)
10.29	Form of Employment Agreement between David J. Johnson and the Company dated as of January 1, 2007. (20) 10.30 Form of Assignment by Inventor by and between the Company and David Johnson dated February 16, 2007. (20)
10.31	Form of Consolidated 1.002 Million Note by and between the Company and Mr. Bengt Odner dated March 13, 2007. (20)
10.32	Form of $2.5 Million Financing Loan Agreement by and between ESW Canada Inc. and Royal Bank of Canada dated March 5, 2007 (20)
10.33	Letter Agreement dated October 11, 2007 and effective November 2, 2007 by and between the Company's wholly-owned subsidiary ESW Canada Inc. and Royal Bank of Canada amending the terms of the Credit Facility Agreement dated as of March 2, 2007. (21)
10.34	Form of Employment Agreement between Stefan Boekamp and the Company dated as of February 4, 2008. (23)
10.35	Form of Employment Agreement between Praveen Nair and the Company dated as of February 4, 2008. (23)
10.36	Form of Credit Facility Agreement between the Company and Mr. Bengt Odner Dated June 2, 2008 (24)
10.37	Form of $500,000 Unsecured Subordinated Demand Promissory Note by and between the Company and Mr. Bengt Odner, dated June 2, 2008 (24)
10.38	Form of Securities Subscription Agreement between the Company and Investor for the purchase of 9% three (3) year Convertible Debentures (25)
10.39	Form of 9% Three (3) Year Debenture issued by the Company dated November 3, 2008. (25)
10.40	Form of Registration Rights Agreement dated November 3, 2008. (25)
10.41	Form of Consulting Agreement between Joey Schwartz and the Company dated as of February 4, 2008 (26)
10.42	Form of Securities Subscription Agreement between the Company and Investor Ledelle Holdings Ltd. for the purchase of 9% three (3) year Convertible Debentures dated November 7, 2008. (26)
10.43	Form of 9% Three (3) Year Debenture issued by the Company to Investor Ledelle Holdings Ltd. dated November 7, 2008. (26)
10.44	Form of Registration Rights Agreement between the Company and Investor Ledelle Holdings Ltd. for the purchase of 9% three (3) year Convertible Debentures (25)
10.45	Form of Securities Subscription Agreement between the Company and Investor Mr. Bengt Odner. for the purchase of 9% three (3) year Convertible Debentures Dated November 7, 2008. (26)
10.46	Form of 9% Three (3) Year Debenture issued by the Company to Investor Mr. Bengt George Odner dated November 7, 2008. (26)
10.47	Form of Registration Rights Agreement between the Company and Investor Ledelle Holdings Ltd. for the purchase of 9% three (3) year Convertible Debentures (25)
10.48	Form of Amendment to Employment Agreement between Praveen Nair and the Company effective as of January 1, 2009 (26)
10.49	Form of 9% Unsecured Promissory Note (27)
10.50	Form of Letter Agreement Amendment to Secured Commercial Loan Agreement by and between ESW Canada Inc. and Royal Bank of Canada dated as of August 24, 2009 (28) 10.51 Form of Securities Subscription Agreement for 9% Convertible Debentures dated as of August 28, 2009 (29)
10.51	Form of 9% Three (3) year debentures (29)
10.53	Lease Renewal Agreement by and between the Company's wholly-owned subsidiary ESW America Inc. and Nappen Associates effective October 16, 2009

10.54	Form of 9% Unsecured Promissory Note effective December 29, 2009 (30)
10.55	Form of Securitas Subscription Agreement for 9% Convertible Debentures dated as of March 19, 2010 (31)
10.56	Form of 9% three year Convertible Debenture dated as of March 19, 2010 (31)
10.57	Form of Registration Rights Agreement dated as of March 19, 2010 (31)
10.58	Form of Loan Agreement by and between the Company's wholly-owned subsidiary ESW Canada, Inc. and Canadian Imperial Bank of Commerce effective March 31, 2010.
10.59	Form of Guarantee of Loan Guarantee of Loan Agreement by and between Canadian Imperial Bank of Commerce and the Company, and the Company's wholly-owned subsidiaries ESW America Inc. and ESW Technologies Inc.
10.60	Form of Patent and Trademark Security Agreement by and between the Company's wholly-owned subsidiary ESW Technologies Inc. and Canadian Imperial Bank of Commerce
10.61	Environmental Solutions Worldwide Inc. Nominating and Governance Committee Charter as of August 10, 2010 (33)
10.62	Environmental Solutions Worldwide, Inc. Audit Committee Charter as of August 10, 2010 (33)
10.63	Environmental Solutions Worldwide Inc. Compensation Committee Charter as of August 10, 2010 (33)
10.64	Form of Subordinated Note Subscription Agreement as of February 17, 2011 (36)
10.65	Form of Unsecured Subordinated Promissory Note as of February 17, 2011 (36)
10.66	Investment Agreement, dated May 10, 2011, by and between the Company and the Bridge Lenders (37)
10.67	Form of Services Agreement by and between the Company and Orchard Capital Corp. dated as of January 30, 2011. (38)
10.68	Environmental Solutions Worldwide amended 2010 stock incentive plan as of April 19, 2011. (38)
10.69	Form of Registration Rights Agreement as of July 12, 2011 (39)
10.70	Asset Purchase Agreement, dated April 1, 2013, by and between David P. Stapleton, as the receiver for Cleaire Advanced Emission Controls, LLC, and Environmental Solutions Worldwide, Inc. (42)
14.1	Code of ethics as amended March 28, 2006 by the Company's board of directors. (15)
21.1	List of subsidiaries. (1)

* Previously filed.

