



# **Informe Financiero**

**1º Semestre 2014**

Sofía, 30 de Septiembre de 2014

Muy Señores Nuestros,

En cumplimiento de lo dispuesto en la Circular 9/2010 del Mercado Alternativo Bursátil y para su puesta a disposición del público, remitimos el informe financiero semestral relativo a los seis primeros meses del ejercicio 2014 de EBIOS Energy, AD.

El informe que se expone a continuación, hace referencia a los estados financieros intermedios consolidados de EBIOS Energy a 30 de Junio de 2014. El grupo industrial de ingeniería, construcción y desarrollo de proyectos de tratamiento y conversión de residuos en energía, debutó en el Mercado Alternativo Bursátil el pasado 5 de Julio de 2013.

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EBIOS Energy, AD.

José Óscar Leiva Méndez

*Presidente de EBIOS Energy, AD.*

## Informe de evolución semestral y grado de cumplimiento de las previsiones.

EBIOSS Energy se convirtió en el mes de julio de 2013 en la primera compañía extranjera en cotizar en el MAB y lo hizo con una capitalización de 21,2 millones de euros. Con su incorporación a este mercado el holding EBIOSS Energy especializado en el diseño y construcción de plantas termoeléctricas basadas en la gasificación de residuos, busca potenciar su actividad para poder acometer nuevos proyectos y desarrollar su Plan de Negocio y expansión internacional.

Tal y como se recogía en el Documento Informativo de Incorporación al MAB-EE de EBIOSS Energy, AD aprobado el 11 de marzo de 2013, y en la posterior Adenda publicada en mayo de 2013, el Plan de Negocio de la Compañía integra un importante crecimiento del negocio de ingeniería mediante la realización de proyectos completos de ingeniería, construcción y mantenimiento de plantas energéticas llave en mano para clientes, y sobre todo también participando de forma directa en el capital de algunos de esos proyectos.

Durante el año 2013, EBIOSS Energy ha realizado con éxito dos ampliaciones de capital social que alcanzaron los 10,8 millones de euros, superando la cifra prevista que se esperaba para todo el año que se estimaba en 5 millones de euros.

Asimismo, en junio del año 2014, EBIOSS Energy realiza una nueva ampliación de capital que alcanzó los 15.859.062,80 euros, consiguiendo superar sustancialmente las previsiones establecidas en el Plan de Negocio vigente en ese momento de la Compañía que contemplaba una necesidad total de 7 millones de euros para el año 2014.

En base a un criterio de total transparencia, decidió actualizar su último Plan de Negocio publicado, tal y como se publicó mediante Hecho Relevante el 1 de agosto de 2014, incorporando las cifras actualizadas al Documento de Ampliación de Capital

existencia de otros factores que podrían suponer cambios en las previsiones de ventas y en los márgenes, y por lo tanto en las cifras de su Plan de Negocio.

A este respecto, tal y como se ha comunicado al mercado mediante un hecho relevante publicado hoy día 30 de septiembre de 2014, y en cumplimiento de lo dispuesto en la Circular 2/2014 del MAB, el Consejo de Administración de EBIOSS Energy aprueba con fecha 29 de septiembre de 2014 sin votos en contra un nuevo Plan de Negocio consolidado, en el que se recoge el cambio en las previsiones y estimaciones para los próximos años.

A continuación se muestra un análisis de la situación de los estados financieros intermedios de EBIOS Energy a 30 de junio de 2014, con respecto a lo previsto en el Plan de Negocio que estaba vigente a esa fecha, publicado en el Documento de Ampliación Reducido en junio de 2014:

Para que la información sea lo más actualizada posible, adicionalmente se irán añadiendo los mismos cuadros, pero realizando la comparativa respecto al nuevo Plan de Negocio publicado mediante Hecho Relevante hoy 30 de septiembre de 2014.

### • Análisis de la Cuenta de Resultados.

A continuación se muestra una comparativa entre la cuenta de pérdidas y ganancias consolidada intermedia a 30 de junio de 2014 y el presupuesto estimado total para el año 2014 en el Plan de Negocio de la Compañía vigente a esa fecha. Asimismo, a efectos de mejorar el análisis comparativo, se añade una columna en la que se refleja el porcentaje de realización y otra con las cifras existentes a 30 de junio de 2013:

EBIOSS Energy		30 de JUNIO			(millones de euros)
Comparativa con el Plan de Negocio vigente a 30-6-14					
Cuenta de Pérdidas y Ganancias	30-jun-13	30-jun-14	2014 (e)	% Realización.	
Ingresos totales	0,7	6,7	20,1	33%	
Gastos operativos	-0,9	-4,3	-17,4	25%	
EBITDA	-0,1	2,4	2,7	88%	
Amortizaciones	0,0	0,0	0,0	36%	
Resultado de Explotación	-0,2	2,4	2,7	89%	
Resultado Financiero	0,0	0,0	0,0	-100%	
Resultado antes de impuestos	-0,2	2,3	2,7	87%	
Impuesto sobre beneficios	0,0	0,0	-0,9	1%	
Resultado del ejercicio	-0,2	2,3	1,8	130%	
Inrteres de EBIOSS	-0,3	2,2	0,7	308%	

De igual forma, a continuación se muestra la misma comparativa pero con las previsiones establecidas para el año 2014e en el nuevo Plan de Negocio de la Compañía presentado hoy.

EBIOSS Energy		30 de JUNIO		(millones de euros)	
Comparativa con el Nuevo Plan de Negocio publicado el 30-9-14					
Cuenta de Pérdidas y Ganancias	30-jun-13	30-jun-14	2014 (e)	% Realización.	
Ingresos totales	0,7	6,7	18,6	36%	
Gastos operativos	-0,9	-4,3	-15,1	28%	
EBITDA	-0,1	2,4	3,5	68%	
Amortizaciones	0,0	0,0	-0,2	11%	
Resultado de Explotación	-0,2	2,4	3,3	70%	
Resultado Financiero	0,0	0,0	-0,3	10%	
Resultado antes de impuestos	-0,2	2,3	3,1	75%	
Impuesto sobre beneficios	0,0	0,0	-0,5	2%	
Resultado del ejercicio	-0,2	2,3	2,6	89%	
Inrteres de EBIOS	-0,3	2,2	2,0	108%	

NOTA: En las cifras presentadas en este informe semestral, no se incluyen las cifras correspondientes a la empresa TNL, ya que el acuerdo de adquisición definitivo ha sido cerrado en el mes de agosto de 2014.

Los ingresos totales obtenidos hasta el 30 de junio de 2014 alcanzaron los 6,7 millones de euros, lo que supone alrededor de un 33% de la consecución del presupuesto anual del ejercicio 2014, así como un incremento de más del 16% respecto a los ingresos obtenidos durante todo el año 2013.

El grado de ejecución se debe a lo siguiente:

- o Buena parte de la facturación de EQTEC Iberia se concentrará en el segundo semestre de este año debido a las fases de construcción en que están los proyectos, adquiriendo más relevancia los equipos entregados en el segundo semestre de este año y por lo tanto no activándolos hasta ese momento.
- o Variación en la probabilidad asignada a algunos proyectos de la cartera potencial de proyectos de terceros respecto a las previsiones anteriores, derivada de cambios en la visibilidad de los proyectos de terceros en fase de comercialización. Por ejemplo algunos proyectos de terceros en Italia han pasado a ser proyectos propios (Sorgenia Bioenergy a SYNGAS Italy).
- o Se está a la espera de la obtención por parte del cliente HELECTOR el último permiso administrativo para la construcción de una planta piloto en Alemania de gasificación de residuos. Se preveía facturación para este año 2014 de 2 millones de euros pero el retraso en la obtención del permiso administrativo necesario para iniciar su construcción no permitirá incluirlo en las ventas del grupo del 2014.

- Respecto a la facturación de la Compañía Sorgenia que estaba prevista dentro de la cartera de proyectos de terceros para este año 2014, es importante decir que ha pasado a ser un proyecto propio debido a su adquisición por parte de EBIOSS Energy. De esta manera EBIOSS conseguirá integrar a partir del año que viene las ventas de energía de la planta de Syngas Italy hasta el año 2027.
- La compra en el año 2014 de TNL también ha supuesto la participación minoritaria en el capital de un proyecto de terceros en Italia de gasificación de residuos que habría aportado una facturación por venta de ingeniería de aproximadamente 7 millones de euros repartidos entre el 2014 y 2015. Asimismo, habría aportado en el futuro más ventas recurrentes y la compañía decidió invertir ese capital en tomar el control de TNL dada su apuesta estratégica de futuro por el sector de los residuos y porque permitirá consolidar sus cuentas durante los próximos años.
- En la actualidad la compañía está negociando una cartera potencial de pedidos de más de 120 millones de euros, ahora mismo en estado de comercialización y con distintos niveles de probabilidad de éxito, y dicha cartera podría aumentar de forma considerable cuando EBIOSS Energy tenga sus primeras plantas de gasificación de residuos en marcha a primeros de este próximo año 2015. A partir de ese momento EBIOSS Energy tendrá una planta en Italia y otra en Bulgaria que configurarán su Show Room internacional.
- Cambios en los tiempos de disposición del crédito para el desarrollo de los proyectos propios. En concreto, han existido demoras en la obtención de los fondos ajenos necesarios para la planta de Karlovo Biomass (2MW), debido a que se han realizado dos Due Diligence técnico-legales por parte de expertos independientes exigidas por parte de la entidad bancaria UBB (United Bulgarian Bank), por lo que la empresa ha decidido adelantar equity de manera temporal. Los contratos definitivos fueron firmados el mes de junio de 2014. Ya se han hecho las primeras disposiciones en Junio.
- No se incluyen todavía las cuentas de TNL dado que EBIOSS Energy la adquirió en el mes de Agosto y sólo se integrará en los estados financieros a partir del mes de Agosto y hasta Diciembre del 2014.

Es importante recalcar que la partida “Ingresos totales” recogida en esta cuenta de pérdidas y ganancias de EBIOSS Energy, incluye la facturación de 3,9 millones de euros de servicios EPC (Engineering, Procurement and Construction), prestados principalmente por su filial de ingeniería EQTEC Iberia, S.L. a las plantas energéticas propias en construcción bajo la modalidad de “llave en mano”. También incluye parte de la facturación del mantenimiento que se está ejecutando en la planta de SYNGAS

Italy para su puesta en funcionamiento y así y como parte del “llave en mano” de la planta peletizadora que va a suministrar el combustible a Karlovo Biomass.

Los ingresos totales de la compañía incluyen 3,68 millones de euros de proyectos propios, 2,73 millones de euros derivado de la revaloración de la adquisición de Sygas Italy, tal y como se indica en los párrafos siguientes y 0,14 millones de euros de proyectos de terceros.

En el 2014 se está realizando un gran esfuerzo inversor por parte de EBIOSS Energy para construir sus dos principales plantas energéticas que son Karlovo Biomass y Heat Biomass, además de realizar la inversión de mantenimiento en la planta de Syngas Italy. Esta gran inversión se verá reflejada en ingresos recurrentes durante los próximos años en venta de energía tal y como se refleja en el Plan de Negocio a partir del 2015.

Por otro lado, tal y como se comenta anteriormente, en la partida de “Ingresos totales” a 30 de junio de 2014 se incluye también un resultado extraordinario positivo de 2,73 millones de euros, derivado de aplicar el criterio de valoración cuando se realiza una adquisición de una compañía según exige la Norma 3 de las Normas de Contabilidad Internacional (Normas NIIF) establecido por nuestros asesores contables y fiscales KPMG respecto a la valoración razonable de la adquisición de la filial SYNGAS Italy realizada en abril de este año. Estos criterios valorativos y contables se han cotejado con nuestros auditores Baker Tilly Klitou and Parnerts, OOD.

Sorgenia Bioenergy, que actualmente se denomina SYNGAS Italy, poseía en el momento de su adquisición una planta construida en Castiglione d’Orcia la cual requería de un mantenimiento del sistema de extracción de cenizas consistente en el cambio de un filtro de gas y los tanques de almacenamiento de las mencionadas cenizas, lo cual impedía el funcionamiento de la planta de forma continua.

En concreto, este resultado extraordinario de 2,73 millones de euros proviene de la tasación realizada por un experto independiente, firmada y jurada ante el Tribunal de Novara (Italia), que consiste en estimar el valor razonable de los activos de Syngas Italy que poseía en el momento de ser adquirida por EBIOSS Energy el pasado mes de abril, tal y como se publicó ese mismo mes de abril mediante hecho relevante.

Dicha tasación está basada directamente en los costes de adquisición reflejados en las facturas de compra de todos los equipos que poseía Sorgenia Bioenergy antes de su incorporación a EBIOSS Energy, y que forman parte de la planta energética que posee en la Toscana. El valor de inversión en los equipos realizado en esa planta energética de 1 MW de potencia según las facturas históricas de la compañía asciende a más de 5.800.000€. Sobre este importe el experto independiente ha aplicado un descuento del 41,6% para alcanzar el valor razonable actual de la planta propiedad de Syngas Italy en 3.400.000€. Este valor razonable ha sido estimado teniendo en cuenta los siguientes factores: el coste inicial de la planta, las tarifas energéticas aplicables, el mantenimiento

necesario para alcanzar el pleno rendimiento de la planta, los costes de permisos y comisionado y los costes futuros de desmantelamiento.

Incluimos el desglose de la estimación del valor por equipos realizada en el informe del experto independiente:

Biomass silos and biomass feeding system	340.000 €
Fluidized bed gasifier	900.000 €
Syngas charcoal residue removal cyclone	240.000 €
Two gas/water heat exchangers	350.000 €
Ceramic filter for charcoal particulates	240.000 €
Syngas washing tower	300.000 €
Two gas/water heat exchangers for syngas dehumidification	80.000 €
Internal combustion engine	720.000 €
Alternator for electricity generation	80.000 €
Diesel burner for gasification process starting	31.000 €
Air coolers	360.000 €
Condensate de-oiling unit	120.000 €
Flue gas treatment unit before release into the atmosphere:	
-DeNOX system with ammonia for nitrogen oxide removal	600.000 €
-CO removal catalyst unit	460.000 €
Storage and nitrogen abduction unit	360.000 €
Process Control and automation unit	140.000 €
Closed loop fire extinguishing unit with hydrants	390.000 €
High-voltage transformer and electric boards 15 kV.	110.000 €
TOTAL	5.821.000,00



Adjuntamos, en aras de respaldar la visibilidad futura de los activos antedichos, las estimaciones de ingresos futuros de Syngas Italy durante la vida útil de la planta en base al contrato de venta de energía eléctrica hasta el año 2027.

Income statement (€)	Units	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Total Ingresos</b>	€	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>	<b>1.541.928</b>
Electricidad	€	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928	1.541.928
<b>Gastos de Operación</b>	€	<b>787.186</b>	<b>821.740</b>	<b>910.513</b>	<b>921.348</b>	<b>932.340</b>	<b>943.493</b>	<b>937.970</b>	<b>951.450</b>	<b>965.127</b>	<b>980.005</b>	<b>994.086</b>	<b>1.008.374</b>	<b>1.022.870</b>
Aprovisionamientos	€	494.862	502.285	509.819	517.467	525.229	533.107	541.104	549.220	557.458	565.820	574.308	582.922	591.666
Costes Laborales	€	91.809	92.727	93.654	94.591	95.536	96.492	97.457	98.431	99.416	100.410	101.414	102.428	103.452
Costes de Mantenimiento	€	113.530	138.541	217.631	218.643	219.670	220.712	204.932	208.006	211.126	214.293	217.507	220.770	224.081
Gastos Generales y Administrativos	€	86.985	88.188	89.409	90.648	91.905	93.182	94.478	95.793	97.128	99.483	100.858	102.254	103.671
<b>EBITDA</b>	€	<b>754.742</b>	<b>720.188</b>	<b>631.415</b>	<b>620.580</b>	<b>609.588</b>	<b>598.435</b>	<b>603.958</b>	<b>590.478</b>	<b>576.801</b>	<b>561.923</b>	<b>547.842</b>	<b>533.555</b>	<b>519.058</b>
Depreciación	€	226.667	226.667	226.667	226.667	226.667	226.667	226.667	226.667	226.667	243.333	260.000	260.000	260.000
<b>EBIT</b>	€	<b>528.076</b>	<b>493.521</b>	<b>404.748</b>	<b>393.914</b>	<b>382.921</b>	<b>371.768</b>	<b>377.292</b>	<b>363.812</b>	<b>350.134</b>	<b>318.589</b>	<b>287.842</b>	<b>273.555</b>	<b>259.058</b>
Gastos Financieros	€	59.033	63.393	62.912	60.947	57.662	52.851	47.064	40.398	32.994	25.005	16.803	8.476	0
<b>BAI</b>	€	<b>469.043</b>	<b>430.128</b>	<b>341.836</b>	<b>332.966</b>	<b>325.259</b>	<b>318.918</b>	<b>330.227</b>	<b>323.414</b>	<b>317.140</b>	<b>293.585</b>	<b>271.039</b>	<b>265.079</b>	<b>259.058</b>
Impuestos	€	131.332	120.436	95.714	93.231	91.073	89.297	92.464	90.556	88.799	82.204	75.891	74.222	72.536
<b>Beneficio Neto</b>		<b>337.711</b>	<b>309.692</b>	<b>246.122</b>	<b>239.736</b>	<b>234.186</b>	<b>229.621</b>	<b>237.764</b>	<b>232.858</b>	<b>228.341</b>	<b>211.381</b>	<b>195.148</b>	<b>190.857</b>	<b>186.522</b>

Por otro lado, y como consecuencia del porcentaje de ejecución alcanzado, los gastos operativos de EBIOS Energy hasta el 30 de junio del 2014 son también sensiblemente menores a los esperados, situándose en el 25% de lo esperado.

Dentro de los gastos operativos, la principal partida prevista dentro del Plan de Negocio para el año 2014 es la de “Aprovisionamientos”. En ella se incluyen todos los gastos subcontratados asociados a trabajos de diseño, ingeniería, construcción y puesta en marcha de las plantas energéticas, y que, como en el caso de los ingresos, se difieren en el tiempo hasta el segundo semestre en una mayor cuantía, tal y como se comenta con anterioridad ya que se concentrará más facturación de Eqttec Iberia en el segundo semestre al entregarse los equipos de mayor peso dentro de los proyectos.

De esta forma, el porcentaje de ejecución de la cifra de gastos por “Aprovisionamientos” alcanza el 22% respecto a la cifra prevista para el total del año 2014.

El porcentaje de ejecución en el total del año de la partida de “Servicios Generales y Administrativos”, que corresponde a los gastos de estructura, alcanza un 45% de la cifra prevista anual, mientras que las amortizaciones se sitúan en torno a lo previsto en el presupuesto. Esto se debe, entre otros factores, a que la compañía ha realizado a lo largo del año 2013 contrataciones de personal de cara a reforzar sus actividades. El grupo ha crecido en capital humano de forma considerable en los últimos 12 meses siendo hoy casi 70 empleados

#### Avance de resultados a 31 de agosto de 2014

A continuación se muestra una tabla donde se puede observar el avance provisional de resultados a fecha 31 de agosto de 2014 que todavía no incluyen las cuentas de TNL dada su reciente.

EBIOS Energy		31 de AGOSTO			(millones de euros)	
Comparativa con el Plan de Negocio vigente a 30-6-14						
Cuenta de Pérdidas y Ganancias	30-jun-14	31-ago-14	% Incremento	2014 (e)	% Realización.	
Ingresos totales	6,7	9,4	40%	20,1	47%	
Gastos operativos	-4,3	-6,6	54%	-17,4	38%	
EBITDA	2,4	2,7	15%	2,7	101%	
Amortizaciones	0,0	0,0	44%	0,0	51%	
Resultado de Explotación	2,4	2,7	15%	2,7	102%	
Resultado Financiero	0,0	-0,1	112%	0,0	-212%	
Resultado antes de impuestos	2,3	2,7	14%	2,7	99%	
Impuesto sobre beneficios	0,0	-0,1	1325%	-0,9	12%	
Resultado del ejercicio	2,3	2,5	9%	1,7	146%	
Inrteres de EBIOS	2,2	2,1	-2%	0,7	301%	

En el cuadro se puede apreciar que el grado de cumplimiento de los ingresos previsto respecto al plan de Negocio llega hasta el 47%.

Esto se debe principalmente a la aceleración en el desarrollo de los proyectos propios, tal y como se comenta en el hecho relevante publicado el pasado 1 de septiembre.

De igual forma, a continuación se muestra una comparación entre el avance de resultados a 31 de agosto de 2014, la cuenta de pérdidas y ganancias consolidada intermedia a 30 de junio de 2014 y el presupuesto estimado total para el año 2014 en el nuevo Plan de Negocio de la Compañía presentado hoy 30 de septiembre 2014.

EBIOSS Energy		31 de AGOSTO			(millones de euros)	
Comparativa con el Nuevo Plan de Negocio publicado el 30-9-14						
Cuenta de Pérdidas y Ganancias	30-jun-14	31-ago-14	% Incremento	2014 (e)	% Realización.	
Ingresos totales	6,7	9,4	40%	18,6	50%	
Gastos operativos	-4,3	-6,6	54%	-15,1	44%	
EBITDA	2,4	2,7	15%	3,5	78%	
Amortizaciones	0,0	0,0	44%	-0,2	15%	
Resultado de Explotación	2,4	2,7	15%	3,3	81%	
Resultado Financiero	0,0	-0,1	112%	-0,3	21%	
Resultado antes de impuestos	2,3	2,7	14%	3,1	86%	
Impuesto sobre beneficios	0,0	-0,1	1325%	-0,5	23%	
Resultado del ejercicio	2,3	2,5	9%	2,6	98%	
Inrteres de EBIOS	2,2	2,1	-2%	2,0	105%	

Respecto al nuevo Plan de Negocio publicado hoy, el nivel de ejecución de los ingresos a fecha 31 de agosto alcanza el 50%.

#### Información Financiera de la filial EQTEC Iberia, S.L.:

De cara a que los inversores puedan tener una información lo más completa posible, se reflejan a continuación las magnitudes de negocio de la filial EQTEC Iberia, S.L., a 30 de junio de 2014.

Concretamente, a continuación se muestran la Cuenta de Pérdidas y Ganancias consolidada de la filial EQTEC Iberia, S.L. a fecha 30 de junio de 2014, junto con un avance de resultados a 31 de agosto de 2014, añadiendo una columna comparativa con las cifras obtenidas en los dos años anteriores (2012 y 2013):

Cuenta de Pérdidas y Ganancias

EQTEC IBERIA, S.L.				
millones de euros	2012	2013	30/06/2014	31/08/2014
Venta de servicios EPC *	1,9	5,3	3,8	6,6
<b>Ingresos totales</b>	<b>1,9</b>	<b>5,3</b>	<b>3,8</b>	<b>6,6</b>
Aprovisionamientos	-1,0	-3,9	-2,7	-4,7
Serv.Generales y Administrativos	-0,8	-1,2	-0,7	-0,8
<b>Gastos operativos</b>	<b>-1,8</b>	<b>-5,1</b>	<b>-3,4</b>	<b>-5,5</b>
<b>EBITDA</b>	<b>0,1</b>	<b>0,2</b>	<b>0,4</b>	<b>1,1</b>
Amortizaciones	0,0	0,0	0,0	0,0
<b>Resultado de Explotación</b>	<b>0,1</b>	<b>0,1</b>	<b>0,4</b>	<b>1,0</b>
<b>Resultado Financiero</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Resultado antes de impuestos</b>	<b>0,1</b>	<b>0,1</b>	<b>0,4</b>	<b>1,0</b>
<b>Impuesto sobre beneficios</b>	<b>0,0</b>	<b>0,0</b>	<b>-0,1</b>	<b>-0,2</b>
<b>Resultado del ejercicio</b>	<b>0,0</b>	<b>0,1</b>	<b>0,3</b>	<b>0,8</b>

(\*) Servicios EPC: Engineering, Procurement and Construction.

A continuación se muestra el balance de situación a 30 de junio de 2014 de la filial EQTEC Iberia, S.L, junto con el balance de situación del avance de resultados a 31 de agosto de 2014, de forma comparativa con los años 2012 y 2013:

Balance de Situación				
EQTEC IBERIA, S.L.				
millones de euros	2012	2013	30/06/2014	31/08/2014
<b>ACTIVO</b>				
Inmovilizado Intangible	0,0	0,2	0,3	0,4
Inmovilizado Material	0,2	0,2	0,2	0,2
Otros activos no corrientes	0,0	0,0	0,0	0,0
<b>Total activo no corriente</b>	<b>0,2</b>	<b>0,4</b>	<b>0,5</b>	<b>0,6</b>
Existencias	0,2	0,1	0,2	0,1
Cuentas por cobrar	0,6	0,3	1,7	1,9
Efectivo	0,1	0,8	1,3	1,6
<b>Total activo corriente</b>	<b>0,8</b>	<b>1,2</b>	<b>3,2</b>	<b>3,6</b>
<b>Total activo</b>	<b>1,0</b>	<b>1,6</b>	<b>3,661</b>	<b>4,212</b>
<b>PASIVO</b>				
Deuda Financiera a largo plazo	0,1	0,0	0,1	0,1
Pasivos por Impuesto Diferido	0,0	0,0	0,0	0,0
<b>Total pasivo no corriente</b>	<b>0,1</b>	<b>0,0</b>	<b>0,1</b>	<b>0,1</b>
<b>Pasivo corriente</b>				
Deudas Financieras a corto plazo	0,0	0,2	0,2	0,2
Acreedores y otras cuentas a pagar	0,6	0,6	2,3	2,3
Otros pasivos	0,0	0,0	0,0	0,0
<b>Total pasivo corriente</b>	<b>0,6</b>	<b>0,8</b>	<b>2,4</b>	<b>2,5</b>
<b>Patrimonio Neto</b>				
Capital social y prima de emisión	0,2	0,6	0,6	0,6
Reservas	0,1	0,1	0,3	0,3
Resultado del ejercicio	0,0	0,1	0,3	0,8
<b>Total Patrimonio Neto</b>	<b>0,4</b>	<b>0,8</b>	<b>1,2</b>	<b>1,6</b>
<b>Total Pasivo</b>	<b>1,0</b>	<b>1,6</b>	<b>3,7</b>	<b>4,2</b>

En el caso del balance se consolida el 100% de las diferentes partidas de EQTEC Iberia, S.L. que haya en cada momento concreto, dado que representa una situación patrimonial estática, procediéndose a reconocer la parte correspondiente a los intereses minoritarios.

#### • Análisis del Balance de Situación.

A continuación se muestra el balance de situación a 30 de junio de 2014 junto al previsto en el Plan de Negocio de la Compañía para el cierre del año 2014. Asimismo, a efectos de poder realizar un mejor análisis comparativo, se adjunta una columna adicional mostrando el ejercicio cerrado y auditado a 31 de diciembre de 2013:

EBIOSS Energy			
Balance de Situación (millones de euros)			
Comparativa con el Plan de Negocio vigente a 30-6-14			
ACTIVO	2013*	30-jun-14	2014 (e)
Activo no corriente	19,5	27,3	40,3
<b>Total activo no corriente</b>	<b>19,5</b>	<b>27,3</b>	<b>40,3</b>
Existencias	0,1	0,3	3,2
Cuentas por cobrar	0,3	0,9	5,2
Efectivo	5,4	17,7	3,2
<b>Total activo corriente</b>	<b>5,8</b>	<b>18,9</b>	<b>11,5</b>
<b>Total activo</b>	<b>25,3</b>	<b>46,1</b>	<b>51,9</b>
PASIVO			
<b>Total pasivo no corriente</b>	<b>1,3</b>	<b>2,6</b>	<b>22,0</b>
<b>Total pasivo corriente</b>	<b>1,0</b>	<b>3,3</b>	<b>2,2</b>
Capital social y prima	22,5	37,4	25,5
Beneficios retenidos	0,2	2,4	0,8
Intereses minoritarios	0,3	0,4	1,3
<b>Total Patrimonio Neto</b>	<b>22,9</b>	<b>40,2</b>	<b>27,7</b>
<b>Total Pasivo</b>	<b>25,3</b>	<b>46,1</b>	<b>51,9</b>

(\*) Datos del cierre consolidado auditado a fecha 31 de diciembre de 2013

El tamaño total del balance se incrementó más del 82% con respecto al ejercicio 2013, alcanzado la cifra de 46,1 millones de euros a junio de 2014.

Respecto al activo, cabe señalar el importante incremento de la tesorería, como consecuencia de la ampliación de capital vinculada a la operación de ampliación de capital realizada en el mes de junio de este año 2014.

Dentro del activo no corriente se recogen principalmente los terrenos y las licencias obtenidas y necesarias para la construcción de las plantas propias. A lo largo del año 2014 el activo no corriente se ha incrementado en más de 8 millones de euros. Este incremento procede principalmente de la activación de las inversiones realizadas en los proyectos de diseño y construcción de las plantas de gasificación propias ya mencionadas anteriormente.

En relación al patrimonio neto, el capital social de la compañía a fecha 31 de diciembre de 2013 se eleva más de un 47% sobre la cifra prevista para ese año. Este incremento del capital social de la compañía viene asociado a la ampliación de capital efectuada en el mes de junio de 2014 que superó los 15 millones de euros, superando la cifra prevista para ese año.

De esta forma, el capital social de EBIOS Energy, AD a 30 de junio de 2014 queda compuesto por 40.912.416 acciones de 1 BGN<sup>1</sup> de valor nominal cada una.

Es importante destacar que la deuda financiera asumida en el Plan de Negocio de EBIOS Energy Consolidado, alcanzará aproximadamente el 50-60% de la inversión total de cada proyecto propio (Karlovo Biomass y Heat Biomass), incluyendo los correspondientes costes de desarrollo.

De igual forma, a continuación se muestra una comparación entre el balance a 30 de junio de 2014 y el presupuesto estimado total para el año 2014 en el nuevo Plan de Negocio de la Compañía presentado hoy 30 de septiembre 2014, añadiendo asimismo el balance auditado cerrado en el ejercicio 2013.

EBIOS Energy			
Balance de Situación (millones de euros)			
Comparativa con el Nuevo Plan de Negocio publicado el 30-9-14			
ACTIVO	2013*	30-jun-14	2014 (e)
Activo no corriente	19,5	27,3	46,1
<b>Total activo no corriente</b>	<b>19,5</b>	<b>27,3</b>	<b>46,1</b>
Existencias	0,1	0,3	2,1
Cuentas por cobrar	0,3	0,9	3,5
Efectivo	5,4	17,7	2,1
<b>Total activo corriente</b>	<b>5,8</b>	<b>18,9</b>	<b>7,7</b>
<b>Total activo</b>	<b>25,3</b>	<b>46,1</b>	<b>53,8</b>
PASIVO			
<b>Total pasivo no corriente</b>	<b>1,3</b>	<b>2,6</b>	<b>9,0</b>
<b>Total pasivo corriente</b>	<b>1,0</b>	<b>3,3</b>	<b>4,8</b>
Capital social y prima	22,5	37,4	37,3
Beneficios retenidos	0,2	2,4	2,6
Intereses minoritarios	0,3	0,4	-
<b>Total Patrimonio Neto</b>	<b>22,9</b>	<b>40,2</b>	<b>40,0</b>
<b>Total Pasivo</b>	<b>25,3</b>	<b>46,1</b>	<b>53,8</b>

(\*) Datos del cierre consolidado auditado a fecha 31 de diciembre de 2013

<sup>1</sup> El lev (BGN) es la divisa de Bulgaria. Tipo de cambio fijo atendiendo al Banco Nacional de Bulgaria: 1 euro = 1,95583 BGN.