31.1	Certification of Executive Chairman pursuant to the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, pursuant to the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as amended pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as amended pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.ins	XBRL Instance.
101.xsd	XBRL Schema.
101.cal	XBRL Calculation.
101.def	XBRL Definition.
101.lab	XBRL Label.
101.pre	XBRL Presentation.

(1) Incorporated herein by reference from the Registrant's Form 10 Registration Statement (SEC File No. 000-30392) filed with the Securities and Exchange Commission of November 18, 1999

(2) Incorporated herein by reference from the Registrant's 10-K filed with the Securities and Exchange Commission on March 30, 2000.

(3) Incorporated herein by reference from the Registrant's Form 8-K/A filed with the Securities and Exchange Commission on March 14, 2001.

(4) Incorporated herein by reference from the Registrant's 10-KSB filed with the Securities and Exchange Commission on April 16, 2001.

(5) Incorporated herein by reference from the Registrants Form 10-KSB filed with the Securities and Exchange Commission on April 01, 2002.

(6) Incorporated herein by reference from the Registrant’s Form 10-QSB/A filed with the Securities and Exchange Commission on November 26, 2003.

(7) Incorporated by reference from an exhibit filed with the Registrant’s Registration Statement on Form S-2 (File No. 333-112125) filed on January 22, 2004.

(8) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on September 2, 2004.

(9) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on September 17, 2004.

(10) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on October 22, 2004.

(11) Incorporated herein by reference from the Registrants Form 8-K/A filed with the Securities and Exchange Commission on December 2, 2004.

(12) Incorporated by reference to the Registrant’s Form 10-KSB filed with the Securities and Exchange Commission on March 31, 2005.

(13) Incorporated herein by reference from the Registrants Form 10-QSB filed with the Securities and Exchange Commission on August 15, 2005.

(14) Incorporated herein by reference from the Registrants Form S-8 Registration Statement SEC File No. 333-127549) filed on August 15, 2005.

(15) Incorporated herein by reference from the Registrants Form 10-KSB filed with the Securities and Exchange Commission on April 3, 2006.

(16) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on June 30, 2006.

(17) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on September 7, 2006.

(18) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on November 17, 2006.

(19) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on February 14, 2007.

(20) Incorporated herein by reference from the Registrants Form 10-KSB filed with the Securities and Exchange Commission on March 30, 2007.

(21) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on November 8, 2007.

(22) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on February 1, 2008.

(23) Incorporated herein by reference from the Registrants Form 10-KSB/A filed with the Securities and Exchange Commission on April 29, 2008.

(24) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on June 2, 2008.

(25) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on November 7, 2008.

(26) Incorporated herein by reference from the Registrants Form 10-K filed with the Securities and Exchange Commission on April 9, 2009.

(27) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on January 05, 2010.

(28) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on August 26, 2009.

(29) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on September 2, 2009.

(30) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on January 5, 2010.

(31) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on March 23, 2010.

(32) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on June 2, 2010.

(33) Incorporated herein by reference from the Registrants Form 10Q filed with the Securities and Exchange Commission on August 13, 2010.

(34) Incorporated herein by reference from the Registrants Form 10Q filed with the Securities and Exchange Commission on September 09, 2010.

(35) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on January 28, 2011.

(36) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on February 22, 2011.

(37) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on May 10, 2011.

(38) Incorporated herein by reference from the Registrants Form 10-Q filed with the Securities and Exchange Commission on May 16, 2011.

(39) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on July 15, 2011.

(40) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on March 28, 2013.

(41) Incorporated by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on April 29, 2013.

(42) Incorporated herein by reference from the Registrants Form 10-Q filed with the Securities and Exchange Commission on May 20, 2013.

(43) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on May 24, 2013.

(44) Incorporated herein by reference from the Registrants Form 8-K filed with the Securities and Exchange Commission on July 1, 2013.

(45) Incorporated herein by reference from the Registrants Form S-1 filed with the Securities and Exchange Commission on February 11, 2014.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Mark Yung, certify that:

1. I have reviewed this annual report on Form 10-K of Environmental Solutions Worldwide, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods present in this report;

4. The registrant's other certifying Officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) for the Registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance the generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the year ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

DATE: MARCH 31, 2015

/S/ MARK YUNG
MARK YUNG
EXECUTIVE CHAIRMAN

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Praveen Nair, certify that:

1. I have reviewed this annual report on Form 10-K of Environmental Solutions Worldwide, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods present in this report;

4. The registrant's other certifying Officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) for the Registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance the generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the year ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

DATE: MARCH 31, 2015

/S/ PRAVEEN NAIR
PRAVEEN NAIR
CHIEF FINANCIAL OFFICER
AND PRINCIPAL ACCOUNTING OFFICER

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Environmental Solutions Worldwide, Inc. (the "Company") for the fiscal year ended December 31, 2014 (the "Report"), Mark Yung, Executive Chairman of the Company, hereby certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) To my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: MARCH 31, 2015

/S/ MARK YUNG
MARK YUNG
EXECUTIVE CHAIRMAN

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Environmental Solutions Worldwide, Inc. and will be retained by Environmental Solutions Worldwide, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Environmental Solutions Worldwide, Inc. (the "Company") for the fiscal year ended December 31, 2014 (the "Report"), Praveen Nair, Chief Executive Officer And Principal Accounting Officer of the Company, hereby certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) To my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: MARCH 31, 2015

/S/ PRAVEEN NAIR
PRAVEEN NAIR
CHIEF FINANCIAL OFFICER
AND PRINCIPAL ACCOUNTING OFFICER

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Environmental Solutions Worldwide, Inc. and will be retained by Environmental Solutions Worldwide, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.