- **Información sobre la evolución del Negocio durante el primer semestre del ejercicio 2014.**

El volumen de negocio generado a lo largo del primer semestre provino fundamentalmente tanto de avances en los proyectos propios, como del resultado extraordinario que ha generado la adquisición de Syngas Italy. Es una situación extraordinaria que nos ha permitido aumentar el valor patrimonial de la compañía pero cabe recordar que nuestro negocio principal, tal y como está reflejado en el Plan de Negocio, es la venta de energía, tecnología de gasificación de residuos y a partir de ahora también contenedores de residuos.

### **ACTUALIZACION DE OBRAS Y PROYECTOS EBIOS ENERGY**

En el mes de Abril pasado EBIOS Energy ha alcanzado un acuerdo con la entidad bancaria Grupo Crèdit Andorrà para la creación de un vehículo de inversión colectiva en Luxemburgo que estará destinado a invertir en plantas de gasificación de residuos basadas en la tecnología de EBIOS Energy *EGT EQTEC Gasifier Technology* principalmente en Italia, Bulgaria, Alemania y Reino Unido, y con trayectoria de desarrollo posterior en otros mercados intercontinentales.

De esta forma, EBIOS Energy se convertirá en socio minoritario fundador y también el principal asesor de dicho vehículo. Éste será uno de los primeros vehículos de inversión que invierta directamente en plantas termoelectricas de gasificación a nivel mundial y estará destinado tanto a inversores institucionales como a inversores cualificados. Este último hito permitirá potenciar el crecimiento del negocio de EBIOS Energy durante los próximos cinco años y evitar mayores diluciones futuras importantes en EBIOS Energy.

EBIOS Energy ha alcanzado acuerdos durante este año para arrancar la construcción de su primera planta piloto mundial de gasificación de RSU EBIOS Energy, a través de su filial tecnológica EQTEC Iberia, ya que ha firmado un contrato con la UNIVERSIDAD DE LORRAINE (Nancy, Francia) para el diseño, suministro, montaje y puesta en marcha bajo la modalidad "llave en mano" de una planta piloto de gasificación de combustible derivado de Residuos Sólidos Urbanos (RSU), también conocido por CDR (Combustible Derivado de Residuo) o RDF (Refuse Derived Fuel por sus siglas en inglés). La planta, que tendrá una capacidad de tratamiento de 1.200kg/día, se enmarca en el programa de I+D desarrollado conjuntamente por EBIOS Energy (EQTEC Iberia), la UNIVERSIDAD DE LORRAINE Y ÉLECTRICITÉ DE FRANCE (EDF) entre otros partners. En concreto EDF, la mayor compañía eléctrica mundial, y la AGENCE NATIONALE DE LA RECHERCHE (ANR por sus siglas en francés) del Estado Francés, apoyan financieramente el desarrollo de esta planta de gasificación, que constituye el primer

proyecto de gasificación de residuos sólidos urbanos de EBIOS Energy. Con esta planta, EBIOS Energy se posiciona como empresa referente en la gasificación de residuos y avanza hacia la consolidación de su tecnología *EGT EQTEC Gasifier Technology* en el mercado de la valorización energética de los Residuos Sólidos Urbanos (RSU).

El interés de la planta de gasificación que se va a construir es dotar al Grupo EDF y a EBIOS Energy de una plataforma de I+D que permita la realización de pruebas de gasificación con diferentes tipos de residuos sólidos urbanos, con el objetivo de diseñar y construir en diferentes emplazamientos, plantas de producción de energía eléctrica y térmica, basadas en la tecnología de la filial de EBIOS Energy.

La eléctrica francesa EDF y la Agencia Nacional francesa de Investigación (ANR, en sus siglas en francés) financian el proyecto con una inversión superior a los dos millones de euros.

Con esta gran apuesta que EBIOS Energy está haciendo desde su departamento de I+D por la gasificación de los Residuos Sólidos Urbanos (RSU), el grupo pretende convertirse en el futuro en un referente de la generación de gas de síntesis (SYNGAS) en las ciudades a través de la gasificación de su RSU a partir de su tecnología *EGT EQTEC Gasifier Technology*.

En este sentido, en la actualidad nos encontramos ante la oportunidad de reducir parcialmente la dependencia energética de Europa del gas y de otros combustibles fósiles.

## • Biomass Distribution

Biomass Distribution, filial al 100% de EBIOS Energy, es una compañía dedicada al acopio y valorización de los residuos para poder ser utilizados en forma de combustible para el proceso de gasificación.

La misma ha comenzado la actividad del aprovisionamiento y almacenamiento del combustible necesario para el funcionamiento de la planta de Karlovo Biomass. Para ello tiene alquilado un terreno de 120.000m<sup>2</sup> que sirve de almacén del combustible necesario para iniciar la producción de energía prevista para inicio de 2015.

Se han adquirido ya más de 20.000 toneladas y están almacenadas en las inmediaciones de la planta. Biomass Distribution dispone de un contrato a largo plazo con varios productores agrícolas de la región para adquirir hasta 35.000 toneladas anuales de paja de cereal para Karlovo Biomass. El combustible llega en forma de bala de paja que será transformado después en nuestra planta de peletización que se está construyendo al lado de nuestra planta de gasificación para que una vez esté peletizada alimente el gasificador para su conversión en syngas.

La planta peletizadora tendrá una capacidad de generación de entre 5 y 6 toneladas/hora. Se ha iniciado la obra civil y se están fabricando ya los equipos. Se empezará su instalación en el último trimestre de 2014. Se prevé su puesta en marcha para principios de 2015.

La inversión se estima entre 1,8 y 1,9M € y producirá el pellet necesario para abastecer la planta de Karlovo (5MW).

Asimismo, se está haciendo una inversión en I+D para convertir la ceniza de la planta en gránulos de ceniza que mediante un proceso químico de enriquecimiento servirá como fertilizante al sector agrícola.

A continuación se muestran algunas fotos del estado actual del almacén.







## • KARLOVO BIOMASS

La instalación está en fase de construcción desde el mes de Octubre del 2013 y su construcción se está desarrollando en dos fases. La primera fase del proyecto que consta de 2 MW finalizará su montaje en Octubre del 2014 y el comisionado se iniciará en Octubre del 2014. La puesta en funcionamiento de esta primera fase de 2 MW tiene previsto su inicio para primeros de 2015. La segunda fase del proyecto con los 3 MW restantes está prevista que entre en operación comercial para finales del primer semestre de 2015.

### Datos de cliente

- **Titular:** Karlovo Biomass EOOD - Ebioss Energy
- **Localización:** Stroevo - Bulgaria
- **Tipo de proyecto:** Planta de generación eléctrica
- **Tecnología del gasificador:** lecho fluido burbujeante
- **Residuos:** pellets de paja y/o astilla de madera
- **Puesta en marcha:** 1T 2015

### Datos energéticos

<b>Nº de gasificadores</b>	2
<b>Consumo de residuo por gasificador</b>	2310 Kg/h
<b>Consumo de residuo global</b>	4620 Kg/h
<b>Potencia eléctrica</b>	5000 Kw
<b>Nº de motogeneradores</b>	3 Uds.
<b>Fabricante Motogenerador</b>	GE Jenbacher
<b>Consumo específico</b>	0,92 kg/kWh

La planta de generación está formada por:

- Planta de gasificación: dos líneas de gasificación que consumen un total de 4.620 Kg/h. Cada línea está compuesta por un gasificador de lecho fluido burbujeante de 2310 Kg/h.
- Dos sistemas de limpieza de gas, uno por gasificador, compuesto principalmente por: precipitador ciclónico, reactor de craqueo térmico, enfriador del gas, filtros metálicos de partículas, sistema de evacuación de cenizas, venturi scrubbers, precipitadores dinámicos, tanque homogeneizador de gas, recalentador de gas, unidad de flotación por aire disuelto (D.A.F.) y turbosoplante de aire.
- Planta de generación de electricidad: 3 motogeneradores con una potencia eléctrica total instalada de 5.000 kWe. Los motogeneradores instalados son 2 Jenbacher 620

GS-SL con una potencia eléctrica unitaria máxima de 1.974 KWe y 1 Jenbacher 612 GS-SL con una potencia eléctrica unitaria máxima de 1.178 KWe.

- Instalaciones eléctricas de interconexión: subestación 5,6 MVA, 20/6,3 y transformador de auxiliares 1 MVA, 20/0,4 KV.
- Sistema de monitorización: *EQTEC MONITORING PLATFORM (EMP)*

El diseño de la planta de gasificación se ha realizado mediante el software *EQTEC KINETIC MODEL (EKM)* para determinar las especificaciones constructivas del conjunto de los equipos que componen la planta de gasificación y obtener así la mayor eficiencia.

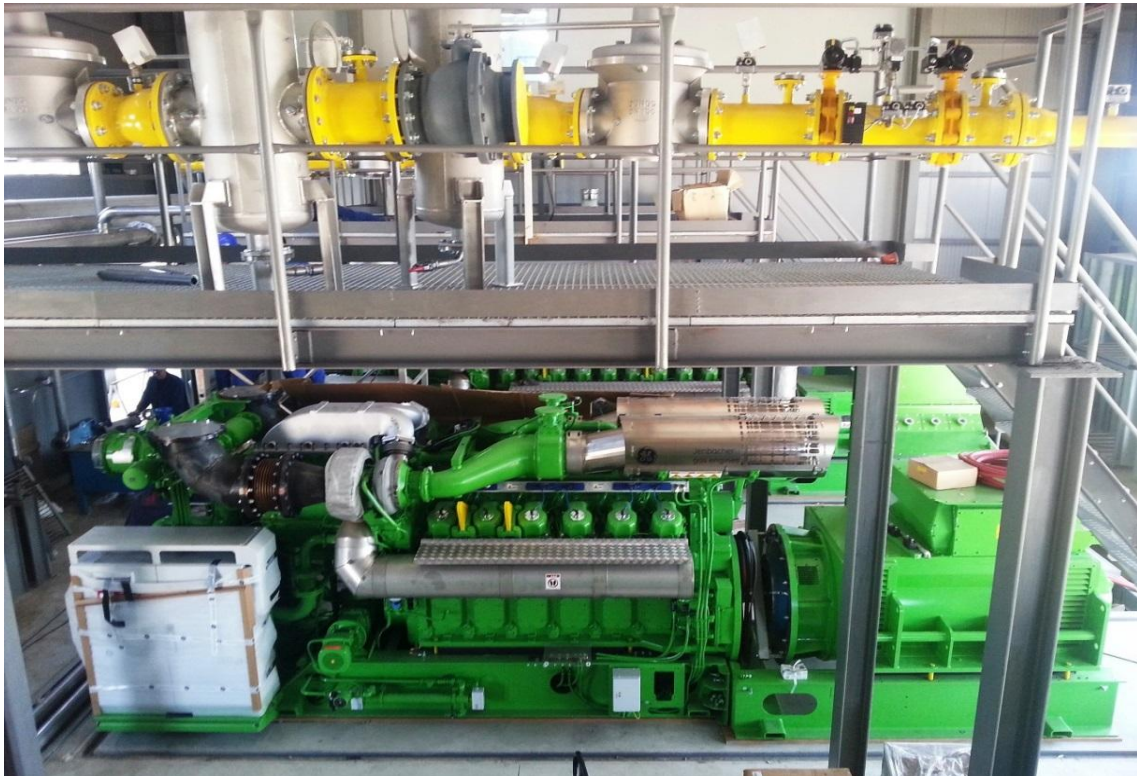
La planta de gasificación podrá utilizar como materia prima los residuos agrícolas y astilla de madera procedentes de la zona. El consumo específico de la planta es de 0,92 kg de pellets por kilovatio-hora (kWh), siendo este valor hasta un 15% mejor que el que obtienen tecnologías de combustión de similar potencia.

***Vista detallada de los silenciadores de los gases de escape de los motogeneradores GE Jenbacher***





*Vista detallada del motogenerador GE Jenbacher JMS612 y rampa de syngas*



*Vista ampliada de los 3 motogeneradores GE Jenbacher y rampas de syngas en fase de montaje*



*Otra vista ampliada de los motogeneradores GE Jenbacher en fase de montaje*







*Otro detalle interior sala de motogeneradores GE Jenbacher*

*Detalles de las rampas de syngas de los motogeneradores GE Jenbacher*



*Vista de la instalación mecánica y eléctrica en sala motogeneradores*



*Vista detallada de Gasificador de lecho fluido burbujeante de 2310 Kg/h.*





*Vista detallada de las tolvas de recogida de cenizas de la gasificación.*



***Vista Torres de Refrigeración y bombas del sistema de refrigeración de la planta de generación de electricidad.***



***Bombas e intercambiadores del sistema de refrigeración de la planta de generación de electricidad***





*Vista rack exterior para la  
soportación de la instalación  
mecánica y eléctrica.*

*Otra vista rack exterior para la soportación de la instalación mecánica y eléctrica.*



*Vista tanques de acumulación de agua osmotizada y agua de proceso*





***Depósito de Nitrógeno***



***Cuadros eléctricos planta de gasificación***



***Subestación eléctrica de EVN donde se exporta la energía eléctrica que produce la planta***



- **HEAT BIOMASS**

Durante el primer semestre de 2014 se ha finalizado la construcción de la infraestructura de conexión eléctrica de más de 8 km tanto para Heat como para Karlovo. En este segundo semestre se va a realizar la compra de equipos de la primera fase de Heat Biomass de 3MW y se estima su puesta en marcha para el último cuatrimestre de 2015.

Durante el último trimestre de 2014 se van a encargar los motores de General Electric Jenbacher para la primera fase de 3MW de Heat Biomass, ya que los motores encargados inicialmente para Heat Biomass en el último trimestre de 2013 se han destinado a la finalización de la segunda fase de Karlovo Biomass como medida de optimización logística de los recursos.

El proyecto de Heat Biomass supone una operación muy rentable para el accionista ya que se ha aprovechado gran parte del trabajo realizado, recursos y know-how empleados en la planta de Karlovo Biomass.

La planta de Heat Biomass estará conectada a la misma subestación eléctrica que utiliza en la actualidad Karlovo Biomass ya que está localizada en la misma zona.

Se han utilizado parte de los recursos financieros destinados en un principio al desarrollo del proyecto de 5MW de Heat Biomass para acometer las operaciones corporativas de SYNGAS Italy y TNL.

La posposición del inicio del proyecto de Heat Biomass de Abril al cuarto trimestre de 2014 ha sido empleado para:

- La adquisición de Sorgenia Bioenergy Spa (SYNGAS Italy) que ha aportado tener una primera planta en marcha en Italia a finales de este año 2014 y un resultado positivo de 2,7M€.
- La adquisición del 52,6% de la empresa TNL por un importe de 1,6M, inversión estratégica a largo plazo que nos permitirá generar ingresos por ventas durante los próximos años y también nos ha dado acceso al sector del Residuo Sólido Urbano.

Por otro lado, a lo largo del mes de septiembre de 2014, EQTEC Iberia, S.L., filial tecnológica de EBIOS Energy, AD ha obtenido la concesión de la patente número 201331380 "Procedimiento para la gasificación de materiales sólidos orgánicos y reactor empleado", que consiste en un procedimiento de alto valor añadido para la gasificación de materiales sólidos orgánicos. Esta concesión ha sido publicada el pasado 7 de Julio de 2014 en el Boletín Oficial de la Propiedad Industrial de la Oficina Española de Patentes y Marcas. Asimismo EQTEC Iberia, SL ha obtenido la

concesión de una segunda patente, número 201331548 “Procedimiento para el acondicionamiento de una corriente de gas proveniente de un gasificador, craqueo térmico de alquitranes y reformado con vapor y reactor empleado”, que consiste en un procedimiento para la depuración y eliminación de impurezas presentes en una corriente de gas que proviene de un gasificador de materiales sólidos orgánicos. Esta concesión ha sido publicada el pasado 11 de Agosto de 2014 en el Boletín Oficial de la Propiedad Industrial de la Oficina Española de Patentes y Marcas.

Ambas patentes protegen la Propiedad Industrial de la Compañía y la utilización de su tecnología EQTEC Gasifier Technology en los proyectos de generación de syngas y energía que la empresa está desarrollando.

Por otro lado, tal y como se ha comentado anteriormente, durante este primer semestre del año 2014 la Compañía ha efectuado una ampliación de capital, tal y como se reflejaba en su Plan de Negocio, y que ha superado sustancialmente la cantidad prevista, lo que permitirá a la Compañía acelerar la ejecución de los proyectos propios y asumir un mayor número de proyectos de terceros en el futuro.

Se muestra a continuación el detalle del uso de los fondos captados en las tres últimas ampliaciones de capital realizadas hasta el mes de agosto de 2014:

EBIOSS ENERGY - CAPITAL CAPTADO EN 2013 Y 2014 (3 AUMENTOS DE CAPITAL) - MM €		26,68
USO Y DISTRIBUCION DE FONDOS (AGOSTO 2014)		
FONDOS TRASPASADOS A KARLOVO BIOMASS (DISEÑO PROYECTO, EQUIPAMIENTO Y CONSTRUCCION) 2 MW	MM€	-6,43
FONDOS TRASPASADOS A KARLOVO BIOMASS (DISEÑO PROYECTO, EQUIPAMIENTO Y CONSTRUCCION) 3 MW	MM€	-3,11
FONDOS TRASPASADOS A HEAT BIOMASS (DISEÑO PROYECTO Y EQUIPAMIENTO) - JULIO 2013 - AGOSTO 2014	MM€	-0,21
FONDOS TRASPASADOS A PROYECTOS PLOVDIV BIOMASS Y BRILA NOVA ZAGORA BIOMASS, TVARDITZA BIOMASS, UNITED BIOMASS, TVARDITZA PV	MM€	-0,07
INVERSION ADQUISICION 1900 NUEVAS ACCIONES DE EQTEC IBERIA	MM€	-0,36
INVERSION ADQUISICION SYNGAS ITALY SRL	MM€	-0,65
GASTOS RELACIONADOS CON LOS 3 AUMENTOS DEL CAPITAL	MM€	-1,46
GASTOS GENERALES OPERATIVOS EBIOSS ENERGY	MM€	-1,20
DEVOLUCION PARTE DEL PRESTAMO CON ELEKTRA HOLDING	MM€	-0,30
DIFERENTES IMPUESTOS CORPORATIVOS DE 2012 Y 2013 PAGADOS	MM€	-0,08
FONDOS INGRESADOS EN LA CUENTA PROVEEDOR DE LIQUIDEZ (INVERSIÓN)	MM€	-1,20
FONDOS TRASPASADOS A SYNGAS ITALY	MM€	-0,53
FONDOS TRASPASADOS A BIOMASS DISTRIBUTION	MM€	-0,81
INVERSION ADQUISICION DE ACCIONES Y AMPLIACION DE CAPITAL EN TNL SGPS	MM€	-1,60
FONDOS TRASPASADOS A TNL SGPS	MM€	-0,06
<b>TOTAL FONDOS DISPONIBLES A AGOSTO DE 2014</b>	<b>MM€</b>	<b>8,62</b>

**Estados Financieros intermedios individuales y consolidados de  
EBIOSS Energy, AD a 30 de junio de 2014.**

**EBIOSS ENERGY AD**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
30 JUNE 2014  
UNAUDITED



## **EBIOSS ENERGY AD**

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## DIRECTORS AND OTHER OFFICERS

### **Executive Directors:**

Jose Oscar Leiva Mendez  
Luis Sanchez Angrill

### **Registered Seat**

49 Bulgaria Blvd  
Floor 11-12  
Sofia 1404

### **Address for correspondence**

49 Bulgaria Blvd  
Floor 11-12  
Sofia 1404

### **Legal Consultant**

Angel Panayotov  
49 Bulgaria Blvd  
Floor 11-12  
Sofia 1404

### **Bank**

BNP Paribas Securities Services, Madrid, Spain  
Banco Inversis S.A., Madrid, Spain  
Unicredit Bulbank AD, Sofia, Bulgaria  
Banco de Sabadell S.A., Barcelona, Spain

### **Auditor**

Baker Tilly Klitou and Partners OOD  
104 Akad. Iv.Evst.Geshov Blvd  
7th floor; office 12  
Sofia 1612



**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the six months ended 30 June

	Note	2014 EUR'000	2013 EUR'000
Revenue	3	137	415
Other revenue		1	1
Gain on a bargain purchases	11.4	2,736	-
Changes in inventories of finished goods and work in progress		98	(122)
Work performed by the entity and capitalized	4	3,690	635
Consumption of goods for resale		(938)	(282)
Raw materials and consumables used		(11)	-
Expenses for hired services	5	(2,373)	(119)
Employee benefit expenses	6	(682)	(319)
Depreciation and amortization	9,10	(16)	(20)
Other expenses	7	(290)	(38)
<b>Result from operating activities</b>		<u>2,352</u>	<u>151</u>
Finance income	8	1	1
Finance costs	8	(26)	(8)
<b>Net finance cost</b>		<u>(25)</u>	<u>(7)</u>
<b>Profit/(Loss) before income tax</b>		<u>2,327</u>	<u>144</u>
Income tax (expense)/benefit	20	8	(50)
<b>Profit/(Loss) for the period</b>		<u>2,335</u>	<u>94</u>
<b>Total comprehensive income for the period</b>		<u>2,335</u>	<u>94</u>
<b>Profit/(Loss) attributable to:</b>			
Non-controlling interests		178	109
Owners of the parent		<u>2,157</u>	<u>(15)</u>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests		178	109
Owners of the parent		<u>2,157</u>	<u>(15)</u>
<b>Basic earnings per share (euro)</b>	17	0.06	(0.01)

The notes on pages 7 to 42 are an integral part of these interim consolidated financial statements.

These interim consolidated financial statements are approved on behalf of EBIOSS ENERGY AD on 29.09.2014

Executive Director:  
Jose Oscar Leiva Mendez


**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	30.06.2014 EUR'000	31.12.2013 EUR'000
<b>Assets</b>			
Property, plant and equipment	9	13,426	6,119
Intangible assets	10	10,719	10,537
Other investment		115	1
Trade and other receivables	13	48	6
Goodwill	11	2,821	2,821
Deferred tax assets	20	119	58
Deferred expenses		13	4
<b>Non-current assets</b>		<u>27,261</u>	<u>19,546</u>
Inventory	14	266	109
Trade and other receivables	13	906	261
Cash at bank and in hand	15	17,694	5,406
Deferred expenses		6	3
<b>Current assets</b>		<u>18,872</u>	<u>5,779</u>
<b>Total assets</b>		<u>46,133</u>	<u>25,325</u>
<b>Equity</b>			
Share capital	16.1	20,918	18,022
Share premium		16,527	4,460
Reserve for own shares	16.2	(37)	(21)
Revaluation surplus		38	38
Retained earnings		2,350	193
Equity attributable to owners of the parent		<u>39,796</u>	<u>22,692</u>
Non-controlling interests		428	250
<b>Total equity</b>		<u>40,224</u>	<u>22,942</u>
<b>Liabilities</b>			
Bank loans	18	1,181	32
Other payables to related parties	24	206	206
Provision	22	105	-
Finance leases	23	1	1
Deferred tax liabilities	21	1,105	1,105
<b>Non-current liabilities</b>		<u>2,598</u>	<u>1,344</u>
Loans due to related parties	19	167	255
Bank loans	18	172	186
Trade and other payables	21	2,916	590
Finance leases	23	4	8
Income tax payable	20	52	-
<b>Current liabilities</b>		<u>3,311</u>	<u>1,039</u>
<b>Total liabilities</b>		<u>5,909</u>	<u>2,383</u>
<b>Total equity and liabilities</b>		<u>46,133</u>	<u>25,325</u>

The notes on pages 7 to 42 are an integral part of these interim consolidated financial statements.

These interim consolidated financial statements are approved on behalf of EBIOSS ENERGY AD on 29.09.2014

Executive Director:  
Jose Oscar Leiva Mendez





## EBIOSS ENERGY AD

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Retained earnings EUR'000	Total attributable to owners of the Parent EUR'000	Non- controlling interest EUR'000	Total equity EUR'000
Balance at 1 January 2013	12,392	-	-	-	546	12,938	188	13,126
Total comprehensive income	-	-	-	-	(15)	(15)	109	94
Profit/(Loss) for the year	-	-	-	-	(15)	(15)	109	94
Total comprehensive income	-	-	-	-	(15)	(15)	109	94
Transactions with owners of the Parent								
Contributions by and distributions to owners of the Parent	1,160	443	-	-	-	1,603	-	1,603
Issue of ordinary shares / See note 17/	1,160	443	-	-	-	1,603	-	1,603
Total transactions with owners of the Parent	13,552	443	-	-	531	14,526	297	14,823
Balance at 30 June 2013								

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# EBIOSS ENERGY AD

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2013	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Retained earnings EUR'000	Total attributable to owners of the Parent EUR'000	Non- controlling interest EUR'000	Total equity EUR'000
Balance at 1 January 2014	18,022	4,460	(21)	38	193	22,692	250	22,942
<b>Total comprehensive income</b>	-	-	-	-	2,157	2,157	178	2,335
Profit for the year	-	-	-	-	2,157	2,157	178	2,335
<b>Total comprehensive income</b>	-	-	-	-	2,157	2,157	178	2,335
<b>Transactions with owners of the Parent</b>								
<b>Contributions and distributions</b>								
Issue of ordinary shares /See note 17/	2,896	12,149	-	-	-	15,045	-	15,045
Own shares acquired	-	(1,675)	(335)	-	-	(2,010)	-	(2,010)
Own shares sold	-	1,593	319	-	-	1,912	-	1,912
<b>Total contributions and distributions</b>	2,896	12,067	(16)	-	-	14,947	-	14,947
<b>Total transactions with owners of the Parent</b>	20,918	16,527	(37)	38	2,350	39,796	428	40,224
<b>Balance at 30 June 2014</b>								

The notes on pages 7 to 42 are an integral part of these interim consolidated financial statements.

These interim consolidated financial statements are approved on behalf of EBIOSS ENERGY AD on 29.09.2014

Executive Director:

Jose Oscar Leiva Mendez



# EBIOSS ENERGY AD

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	Note	2014 EUR'000	2013 EUR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit /(Loss) before tax		2,327	144
<b>Adjustments to profit:</b>			
Depreciation and amortisation		16	20
Interest expense		4	8
Interest income		-	(1)
Changes in provisions		105	-
Gain on bargain purchases		(2,736)	-
<b>Cash flows from operations before working capital changes</b>		<b>(284)</b>	<b>171</b>
<b>Change in:</b>			
Inventories		(98)	122
Trade and other payables		1,125	14
Trade and other receivables		(1,215)	(86)
Deferred expenses		(12)	-
<b>Other cash flow from operating activities</b>			
Interest paid		-	(3)
Interest received		-	1
Income tax paid		-	(5)
<b>Net cash flows from/(used in) operating activities</b>		<b>(484)</b>	<b>214</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(3,193)	(442)
Acquisition of intangible assets		(186)	(4)
Acquisition of subsidiaries, net of cash acquired		(650)	-
<b>Net cash flows used in investing activities</b>		<b>(4,029)</b>	<b>(446)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		15,859	1,815
Payments related to issue of new shares		-	(15)
Repayment of loan from related party		(92)	-
Proceeds on loan from related party		-	213
Proceeds from sale of own shares		1,912	-
Repurchase of own shares		(2,010)	-
Proceeds from bank borrowing		1,132	-
Repayment of bank borrowing		-	(15)
<b>Net cash flows from financing activities</b>		<b>16,801</b>	<b>1,998</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,288</b>	<b>1,766</b>
Cash and cash equivalents at 1 January		5,406	77
<b>Cash and cash equivalents at 30 June</b>	15	<b>17,694</b>	<b>1,843</b>

The notes on pages 7 to 42 are an integral part of these interim consolidated financial statements.

These interim consolidated financial statements are approved on behalf of EBIOS ENERGY AD on 29.09.2014

Executive Director:

Jose Oscar Leiva Mendez



# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 1. Incorporation and principal activities

#### Incorporation

Ebloss Energy AD (the "Company") is a joint stock company registered in Sofia, Bulgaria with EIC: 202356513. It was incorporated on 07 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD. The interim consolidated financial statements of the Company as at and for the period ended 30 June 2014 comprise the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities". The Group primarily is involved in the construction of biomass gasification power plants and further production and sale of electricity.

On 01 October 2012 Ebloss Energy EOOD was transformed into Ebloss Energy OOD and on the same date the share capital of Ebloss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of BGN 10 each, distributed to the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,081	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,135	1,092
<b>Total:</b>	<b>100</b>	<b>2,423,550</b>	<b>24,235</b>	<b>12,392</b>

The increase of the share capital of the Ebloss Energy OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

Subsidiary	Fair value in EUR'000
Heat Biomass	3,500
Karlovo Biomass	3,500
Tvarditsa Biomass	2,045
Nova Zagora Biomass	1,278
Provdiv Biomass	979
United Biomass	1,090
<b>Total:</b>	<b>12,392</b>



# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 1. Incorporation and principal activities (continued)

#### Incorporation (continued)

On 12 December 2012 Ebioss Energy OOD has been transformed into joint stock company Ebioss Energy AD.

As at 31 December 2013 the share capital of Ebioss Energy AD was owned by the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	43.22	3,046,732	15,234	7,789
Sofia Biomass EOOD	8.74	616,086	3,080	1,575
Sungroup Bulgaria EOOD	6.94	489,000	2,445	1,250
Origina Bulgaria OOD	2.20	155,028	775	396
SPAX OOD	0.60	42,650	213	109
Antigona Bulgaria EOOD	1.15	81,000	405	207
5 physical persons	5.68	400,090	2,000	1,023
<b>Other minority shareholders</b>	31.48	2,219,107	11,096	5,673
<b>Total:</b>	<b>100</b>	<b>7,049,693</b>	<b>35,248</b>	<b>18,022</b>

The main shareholders of Ebioss Energy AD are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 68.5% of the share capital of Ebioss Energy AD as at 31.12.2013.

The minority shareholders of Ebioss Energy AD are those who subscribed shares in the two subsequent capital increases made during 2013 by means of initial public offering of shares on the Spanish Alternative Stock Exchange Market. These shareholders own approximately 31.48% of the share capital of Ebioss Energy as at 31.12.2013.

As at 30 June 2014 the share capital of Ebioss Energy AD belongs to the following shareholders:

	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
<b>Main shareholders</b>				
Elektra Holding AD	37.27	15,248,585	15,249	7,796
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sungroup Bulgaria EOOD	5.88	2,407,110	2,407	1,231
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.24	506,165	506	259
<b>Minority shareholders</b>	46.19	18,894,986	18,895	9,661
<b>Total:</b>	<b>100</b>	<b>40,912,416</b>	<b>40,912</b>	<b>20,918</b>

## Notes to the interim consolidated financial statements

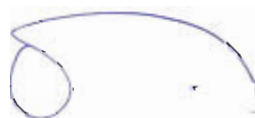
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### 1. Incorporation and principal activities (continued)

#### Principal activities

The principal activity of the Group is the engineering, construction and development of gasification Power Plants. As of June 30, 2014 the following Power Plant Projects are under development by each subsidiary:

- **Heat Biomass EOOD**, registered on 6 January 2011 with UIC 201384552 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant Heat Biomass will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution company for South - Central part of Bulgaria. The construction of the external connection to the grid of the plant has started in March 2014 and electricity will start to be produced in 2015.
- **Karlovo Biomass EOOD**, registered on 6 January 2011 with UIC 201384641 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant Karlovo Biomass will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution company for South - Central part of Bulgaria. The construction of the plant is planned in 2 phases. The construction of the first phase of 2 MW has started in October 2013 and electricity will start to be produced in 2015. The construction of the second phase of 3 MW has started in March 2014 and electricity will start to be produced in 2015.
- **Plovdiv Biomass EOOD**, registered on 7 January 2011 with UIC 201385444 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant Plovdiv Biomass will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Plovdiv.
- **Nova Zagora Biomass EOOD**, registered on 7 January 2011 with UIC 201385519 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the Power Plant Nova Zagora Biomass will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017.
- **Tvardica Biomass EOOD**, registered on 7 January 2011 with UIC 201384926 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Tvarditza. Upon commissioning of the Power Plant Tvardica Biomass will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution company for South - Central part of Bulgaria. The Power plant should be completed and electricity production shall commence in 2017. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD**, which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Tvarditza.



## EBIOSS ENERGY AD

### Notes to the interim consolidated financial statements

#### 2. Incorporation and principal activities (continued)

##### Principal activities (continued)

- **United Biomass EOOD**, registered on 6 January 2011 with UIC 201384562 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Letnitsa. Upon commissioning of the Power Plant United Biomass EOOD will fully own and operate the facility. The Power Plant will sell electricity to CEZ Distribution Bulgaria AD, the electricity distribution company for the Western part of Bulgaria. The plant should be completed and electricity production shall commence in 2018.

Ebioss Energy has also the ownership of **Biomass Distribution EOOD**, registered on 12 November 2012 with UIC 201336098 and with principal activity: to provide the necessary raw materials and biomass sources to the biomass power plants of the group of companies (SPVs) subsidiaries of Ebioss Energy AD.

On 30 November 2012 Ebioss Energy AD has also acquired control over EQTEC, a company registered in Spain. EQTEC is an engineering company specializing in the design, complete construction, operation and maintenance of cogeneration plants heat and electricity power, gasification power plants and renewable energy, with experience in the market for more than 15 years. Since its founding, the company has implemented over 60 plant projects of production of electricity and / or heat, with capacities ranging from 60 kW to 10,000 kW. The company has developed and currently works on projects in Spain, Portugal, India, France, Germany, Italy and Bulgaria.

In 2013 Ebioss Energy AD acquired 215 shares with nominal value of BGN 100 (EUR 51.12), representing 43% of the registered capital of the company Energotec-Eco AD, which constitute control over financial and operating policy of the entity. The new incorporated company Energotec Eco AD plan to rent out a factory nearby village of Kaloianovec and manufacture part of the main equipment for the biomass power plants. On the same date another entity from the Group Eqtec Iberia SI acquired 35 shares with nominal value of BGN 100 (EUR 51.12), representing 7% of the registered capital of the company Energotec-Eco AD. As at 31.12.2013 the Group has effective holding of 46.36% in Energotec-Eco AD.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorigenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L.) with fiscal number 06337630963 . The registered share capital of the company is EUR 120,000 comprising of 120,000 shares at nominal value EUR 1 each. The company was acquired for the price of EUR 650,000. The principal activity of the company is development of biomass power plants and its first power plant located in municipality of Castiglione d'Orcia ,Toscana region of a 1 MW is under construction and is planned to become fully operational in 2014.

As of 30 June 2014/31 December 2013 the following entities are subsidiaries of Ebioss Energy AD and are consolidated in the financial statements of the Group :

Subsidiary	Country of incorporation	% ownership	
		30.06.2014	31.12.2013
Heat Biomass EOOD	Bulgaria	100%	100%
Karlovo Biomass EOOD	Bulgaria	100%	100%
Tvarditsa Biomass EOOD	Bulgaria	100%	100%
Nova Zagora Biomass EOOD	Bulgaria	100%	100%
Plovdiv Biomass EOOD	Bulgaria	100%	100%
United Biomass EOOD	Bulgaria	100%	100%
EQTEC Iberia S.L.	Spain	47.97%	47.97%
Energotec-Eco AD	Bulgaria	46.36%	46.36%
Syngas Italy S.P.A.	Italy	100%	-

## Notes to the interim consolidated financial statements

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### 2. Accounting policies

#### Basis of preparation

The interim consolidated financial statements have been prepared on the historical cost basis.

#### Use of estimates and judgements

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different level in a fair value hierarchy based on the inputs in the valuation techniques, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 *Property, plant and equipment*;
- Note 11 *Intangible assets*;

#### Going concern basis of accounting

The interim consolidated financial statements of the Group as of 30 June 2014 have been prepared on the basis of the going concern concept. Management is of the opinion that the funds secured by the shareholders are adequate to finance the future planned activities of the Group.

### 2. Accounting policies (continued)



## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Basis for consolidation

##### (i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

##### (ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

##### (iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### (iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, should be eliminated in preparing the consolidated financial statements.





## **Notes to the interim consolidated financial statements**

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### **2. Accounting policies**

#### **Basis for consolidation (continued)**

##### **(vi) Aquisitions from entities under common control**

A business combination under common control is a transaction in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction. These combinations occur where the direct ownership of subsidiaries changes but the ultimate parent remains the same.

The Group policy is to apply IFRS 3 Business combinations by analogy in accounting for business combination under common control and the acquisitions accounting is applied to the acquired businesses.

When the consideration transferred is less than the fair value of the identifiable net assets acquired, the difference is recognised in equity as capital contribution from the shareholders of the acquirer. When the consideration transferred exceeds the fair value of the identifiable net assets acquired the difference is recognised as goodwill in the statement of financial position.

##### **(vii) Provisional acquisition accounting**

The Group applies provisional acquisition accounting assuming that the acquisition accounting for some amounts is incomplete. Adjustments made to the acquisition accounting during the measurement period may affect the recognition and measurement of assets acquired and liabilities assumed, any non-controlling interests, consideration transferred, any pre-existing interest in the acquiree, and goodwill or any gain on a bargain purchase. During the measurement period the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed on the acquisition date and, if known, would have affected the measurement amounts recognized at this date. The measurement period ends when the acquirer obtains all information that is necessary to complete the acquisition accounting, or learns that more information is not available, and cannot exceed one year from the acquisition date.

Adjustments made during the measurement period are recognised retrospectively and comparative information is revised - i.e. as if the accounting for the business combination had been completed at the acquisition date.

#### **Foreign currency translation**

##### **(i) Functional and presentation currency**

Items included in the Group's interim consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Except for the subsidiaries EQTEC Iberia SI, Spain and Syngas Italy S.R.L., which functional currency is EUR, the functional currency of the Parent and other subsidiaries in the Group is BGN. The interim consolidated financial statements are presented in thousands of EUR, which is the Group's presentation currency.



## **Notes to the interim consolidated financial statements**

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### **2. Accounting policies (continued)**

#### **Foreign currency translation (continued)**

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. For the reporting period and as at the reporting date, the exchange rate of the EUR to BGN is fixed at 1 EUR = 1.95583 BGN. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **Revenue recognition**

##### **(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

##### **(ii) Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

#### **Finance income and finance costs**

Finance income comprises interest income on funds invested and gains from transactions in foreign currencies.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and losses from transactions in foreign currencies.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### **Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Tax (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.



## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Property, plant and equipment (continued)

*Property, plant and equipment measured at revaluated amount less accumulated depreciation and any accumulated impairment losses*

Land is acquired as part of business combination and is initially measured at fair value, determined by licensed valuers. The Group applies the revaluation model stated in IAS 16 for the purposes of subsequent measurement of land. The revalued amount is the fair value of the asset as at the date of revaluation less any subsequent depreciation and accumulated impairment losses.

*Property, plant and equipment measured at cost less accumulated depreciation and any accumulated impairment losses*

Items measured at cost less accumulated depreciation and any accumulated impairment losses are all other property, plant and equipment items except for land.

#### *Depreciation*

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Equipment	7-14 years
Furniture	10 years
Computers	2 years
Motor vehicles	6 years

No depreciation is provided on land.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

#### *Subsequent costs*

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the period in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Intangible assets and goodwill

##### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2(i). Goodwill is measured at cost less accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Project development costs are principally incurred in identifying and developing projects and typically include various licenses, permits, contracts, designs and other. Such costs are expensed as incurred, except when directly attributable costs are capitalised as Development costs, where it can be demonstrated the technical feasibility of completing the intangible asset, so that it will be available for use; the intention to complete the intangible asset and use or sell it, the ability to use or sell the asset, and how the intangible asset will generate probable future economic benefits.

Intangible assets acquired as part of business combination are measured at fair value, which reflect expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity.

The acquirer recognises in a business combination as an asset separately from goodwill an in-process research and development projects of the acquiree, when the project meets the definition of an asset.

##### *Intangible assets measured at cost less accumulated depreciation and any accumulated impairment losses*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

##### *Amortisation*

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization shall begin when the asset is available for use. When it is in the location and condition necessary the asset to be capable of operating in the manner intended by management. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets. The estimated useful lives of the intangible assets are as follows:

	%
Computer software	3 years



## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Lease payments are split between capital and interest components so that the interest element of the payment is charged to profit or loss over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

#### Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition, are included at cost of acquisition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

##### (i) Non-derivative financial assets

The Group's financial assets include receivables consisting of cash and cash equivalents, trade and other receivables.

##### Loans and receivables

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.



## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### (ii) Non-derivative financial liabilities

The Group's financial liabilities include other financial liabilities – trade and other payables and loans.

##### Trade and other payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Short-term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

##### Payables on interest bearing loans

Loans are recorded initially at the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loans using the effective interest method.

#### Derecognition of financial assets and financial liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### Offsetting financial instruments

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Short-term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.



## Notes to the interim consolidated financial statements

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### 2. Accounting policies (continued)

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### Impairment of assets

##### (i) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (ii) Financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

**Notes to the interim consolidated financial statements**

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**2. Accounting policies (continued)****Employee benefits****(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Advance payments are recognized as prepaid expenses to the extent that they will be offset against future payments or refunded. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

**(i) Defined benefit plan**

According to the Bulgarian Labour Code at the time when employees acquire pension rights, the company owes 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. The Group's obligation in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted. The calculation is performed annually based on the projected unit credit method. The Group determines the net interest expense on the net defined benefit liability for the period by applying a market discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

Remeasurements arising from change in actuarial gains and losses are recognised in OCI. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

**(iii) Short-term employee benefits**

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group recognizes as a liability the undiscounted amount of the estimated costs related to unused annual leave expected to be paid in exchange for the employee's service for the period completed.

**(iv) Share-based payment transactions**

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee benefit expenses in profit or loss.

**Notes to the interim consolidated financial statements**

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**2. Accounting policies (continued)****Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

**3. Revenue****For the six months ended 30 June**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
Rendering of services	29	30
Sales of goods	108	385
	<u>137</u>	<u>415</u>

**4. Work performed by the entity and capitalized****For the six months ended 30 June**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
Project Heat Biomass	-	285
Project Karlovo Biomass	3,655	350
Syngas Italy	35	-
	<u>3,690</u>	<u>635</u>

For the six months ended 30.06.2014 the Group has not eliminated the intragroup unrealized profit amounting to EUR 462 thousand (six months ended 30.06.2013: EUR 80 thousand).

**5. Expenses for hired services****For the six months ended 30 June**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
External transport services	63	50
Professional services	184	32
Construction contract costs	1,899	-
Advertising expenses	57	6
Office rent	59	9
Telephone expenses	21	11
Financial lease expenses	10	3
Other expenses for hired services	80	8
	<u>2,373</u>	<u>119</u>



# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 6. Employee benefit expenses

For the six months ended 30 June

	2014 EUR'000	2013 EUR'000
Wages and salaries	592	254
Compulsory social security contribution	87	55
Voluntary social security contribution	3	10
	<u>682</u>	<u>319</u>

### 7. Other expenses

For the six months ended 30 June

	2014 EUR'000	2013 EUR'000
Stock exchange related expenses	110	15
Insurances	16	-
Other expenses	164	23
	<u>290</u>	<u>38</u>

### 8. Finance income and costs

For the six months ended 30 June

	2014 EUR'000	2013 EUR'000
Interest income	1	1
<b>Finance income</b>	<u>1</u>	<u>1</u>
Interest expense	(9)	(8)
Exchange rate difference	(5)	-
Bank expenses	(12)	-
<b>Finance costs</b>	<u>(26)</u>	<u>(8)</u>
<b>Net finance costs recognized in profit or loss</b>	<u>(25)</u>	<u>(7)</u>



**Notes to the interim consolidated financial statements**
**9. Property, plant and equipment**
**For the six months ended 30 June**

	Land	Equipment	Furniture	Computers	Vehicles	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Cost</b>							
Balance at 1 January 2013	905	121	56	46	150	421	1,699
Additions	46	-	5	9	2	4,550	4,612
Revaluation	42	-	-	-	-	-	42
Disposals	(9)	-	-	(1)	(44)	-	(54)
<b>At 31 December 2013</b>	<b>984</b>	<b>121</b>	<b>61</b>	<b>54</b>	<b>108</b>	<b>4,971</b>	<b>6,299</b>
Additions	60	19	3	8	20	7,262	7,372
Disposals	(55)	-	-	-	-	-	(55)
<b>At 30 June 2014</b>	<b>989</b>	<b>140</b>	<b>64</b>	<b>62</b>	<b>128</b>	<b>12,233</b>	<b>13,616</b>
<b>Depreciation</b>							
Balance at 1 January 2013	-	10	28	27	129	-	194
Charge for the period	-	8	5	3	15	-	31
Disposals	-	-	-	(1)	(44)	-	(45)
<b>Balance at 31 December 2013</b>	<b>-</b>	<b>18</b>	<b>33</b>	<b>29</b>	<b>100</b>	<b>-</b>	<b>180</b>
Charge for the period	-	4	1	3	2	-	10
<b>Balance at 30 June 2014</b>	<b>-</b>	<b>22</b>	<b>34</b>	<b>32</b>	<b>102</b>	<b>-</b>	<b>190</b>
<b>Net book value</b>							
<b>At 31 December 2013</b>	<b>984</b>	<b>103</b>	<b>28</b>	<b>25</b>	<b>8</b>	<b>4,971</b>	<b>6,119</b>
<b>At 30 June 2014</b>	<b>989</b>	<b>118</b>	<b>30</b>	<b>30</b>	<b>26</b>	<b>12,233</b>	<b>13,426</b>

Assets under construction represent capitalized expenses for project management and engineering services, as well as advance payments for delivery of main equipment in relation to the construction of the 5 MW biomass gasification power plants by Heat Biomass and Karlovo Biomass /see Note 1 and note 4/.

The technical project, consulting and engineering services related to construction of the power plants as well as the delivery of the main equipment are performed by Eqtec Iberia according to signed contracts with Heat Biomass and Karlovo Biomass.

In accordance to the signed contract in November 2013 Eqtec Bulgaria is assigned to perform all services necessary for the overall construction of a biomass power plant in the contractor company Karlovo Biomass. The contract comprises construction of the building, delivery of equipment and supervision of their installation at the site of Karlovo Biomass. The execution of the contract started in November 2013 and will continue in 2014.

Land is valued at fair values at the date of the business combination by certified valuers. The valuation is based on comparative market prices, adjusted to take into consideration future use of land.

There are no encumbrances or liens on property, plant and equipment.

**Notes to the interim consolidated financial statements****9. Property, plant and equipment (continued)****Fair value of the land**

The management of the Group determines the fair value of the land based on valuation of independent appraisers. As at 31 December 2013 the valuation of the land was performed by National Consultancy Company, a certified appraiser with recognized professional qualification. The methods used for the estimation of the fair value are: comparative value method and residual method-rent. The report of the appraiser shows the following amounts for the value of land as at 31 December 2013:

	<b>Carrying amount of land</b>	<b>Value according to the valuation report</b>	<b>Excess of fair value over carrying amount</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Heat Biomass Power Plant	84	84	-
Karlovo Biomass Power Plant	84	84	-
Tvarditsa Biomass Power Plant	84	84	-
Nova Zagora Biomass Power Plant	144	144	-
Plovdiv Biomass Power Plant	97	97	-
United Biomass Power Plant	204	204	-
Tvarditsa PV	190	190	-
Brila	97	97	-

**Measurement of fair value****Fair value hierarchy**

The fair value of the land was determined by external, independent valuers, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's land at the end of every calendar (reporting) year.

The fair value measurement of the land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

As at 30 June 2014 no further valuation of the land has been performed.

**Notes to the interim consolidated financial statements**
**10. Intangible assets**

	<b>Development costs in progress EUR '000</b>	<b>Patents and trade- marks EUR '000</b>	<b>Software EUR '000</b>	<b>Total EUR '000</b>
<b>Cost</b>				
Balance at 1 January 2013	10,337	-	62	10,399
Additions	-	186	5	191
Disposals	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>10,337</b>	<b>186</b>	<b>67</b>	<b>10,590</b>
Additions	38	118	32	188
<b>Balance at 30 June 2014</b>	<b>10,375</b>	<b>304</b>	<b>99</b>	<b>10,778</b>
<b>Amortisation</b>				
Balance at 1 January 2013	-	-	42	42
Charge for the period	-	-	11	11
<b>Balance at 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>53</b>
Charge for the period	-	-	6	6
<b>Balance at 30 June 2014</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>59</b>
<b>Net book value</b>				
<b>At 31 December 2013</b>	<b>10,337</b>	<b>186</b>	<b>14</b>	<b>10,537</b>
<b>At 30 June 2014</b>	<b>10,375</b>	<b>304</b>	<b>40</b>	<b>10,719</b>

Development costs as at 30 June 2014 represent licenses, contracts, permits, designs, etc. related to development phase of the following six projects for construction and operation of Biomass Power Plants:

	<b>EUR'000</b>
Heat Biomass Power Plant	2,583
Karlovo Biomass Power Plant	2,987
Tvarditsa Biomass Power Plant	1,745
Nova Zagora Biomass Power Plant	1,090
Plovdiv Biomass Power Plant	1,022
United Biomass Power Plant	929
Brilla	19
	<b>10,375</b>

Development costs in progress have been recognized initially as part of business combination and valued at fair values by certified licensed valuers, based on discounted estimated future net cash flows expected from these assets. Their values are dependent on the estimated timing of completion of the Biomass Power Plants and commencement of electricity production (see also Note 1). Their amortization will start when the Projects are finalized and the production of electricity commences.

**Notes to the interim consolidated financial statements**

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**10. Intangible assets (continued)****Review for impairment**

The management of the Group determines the fair value of development costs in progress based on valuation of independent appraisers. As at 31 December 2013 the valuation of the development costs in progress was performed by National Consultancy Company, a certified appraiser with recognized professional qualification. The method used for the estimation of the fair value is discounted estimated future net cash flows. The report of the appraiser shows the following amounts for the development costs in progress as at 31 December 2013:

	<b>Carrying amount of development costs in progress</b>	<b>Value according to the valuation report</b>	<b>Excess of fair value over carrying amount</b>
	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Heat Biomass Power Plant	2,583	4,007	1,424
Karlovo Biomass Power Plant	2,986	3,956	970
Tvarditsa Biomass Power Plant	1,745	2,173	428
Nova Zagora Biomass Power Plant	1,090	1,312	222
Plovdiv Biomass Power Plant	1,004	1,005	1
United Biomass Power Plant	929	1,047	118

**Measurement of fair value****Fair value hierarchy**

The fair value of the development costs in progress was determined by external, independent valuers, having appropriate recognized professional qualification and recent experience in the category of the assets being valued. The independent valuers provide the fair value of the Group's development costs in progress at the end of every calendar (reporting) year.

The fair value measurement of development costs in progress have been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

As at 30 June 2014 no further valuation of the development costs in progress has been performed.





# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 11. Acquisitions of subsidiaries

#### 11.1 Acquisitions from entities under common control

The acquisition of Heat Biomass, Karlovo Biomass, Plovdiv Biomass, Nova Zagora Biomass, United Biomass and Tvardica Biomass from Elektra Holding, Sungroup Bulgaria and Sofia Biomass is made by capital increase of Ebloss Energy through contribution in kind, representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction (See note 1).

The valuation method used is Discounted Cash flows. Discounted cash flow analysis uses future free cash flow projections and discounts them to arrive at a present value.

Goodwill arises when control is acquired by the Parent and is determined as the excess of the consideration transferred at fair value and the amount of any non-controlling interest in the acquiree over the fair values of the identifiable net assets of the subsidiary. Its value is also dependent on the estimated timing of completion of the Biomass Power plants and commencement of electricity production. See also note 1 and note 26.

Below is detailed information for the identifiable assets acquired and liabilities assumed:

	Heat Biomass EUR'000	Karlovo Biomass EUR'000	Plovdiv Biomass EUR'000	Nova Zagora Biomass EUR'000	United Biomass EUR'000	Tvardica Biomass EUR'000	Tvardica PV EUR'000	Biomass Distribution EUR'000	Brila EOD EUR'000	Total EUR'000
Consideration transferred	3,500	3,500	979	1,278	1,090	2,045	-	1	3	12,396
<i>Fair value of identifiable net assets:</i>										
Property, plant and equipment	472	65	92	137	193	80	181	-	92	1,312
Intangible assets	2,579	2,986	1,003	1,090	930	1,745	-	-	-	10,333
Investment in group companies and associates	-	-	3	-	-	-	-	-	-	3
Trade and other receivables	5	-	-	-	-	-	-	-	-	5
Cash and cash equivalents	7	1	-	-	-	-	-	10	-	18
Deferred tax liabilities	(254)	(297)	(109)	(122)	(110)	(182)	(17)	-	(9)	(1,100)
Related parties payables	(530)	(80)	(6)	(12)	(26)	(9)	(6)	-	-	(669)
Total fair value of identifiable net assets:	2,279	2,675	983	1,093	987	1,634	158	10	83	9,902
Goodwill	1,221	825	-	185	103	411	-	-	-	2,745
Effect of business combination under common control	-	-	(4)	-	-	-	(158)	(9)	(80)	(251)

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 11. Acquisitions of subsidiaries (continued)

#### 11.2. Acquisition of Eqtec Iberia, SI

On 30 November 2012 Ebioss Energy AD has also acquired control over EQTEC, a company registered in Spain.

According to Share Transfer Agreement signed between Elektra Holding and Ebioss Energy in November 2012, Ebioss Energy acquires 45% of the share capital of Eqtec Iberia.

The transferred ownership from Elektra Holding to Ebioss Energy comprises of 15,000 shares with nominal value of EUR 6 each, being at total nominal value of EUR 90 thousand. The price at which Elektra Holding sells the shares is at the amount of EUR 206 thousand.

Below is detailed information for the identifiable assets acquired and liabilities assumed:

in thousand EUR

	Eqtec Iberia
Consideration transferred	206
<i>Fair value of identifiable net assets:</i>	
Property, plant and equipment	190
Intangible assets	25
Inventories	284
Investment in group companies and associates	1
Trade and other receivables	325
Deferred tax assets	30
Cash and cash equivalents	4
Bank loans	(87)
Finance leases	(16)
Deferred tax liabilities	(3)
Trade and other payables	(464)
Total fair value of identifiable net assets:	289
Share of net assets Ebioss Energy (45%)	130
Non-controlling interest at proportional share of fair value of net assets (55%)	159
Goodwill	76

#### 11.3 Acquisition of Energotec Eco AD

In 2013 Ebioss Energy AD acquired 215 shares with nominal value of BGN 100 (EUR 51.12), representing 43% of the registered capital of the company Energotec-Eco AD, which constitute control over financial and operating policy of the entity. The new incorporated company Energotec Eco AD plans to rent out a factory nearby village of Kaloianovec and manufacture part of the main equipment for the biomass power plants. On the same date another entity from the Group Eqtec Iberia SI acquired 35 shares with nominal value of BGN 100 (EUR 51.12), representing 7% of the registered capital of the company Energotec-Eco AD. As at 31.12.2013 the Group has effective holding of 46.36% in Energotec-Eco AD.

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 11. Acquisitions of subsidiaries (continued)

#### 11.4 Acquisition of Syngas S.R.L., Italy

According to Share Transfer Agreement signed between Ebioss Energy and Sorgenia S.p.A on 3 April 2014, Ebioss Energy acquires 100% of the share capital of Syngas Italy (see also Note 1), a company registered in Italy.

Below is detailed information for the identifiable assets acquired and liabilities assumed:

in thousand EUR

	Syngas Italy
Consideration transferred	650
<i>Fair value of identifiable net assets:</i>	
Property, plant and equipment	3,400
Investment in group companies and associates	115
Trade and other receivables	50
Bank loans	4
Trade and other payables	(183)
Total fair value of identifiable net assets:	3,386
Gain on a bargain purchases	2,736

### 12. Acquisition of additional shares in an existing subsidiary

On 16 July 2013 according to the Minutes of the Board of Directors of Ebioss Energy AD, Ebioss Energy AD transferred to Eqtec Iberia S.L. Spain EUR 360 thousand through bank transfer. Against this amount Ebioss Energy AD acquires 1,900 new shares with nominal value of EUR 6 and as a result capital of Eqtec Iberia S.L. Spain is increased from EUR 200,004 to EUR 211,404. This implies premium paid of EUR 348,600 for the acquisition of these shares. Through this capital increase Ebioss Energy increased its ownership of EQTEC Iberia S.L. Spain from 45% to 48% and decreases its non-controlling interest from 55% to 52%. The Group recognised:

- a decrease in NCI of EUR 14 thousand;
- a increase in retained earnings of EUR 14 thousand.

### 13. Trade and other receivables

#### Current part of trade and other receivables

	30.06.2014 EUR'000	31.12.2013 EUR'000
Trade receivables from clients	67	139
Advance payments to suppliers	342	5
Refundable VAT	351	78
Receivables from employees	8	9
Other receivables	139	30
	907	261

#### Non-current part of trade and other receivables

	30.06.2014 EUR'000	31.12.2013 EUR'000
Other receivables	47	6
	47	6

The long-term other receivables as of 30 June 2014 include EUR 42 thousand deposits paid by Syngas Italy to the owner of the building located in Gallina region, Italy where the biogas gasification plant is constructed at present and a deposits paid by Syngas Italy to the owner of a land in Marsala, Italy for its future purchase.

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 14. Inventory

	30.06.2014 EUR'000	31.12.2013 EUR'000
Work in progress	207	109
Goods	59	-
	<u>266</u>	<u>109</u>

### 15. Cash at bank and in hand

	30.06.2014 EUR'000	31.12.2013 EUR'000
Cash at bank	17,625	5,372
Cash in hand	69	34
	<u>17,694</u>	<u>5,406</u>

### 16. Capital and capital reserves

#### 16.1. Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group. In respect of the Group's shares that are held by the Group, all rights are suspended until those shares are sold.

Issued and fully paid	Number of shares	EUR '000
<b>Balance on 1 January 2013</b>	<u>2,423,550</u>	<u>12,392</u>
New issues a)	226,837	1,160
Share split b)	2,650,387	-
New issues c)	<u>1,748,919</u>	<u>4,470</u>
<b>Balance at 31 December 2013</b>	<b><u>7,049,693</u></b>	<b><u>18,022</u></b>
<b>Balance on 1 January 2014</b>	<b><u>7,049,693</u></b>	<b><u>18,022</u></b>
Share split d)	28,198,772	-
New issues e)	<u>5,663,951</u>	<u>2,896</u>
<b>Balance on 30 June 2014</b>	<b><u>40,912,416</u></b>	<b><u>20,918</u></b>

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 16. Capital and capital reserves (continued)

#### 16.1 Ordinary shares (continued)

- a) On 26 June 2013 on the grounds and under conditions of the resolution of General meeting of dated 12.12.2012, the share capital of Ebioss Energy AD is increased from EUR 12,392 thousand (BGN 24,236 thousand) to EUR 13,552 thousand (BGN 26,504 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of EUR 5.11 (BGN 10) and emission value of EUR 8 (BGN 15.65) and comprising at total 2,650,387 shares of a nominal value of EUR 5.11 (BGN 10) each.
- b) On 23.09.2013 on the grounds and under conditions of the resolution of General meeting dated 05.09.2013, the nominal value of the shares of Ebioss Energy AD is changed, without changing the the amount of the registered capital. The existing shares are divided into two, i.e. the split ratio used is two-for-one.
- c) On 26 November 2013 the share capital of Ebioss Energy AD is increased from EUR 13,552 thousand (BGN 26,504 thousand) to EUR 18,022 thousand (BGN 35,248 thousand) through emission and sale of 1,748,919 regular dematerialized shares with voting rights and nominal value of EUR 2.56 (BGN 5) and emission value of EUR 5.15 (BGN 10.07) and comprising at total 7,049,693 shares of a nominal value of EUR 2.56 (BGN 5) each.
- d) On 20 May 2014 on the grounds and under conditions of the resolution of General meeting dated 10.04.2014, the nominal value of the shares of Ebioss Energy AD is changed, without changing the the amount of the registered capital. The existing shares are divided into five, i.e. the split ratio used is five-for-one.
- e) On 17 June 2014 on the grounds and under conditions of the resolution of General meeting odated 10.04.2014 the share capital of Ebioss Energy AD is increased from EUR 18,022 thousand (BGN 35,248 thousand) to EUR 20,918 thousand (BGN 40,912 thousand) through emission and sale of 5,663,951 regular dematerialized shares with voting rights and nominal value of EUR 0.51 (BGN 1) and emission value of EUR 2.80 (BGN 5.47) and comprising at total 40,912,416 shares of a nominal value of EUR 0.51 (BGN 1) each.

#### 16.2. Reserve for own shares

The reserve for the Group's own shares comprises the cost of the Group's shares held by the Group. At 30 June 2014 the Group held 72,917 of the shares of Ebioss Energy AD (2013: 8,373).

### 17. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the profit (loss) attributable to ordinary shareholders of EUR 2,157 thousand (30 June 2013: EUR (15) thousand), and a weighted average number of ordinary shares outstanding of 36,194 thousand (30 June 2013: 2,462 thousand), calculated as follows:

#### (i) Profit attributable to ordinary shareholders (basic)

For the six months ended 30 June

	2014	2013
<i>In thousands of EUR</i>		
Profit (loss) for the year	2,157	(15)
<b>Profit (loss) attributable to ordinary shareholders</b>	<u>2,157</u>	<u>(15)</u>



# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 17. Earnings per share (continued)

#### (II) Weighted average number of ordinary shares (basic)

<i>In thousands of shares</i>	<i>Note</i>	<b>2014</b>	<b>2013</b>
Issued ordinary shares at 1 January		7,050	2,424
Effect of shares issued in June 2013		-	38
Effect of shares split		28,200	-
Effect of shares issued in June 2014		944	-
<b>Weighted average number of ordinary shares at 30 June</b>		<b>36,194</b>	<b>2,462</b>
Basic earnings per share (euro)		0.06	(0.01)

### 18. Bank loans

<b>Bank</b>	<b>Date of execution</b>	<b>Initial nominal amount EUR'000</b>	<b>Interest rate</b>	<b>Balance 30.06.2014 EUR'000</b>	<b>Maturity</b>
BBVA	06.4.2011	12	3.22%	12	20.6.2015
CAIXABANK	16.6.2011	92	6.17%	40	15.6.2016
BANK SABADELL	15.3.2012	14	3.67%	4	31.3.2015
BANK SABADELL	10.11.2013	60	4.04%	60	10.11.2014
CAIXABANK	27.10.2013	100	3.96%	100	27.10.2014
CAIXABANK	27.10.2013	32	4.84%	32	20.06.2017
UBB	02.06.2014		6.00%	1,105	02.06.2026
<b>TOTAL BANK LOANS</b>				<b>1,353</b>	

	<b>Total</b>	<b>Up to 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
EUR'000					
Short term loans	172	172	-	-	-
Long term loans	1,181	-	278	903	-
	<b>1,353</b>	<b>172</b>	<b>278</b>	<b>903</b>	<b>-</b>

<b>Bank</b>	<b>Date of execution</b>	<b>Initial nominal amount EUR'000</b>	<b>Interest rate</b>	<b>Balance 31.12.2013 EUR'000</b>	<b>Maturity</b>
BBVA	06.4.2011	16	1.95%	2	06.4.2014
CAIXABANK	16.6.2011	91	6.17%	50	15.6.2016
BANK SABADELL	15.3.2012	14	3.59%	6	31.03.2015
BANK SABADELL	10.11.2013	60	4.04%	60	10.11.2014
CAIXABANK	27.10.2013	100	3.96%	100	27.10.2014
<b>TOTAL BANK LOANS</b>				<b>218</b>	

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 18. Bank loans (continued)

	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
EUR'000					
Short term loans	186	186	-	-	-
Long term loans	32	-	21	11	-
	<u>218</u>	<u>186</u>	<u>21</u>	<u>11</u>	<u>-</u>

### 19. Loans payable to related parties

#### Related Party - Elektra Holding AD

	Currency EUR	Interest Annual interest 4%	Amount EUR'000	Maturity
<b>Balance at 1 January 2013</b>			<u>166</u>	
New proceeds			213	31.12.2014
Interest			11	31.12.2014
Repayments			<u>(135)</u>	
<b>Balance at 31 December 2013</b>			<u>255</u>	
 <b>Balance at 1 January 2014</b>			<u>255</u>	
New proceeds			-	
Interest			4	31.12.2014
Repayments			<u>(92)</u>	
<b>Balance at 30 June 2014</b>			<u>167</u>	

#### Repayment schedule

	Total	Up to 1 year	1-2 years
EUR'000			
Loans	167	167	-
	<u>167</u>	<u>167</u>	<u>-</u>

### 20. Taxation

	2014 EUR'000	2013 EUR'000
Current tax expense	52	82
Origination and reversal of temporary differences	<u>(60)</u>	<u>(32)</u>
Income tax expense (benefit) for the period	<u>(8)</u>	<u>50</u>

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 20. Taxation (continued)

#### Reconciliation of effective tax rate:

	2014	2013
	EUR'000	EUR'000
Profit/(Loss) for the year	2,335	94
Total income tax (expense) / benefit	8	(50)
<b>Profit /(Loss) before income tax</b>	<b>2,327</b>	<b>144</b>
Income tax using the Company's domestic tax rate, 10%	233	15
Tax exempt income	(274)	-
Effect of tax rates in foreign jurisdictions*	(2)	24
Non-deductible expenses	8	-
Current-year tax losses for which no deferred tax asset is recognised	27	11
<b>Income tax expense/(benefit)</b>	<b>(8)</b>	<b>50</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>35%</b>

\* The subsidiary Eqtec Iberia, Spain, acquired in 2012 (see Note 9) operates in a tax jurisdiction with higher tax rates.

<b>Tax liability</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
	EUR'000	EUR'000
Corporate income tax payable	52	-
	52	-

#### Recognised deferred tax assets and liabilities

In thousands of EUR	<b>Assets</b>		<b>Liabilities</b>	
	<b>30.06.2014</b>	<b>31.12.2013</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Assets under construction	(17)	(17)	-	-
Land	-	-	85	85
Development cost	-	-	1,015	1,015
Tax loss carry-forwards	(100)	(40)	-	-
Other items	(1)	(1)	5	5
<b>Tax (assets) liabilities</b>	<b>(118)</b>	<b>(58)</b>	<b>1,105</b>	<b>1,105</b>
<b>Net tax (assets) liabilities</b>	<b>(118)</b>	<b>(58)</b>	<b>1,105</b>	<b>1,105</b>

Under the current provisions of the Bulgarian Corporate Tax Act, a company may use its accumulated loss to substantially reduce the income tax it would otherwise have to pay on future taxable income in the next five years.

The respective tax periods of the respective company may be subject to inspection by the tax authorities until the expiration of 5 years from the end of the year in which a corporate income tax return was submitted, or should have been submitted, and additional taxes or penalties may be imposed in accordance with the interpretation of the tax legislation. The Group's management is not aware of any circumstances which may give rise to a contingent additional liability in this respect.

Under prevailing tax regulations in Spain, tax returns of the subsidiary EQTEC Iberia SI, may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. In 2013 the tax authorities in Spain have opened a limited tax inspection related to the income tax of the year 2012 that is still in course.

**Notes to the interim consolidated financial statements**
**21. Trade and other payables**

	30.06.2014 EUR'000	31.12.2013 EUR'000
Trade payables to suppliers	1,925	242
<b>Trade payables</b>	<u>1,925</u>	<u>242</u>
Payables in regard to issue of new share capital	815	208
Payables to employees	55	6
Compulsory social security contributions	83	11
Donation tax liability	-	31
VAT payable	24	26
Other tax liabilities	14	52
Other payables	-	14
<b>Other payables</b>	<u>991</u>	<u>348</u>
	<u>2,916</u>	<u>590</u>

The fair values of trade and other payables due within one year equal to their carrying amounts as presented above.

**22. Provisions**

The amount of EUR 105 reported as provisions in the Interim Consolidated Statement of financial position represents estimations of the the future cost of demolition and dismantling of the biogas plant of Gallina, Italy. The amount of the fund has been estimated by an independent expert.

**23. Finance lease**

	30.06.2014 EUR'000	31.12.2013 EUR'000
Non-current	-	1
Current	<u>5</u>	<u>8</u>
	<u>5</u>	<u>9</u>

Finance lease liabilities are due as follows:

	30.06.2014		
	Future minimum lease payments EUR'000	Interest 5.25%	Principal EUR'000
Less than one year	5	-	5
Between one and two years	-	-	-
<b>Total</b>	<u>5</u>	<u>-</u>	<u>5</u>
	31.12.2013		
	Future minimum lease payments EUR'000	Interest 5.25%	Principal EUR'000
Less than one year	8	-	8
Between one and two years	1	-	1
<b>Total</b>	<u>9</u>	<u>-</u>	<u>9</u>

## Notes to the interim consolidated financial statements

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### 24. Financial instruments

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Risk management framework

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The policy sets limits for taking different kinds of risks and defines control rules with regard to these limits. The policy is to be regularly reviewed in relation with identification of changes in the risk levels.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from third parties.

The carrying amount of Group's financial assets represent the maximum exposure to credit risk. As of 30.06.2014/ 31.12.2013 the carrying amounts of the financial assets are as follows:

	Note	As of 30.06.2014 EUR'000	As of 31.12.2013 EUR'000
Trade receivables from clients	14	67	139
Cash and cash equivalents	16	17,625	5,372
		<hr/> 17,692	<hr/> 5,511

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.



**Notes to the interim consolidated financial statements**
**24. Financial instruments (continued)**
**(b) Liquidity risk (continued)**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 30 June 2014:

	Note	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000
<b>Non-derivative financial liabilities</b>						
Bank loans	18	(1,353)	(1,415)	(180)	(291)	(944)
Loans due to related parties	19	(167)	(170)	(170)	-	-
Other payables to related parties	25	(206)	(206)	-	-	(206)
Trade and other payables	21	(2,740)	(2,740)	(2,740)	-	-
Finance lease	23	(5)	(5)	(5)	-	-
		(4,471)	(4,536)	(3,095)	(291)	(1,150)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2013:

	Note	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000
<b>Non-derivative financial liabilities</b>						
Bank loans	18	(218)	(226)	(193)	(22)	(11)
Loans due to related parties	19	(255)	(265)	(265)	-	-
Other payables to related parties	25	(206)	(206)	-	-	(206)
Trade and other payables	21	(450)	(450)	(450)	-	-
Finance lease	23	(9)	(9)	(8)	(1)	-
		(1,138)	(1,156)	(916)	(23)	(217)

**(c) Market risk**

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Currency risk**

Group's exposure to currency risk is relatively small since its all financial assets and liabilities are denominated in BGN or EUR. According to the local currency legislation of the parent company, the rate of the BGN is fixed to the EUR at 1 EUR = 1,95583 BGN.

The Group's management does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

The Group's exposure to foreign currency risk based on notional amounts is as follows:



**Notes to the interim consolidated financial statements**
**24. Financial instruments (continued)**
**(c) Market risk (continued)**

	BGN	EUR	BGN	EUR
	30.06.2014	30.06.2014	31.12.2013	31.12.2013
	EUR'000	EUR'000	EUR'000	EUR'000
Trade receivables from clients	-	67	-	139
Cash and cash equivalents	541	17,084	4,569	803
Bank loans	-	(1,353)	-	(218)
Loans due to related parties	(167)	-	(255)	-
Other payables to related parties	-	(206)	-	(206)
Trade and other payables	(306)	(1,619)	(68)	(382)
Finance lease	-	(5)	-	(9)
<b>Total</b>	<b>68</b>	<b>13,968</b>	<b>4,246</b>	<b>127</b>

**Interest rate risk**

Interest rate risk is the risk that interest bearing assets and liabilities may change in value, because of fluctuations of the market interest rates. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Nominal amount	
	30.06.2014	31.12.2013
	EUR'000	EUR'000

*In thousands of EUR*

**Fixed rate instruments**

Financial liabilities	(399)	(470)
	(399)	(470)

	Nominal amount	
	30.06.2014	31.12.2013
	EUR'000	EUR'000

*In thousands of EUR*

**Variable rate instruments**

Financial liabilities	(1,105)	-
	(1,105)	-

**Capital management**

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

**Fair value of financial assets and liabilities**

The carrying values of the Group's financial assets and liabilities approximate their fair values.

# EBIOSS ENERGY AD

## Notes to the interim consolidated financial statements

### 25. Related party transactions and balances

Related parties are as follows:

Related party	Relationship
Southeimer LLC, Spain	Ultimate parent
Elektra Holding AD	Parent of EBIOSS ENERGY AD
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Syngas Italy S.R.L.	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia SL, Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
Energotec Eco AD	subsidiary, 46% owned and controlled by Group
Brila EOOD	subsidiary 100% owned by Plovdiv Biomass EOOD
Tvarditsa PV EOOD	subsidiary 100% owned by Tvarditsa Biomass EOOD
Inava Ingeiyeria De Analisis SL	under common control
Ortiz Elektra AD	under common control
Biomass Gorno EOOD	under common control
Luxur PV EOOD	under common control
Bul PV EOOD	under common control
Bul Biomass EOOD	under common control
Luxur Biomass OOD	under common control
Val Biomass EOOD	under common control
EQTEC Bulgaria EOOD EOOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko EI Invest	under common control

#### Directors

The Executive Directors of EBIOSS ENERGY AD are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

#### Transactions and balances with related parties

In thousands of EUR	Transaction value for the year ended 30 June		Balance outstanding as at	
	2014	2013	30.06.2014	31.12.2013
Elektra Holding AD-loan/ see note 20/	88	89	167	255
Elektra Holding AD – Other payables	-	-	206	206

Other payables to related parties represent payable to Elektra Holding AD for transfer of shares in EQTEC Iberia SL. The maturity date is 21 November 2015 and the liability is interest free

## **Notes to the interim consolidated financial statements**

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### **26. Commitments and contingent liabilities**

In accordance with Contract for connection to the National Electricity Grid signed between two subsidiaries - Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Distribution Company, both contracts dated 14 September 2012 and subsequent annexes, the said subsidiaries have to complete the construction of power plants as follows:

For Karlovo Biomass:

- First stage – construction of 2 MW power plant facility – 30.06.2015
- Second stage – construction of 3 MW power plant facility – 31.12.2015

For Heat Biomass:

- Construction of 5 MW power plant facility – 31.12.2015

In the case the above terms are not observed, the contracts will be terminated. See also note 10 and 11. The Group has no other commitments or contingent liabilities as at 30 June 2014 and 31 December 2013.

### **27. Events after the reporting period end**

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 52.64% of the shares of TNL SGPS LDA in Portugal, dully registrated and existing under the laws of Portugal, with VAT number 509543596. The registered share capital of the company is EUR 7,550,000.

The shares of the company were acquired by Ebioss Energy for the price of EUR 1,550,000. The principal activity of the company is equity management in other companies, as an indirect form of exercising economic activities.

In addition, additional 1,64% have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,64% of the shares of TNL SGPS LDA.

TNL SGPS LDA owns 100% of TNL SA which is a company domiciled in Porto (Portugal) and specializing in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities. The company owns share participation in other companies domiciled in Spain, Portugal and Brazil, which have similar scope of commercial activity as TNL SA.

There are no other material events after the reporting period, which have a bearing on the understanding of the Interimseparate financial statements.



**EBIOSS ENERGY AD**

INTERIM SEPARATE FINANCIAL  
STATEMENTS

For the six months ended 30 June 2014  
UNAUDITED

A handwritten signature in blue ink, consisting of a stylized 'S' or 'G' shape with a horizontal line extending to the right.



## **INTERIM SEPARATE FINANCIAL STATEMENTS** For the six months ended 30 June 2014

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## DIRECTORS AND OTHER OFFICERS

### **Executive Directors:**

Jose Oscar Leiva Mendez  
Luis Sanchez Angrill

### **Registered Seat**

49 Bulgaria Blvd  
Floor 11-12  
Sofia 1404

### **Address for correspondence**

49 Bulgaria Blvd  
Floor 11-12  
Sofia 1404

### **Legal Consultant**

Angel Panayotov  
49 Bulgaria Blvd  
Floor 11-12  
Sofia 1404

### **Bank**

BNP Paribas Securities Services, Madrid, Spain  
Banco Inversis S.A., Madrid, Spain  
Unicredit Bulbank AD, Sofia, Bulgaria  
Banco de Sabadell S.A., Barcelona, Spain

### **Auditor**

Baker Tilly Klitou and Partners OOD  
104 Akad. Iv.Evst.Geshov Blvd  
7th floor; office 12  
Sofia 1612



## EBIOSS ENERGY AD

### INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	Note	2014 EUR'000	2013 EUR'000
Expenses for hired services	3	(200)	(26)
Employee benefit expenses	4	(203)	(51)
Other expenses	5	(236)	(17)
<b>Results from operating activities</b>		<b>(639)</b>	<b>(94)</b>
Finance income	6	136	15
Finance cost	6	(17)	(5)
<b>Net finance income</b>		<b>119</b>	<b>10</b>
<b>Loss before income tax</b>		<b>(520)</b>	<b>(84)</b>
Income tax (expense)/benefit	17	44	-
<b>Loss for the period</b>		<b>(476)</b>	<b>(84)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(476)</b>	<b>(84)</b>
<b>Basic earnings per share (Euro)</b>	14	<b>(0.01)</b>	<b>(0.03)</b>

These interim financial statements are approved on behalf of EBIOSS ENERGY AD on 29.09.2014

Executive Director:  
Jose Oscar Leiva Mendez



## INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

		30.06.2014 EUR'000	31.12.2013 EUR'000
<b>ASSETS</b>	Note		
<b>Non-current assets</b>			
Investment in subsidiaries	7	13,618	12,968
Loans provided to related parties	11	8,358	5,638
Deferred tax asset	17	79	35
Deferred expenses		6	4
Property, plant and equipment	8	1	1
Intangible assets	9	2	-
<b>Total non-current assets</b>		<u>22,064</u>	<u>18,646</u>
<b>Current assets</b>			
Cash and cash equivalents	10	15,922	4,554
Loans provided to related parties	11	184	48
Other receivables	12	152	31
Deferred expenses		6	4
<b>Total current assets</b>		<u>16,264</u>	<u>4,637</u>
<b>Total assets</b>		<u>38,328</u>	<u>23,283</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13.1	20,918	18,022
Share premium		16,527	4,460
Reserve for own shares	13.2	(37)	(21)
Retained earnings		(401)	75
<b>Total equity</b>		<u>37,007</u>	<u>22,536</u>
<b>Non-current liabilities</b>			
Other payables to related parties	19.4	206	206
<b>Total non-current liabilities</b>		<u>206</u>	<u>206</u>
<b>Current liabilities</b>			
Trade and other payables	16	948	286
Loans payable to related parties	15	167	255
Corporate tax liabilities	17	-	-
<b>Total current liabilities</b>		<u>1,115</u>	<u>541</u>
<b>Total liabilities</b>		<u>1,321</u>	<u>747</u>
<b>Total equity and liabilities</b>		<u>38,328</u>	<u>23,283</u>

These interim financial statements are approved on behalf of EBIOS ENERGY AD on 29.09.2014

Executive Director  
Jose Oscar Leiva Mendez



## INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Retained earnings EUR'000	Total EUR'000
<b>For the six months ended 30 June 2013</b>					
<b>Balance at 1 January 2013</b>	12,392	-	-	430	12,822
<b>Total comprehensive income</b>					
Loss for the year	-	-	-	(84)	(84)
<b>Total comprehensive income</b>	-	-	-	(84)	(84)
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Issue of ordinary shares /See note 1/	1,160	443	-	-	1,603
<b>Total contributions and distributions</b>	1,160	443	-	-	1,603
<b>Total transactions with owners of the Company</b>	1,160	443	-	-	1,603
<b>Balance at 30 June 2013</b>	13,552	443	-	346	14,341
<b>For the six months ended 30 June 2014</b>					
<b>Balance at 31 December 2013/</b>					
<b>Balance at 1 January 2014</b>	18,022	4,460	(21)	75	22,536
<b>Total comprehensive income</b>					
Loss for the year	-	-	-	(476)	(476)
<b>Total comprehensive income</b>	-	-	-	(476)	(476)
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Issue of ordinary shares /See note 1/	2,896	12,149	-	-	15,045
Own shares acquired	-	(1,675)	(335)	-	(2,010)
Own shares sold	-	1,593	319	-	1,912
<b>Total contributions and distributions</b>	2,896	12,067	(16)	-	14,947
<b>Total transactions with owners of the Company</b>	2,896	12,067	(16)	-	14,947
<b>Balance at 30 June 2014</b>	20,918	16,527	(37)	(401)	37,007

These interim financial statements are approved on behalf of EBIOS ENERGY AD on

29.09.2014

Executive Director:  
Jose Oscar Leiva Mendez





**INTERIM STATEMENT OF CASH FLOWS**

For the six months ended 30 June

	Note	2014 EUR'000	2013 EUR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year before tax		(520)	(84)
Adjustment for:			
Other income		-	-
Interest expense		4	5
Interest income		(136)	(15)
		(652)	(94)
Changes in working capital:			
Trade and other payables		(153)	27
Trade and other receivables		(121)	(2)
Deferred expenses		(4)	-
<b>Cash used in operating activities</b>		(930)	(69)
Income tax paid		-	(5)
<b>Net cash used in operating activities</b>		(930)	(74)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans provided to related parties		(2,720)	(125)
Acquisition of investments		(650)	-
Acquisition of property, plant and equipment		(1)	-
<b>Net cash used in investing activities</b>		(3,371)	(125)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		15,859	1,815
Payments related to issue of new shares		-	(15)
Proceeds on loan from related party		-	213
Repayment of loan from related party		(92)	-
Proceeds from sale of own shares		1,912	-
Repurchase of own shares		(2,010)	-
<b>Net cash from financing activities</b>		15,669	2,013
<b>Net increase in cash and cash equivalents</b>		11,368	1,814
Cash and cash equivalents at 1 January		4,554	2
<b>Cash and cash equivalents at 30 June</b>	10	15,922	1,816

These interim financial statements are approved on behalf of EBIOSS ENERGY AD on 29.09.2014

 Executive Director:  
 Jose Oscar Leiva Mendez


# EBIOSS ENERGY AD

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 1. Incorporation and principal activities

#### Incorporation

EBIOSS ENERGY AD (the Company) is a joint stock company registered in Sofia, Bulgaria with EIC: 202356513. It was incorporated on 07 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD.

On 01 October 2012 EBIOSS ENERGY EOOD was transformed into EBIOSS ENERGY OOD and on the same date the share capital of EBIOSS ENERGY OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of BGN 10 each, divided between the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,135	1,092
<b>Total:</b>	<b>100</b>	<b>2,423,550</b>	<b>24,235</b>	<b>12,392</b>

The increase of the share capital of EBIOSS ENERGY OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

Subsidiary	Fair value in EUR'000
Heat Biomass	3,500
Karlovo Biomass	3,500
Tvarditsa Biomass	2,045
Nova Zagora Biomass	1,278
Provdiv Biomass	979
United Biomass	1,090
<b>Total:</b>	<b>12,392</b>



# EBIOSS ENERGY AD

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 1. Incorporation and principal activities (continued)

#### Incorporation (continued)

On 12 December 2012 EBIOS ENERGY OOD has been transformed into joint stock company EBIOS ENERGY AD.

As at 31 December 2013 the share capital of Ebioss Energy AD is divided between the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	43.22	3,046,732	15,234	7,789
Sofia Biomass EOOD	8.74	616,086	3,080	1,575
Sungroup Bulgaria EOOD	6.94	489,000	2,445	1,250
Origina Bulgaria OOD	2.20	155,028	775	396
SPAX OOD	0.60	42,650	213	109
Antigona Bulgaria EOOD	1.15	81,000	405	207
5 physical persons	5.68	400,090	2,000	1,023
<b>Other minority shareholders</b>	<b>31.48</b>	<b>2,219,107</b>	<b>11,096</b>	<b>5,673</b>
<b>Total:</b>	<b>100</b>	<b>7,049,693</b>	<b>35,248</b>	<b>18,022</b>

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 68.5% of the share capital of the Company as at 31.12.2013.

The other minority shareholders are those who subscribed shares in two subsequent capital increases made during 2013 by means of initial public offering of shares on the Spanish Alternative Stock Exchange Market – MAB. These shareholders own approximately 31.5% of the share capital of the Company as at 31.12.2013.

As at 30 June 2014 the share capital of Ebioss Energy AD is divided between the following shareholders:


Main shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	37.27	15,248,585	15,249	7,796
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sungroup Bulgaria EOOD	5.88	2,407,110	2,407	1,231
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.24	506,165	506	259
<b>Other minority shareholders</b>	<b>46.19</b>	<b>18,894,986</b>	<b>18,895</b>	<b>9,661</b>
<b>Total:</b>	<b>100</b>	<b>40,912,416</b>	<b>40,912</b>	<b>20,918</b>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****1. Incorporation and principal activities (continued)****Principal activities**

The principal activity of the Company is the management of the engineering, construction and development of gasification Power Plants. As of June 30 2014, 31 December 2013 the following Power Plant Projects are under development by each subsidiary of the Company:

- **Heat Biomass EOOD**, registered on 6 January 2011 with UIC 201384552 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The construction of the external connection to the grid of the plant has started in March 2014 and electricity will start to be produced in 2015.
- **Karlovo Biomass EOOD**, registered on 6 January 2011 with UIC 201384641 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The construction of the plant is planned in 2 phases. The construction of the first phase of 2 MW has started in October 2013 and electricity will start to be produced in 2015. The construction of the second phase of 3 MW has started in March 2014 and electricity will start to be produced in 2015.
- **Plovdiv Biomass EOOD**, registered on 7 January 2011 with UIC 201385444 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Plovdiv.
- **Nova Zagora Biomass EOOD**, registered on 7 January 2011 with UIC 201385519 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017.
- **Tvardica Biomass EOOD**, registered on 7 January 2011 with UIC 201384926 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Tvarditza. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD**, which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Tvarditza.
- **United Biomass EOOD**, registered on 6 January 2011 with UIC 201384562 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Letnitza. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to CEZ Distribution Bulgaria AD, the electricity distribution Company for the Western part of Bulgaria. The plant should be completed and electricity production shall commence in 2018.

The Company has also the ownership of **Biomass Distribution EOOD**, registered on 12 November 2012 with UIC 201336098 and with principal activity: to provide the necessary raw materials and biomass sources to the biomass power plants of the subsidiaries of EBIOS ENERGY AD.



## **NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

### **1. Incorporation and principal activities (continued)**

#### **Principal activities (continued)**

EbioSS Energy has 47.97 % ownership of the capital of **EQTEC Iberia S.L.**, EbioSS Energy also has control over **EQTEC Iberia S.L.**, a Company registered in Spain. EQTEC is an engineering company specializing in the design, complete construction, operation and maintenance of cogeneration plants heat and electricity power, gasification power plants and renewable energy, with experience in the market for more than 15 years. Since its founding, the company has implemented over 60 plant projects of production of electricity and / or heat, with capacities ranging from 60 kW to 10,000 kW. The company has developed and currently works on projects in Spain, Portugal, India, France, Germany, Italy and Bulgaria.

In 2013 EbioSS Energy AD acquired 215 shares with nominal value of BGN 100 (EUR 51.12), representing 43% of the registered capital of the company Energotec-Eco AD, which constitute control over financial and operating policy of the entity. The new incorporated company Energotec Eco AD plan to rent out a factory nearby village of Kaloianovec and manufacture part of the main equipment for the biomass power plants. On the same date another entity from the Group Eqtec Iberia SI acquired 35 shares with nominal value of BGN 100 (EUR 51.12), representing 7% of the registered capital of the company Energotec-Eco AD. As at 31.12.2013 the Group has effective holding of 46.36% in Energotec-Eco AD.

On 3 April 2014 according to agreement for transfer of shares EbioSS Energy AD acquired 100% of the shares of Sorgenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L) with fiscal number 06337630963 . The registered share capital of the company is EUR 120,000 comprising of 120,000 shares at nominal value EUR 1 each. The company was acquired for the price of EUR 650,000. The principal activity of the company is development of biomass power plants and its first power plant located in municipality of Castiglione d'Orcia ,Toscana region of a 1 MW is under construction and is planned to become fully operational in 2014.

### **2. Accounting policies**

The principal accounting policies adopted in the preparation of these interim separate financial statements are set out below. These policies have been consistently applied to all periods presented in these interim separate financial statements unless otherwise stated.

#### **Basis of preparation**

##### **(a) Statement of compliance**

These interim separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

##### **(b) Basis of measurement**

The interim separate financial statements have been prepared on the historical cost basis.

These interim separate financial statements are separate interim separate financial statements of the Company.

The Company prepared interim consolidated financial statements in accordance with IFRS as adopted by the EU for the Company and its subsidiaries. The interim consolidated financial statements can be obtained from the Company at their registered office in Sofia, 49 Bulgaria Blvd.

Users of these interim separate financial statements of the parent company should read them together with the interim consolidated financial statements of the Company and its subsidiaries as at and for the period ended 30 June 2014 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.





**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****2. Accounting policies (continued)****Use of estimates and judgements**

The preparation of the interim separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Going concern basis of accounting**

The interim separate financial statements of the Company as of 30 June 2014 have been prepared on the basis of the going concern concept. Management is of the opinion that the funds secured by the shareholders are adequate to finance the future planned activities of the Company.

**Unconsolidated Interim separate financial statements**

These interim separate financial statements are not consolidated. The interim consolidated financial statements are prepared and approved by the Management on 29.09.2014.

**Foreign currency translation****(i) Functional and presentation currency**

Items included in the Company's interim separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is BGN. The interim separate financial statements are presented in thousands of EUR, which is the Company's presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The exchange rate of the EUR to BGN is fixed at 1 EUR = 1.95583 BGN.

All amounts represented have been rounded to the nearest thousand, except when otherwise indicated.

**Revenue recognition****(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

**(ii) Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

## **NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

### **2. Accounting policies (continued)**

#### **Finance income and finance costs**

Finance income comprises interest income on funds invested and gains from transactions in foreign currencies. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and losses from transactions in foreign currencies.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### **Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.



**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****2. Accounting policies (continued)****Property, plant and equipment (continued)**

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Items measured at cost less accumulated depreciation and any accumulated impairment losses are all other property, plant and equipment items except for land.

*Depreciation*

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Computers	2 years
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No depreciation is provided on land.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

*Subsequent costs*

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the period in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Intangible assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Impairment is accrued, if applicable, on the basis of the annual review for impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognized in profit or loss as incurred.

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### Intangible assets (continued)

##### *Amortization*

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives of intangible assets are as follows:

Other intangible assets	7 years
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#### Investments in subsidiaries

Investments in subsidiary companies are stated at cost less impairment, which is recognized as an expense in the period in which the impairment is identified.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### (i) Non-derivative financial assets

The Company's financial assets include loans and receivables consisting of cash and cash equivalents, trade and other receivables.

##### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

##### (ii) Non-derivative financial liabilities

The Company's financial liabilities include other financial liabilities – loans and borrowings, trade and other payables.

##### Trade and other payables

Trade payables are initially recognized at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Short-term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

##### Payables on interest bearing loans

Loans are recorded initially at the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loans using the effective interest method.





## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### Derecognition of financial assets and liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### Employee benefits

##### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Advance payments are recognized as prepaid expenses to the extent that they will be offset against future payments or refunded. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

##### (ii) Defined benefit plan

According to the Bulgarian Labour Code at the time when employees acquire pension rights, the Company owes 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. The Company's obligation in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted. The calculation is performed annually based on the projected unit credit method. The Company determines the net interest expense on the net defined benefit liability for the period by applying a market discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

Remeasurements arising from change in actuarial gains and losses are recognised in OCI. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.



**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****2. Accounting policies (continued)****Employee benefits (continued)****(iii) Short-term employee benefits**

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company recognizes as a liability the undiscounted amount of the estimated costs related to unused annual leave expected to be paid in exchange for the employee's service for the period completed.

**(iv) Share-based payment transactions**

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee benefit expenses in profit or loss.

**Provisions**

A provision is recognised when the Company has a legal or constructive obligation as result of a past event, that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Impairment****(i) Non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(ii) Financial assets**

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****2. Accounting policies (continued)****Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

**3. Expenses for hired services****For the six months ended**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
Consultancy fees	66	9
Audit services	-	11
Office rent	32	-
Other	102	6
	<u>200</u>	<u>26</u>

**4. Employee benefit expenses**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
Wages and salaries	189	45
Compulsory social security contribution	14	6
	<u>203</u>	<u>51</u>

**5. Other expenses**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
Stock exchange related expenses	110	15
Other expenses	126	2
	<u>236</u>	<u>17</u>

**6. Finance income and costs**

	<b>2014</b> <b>EUR'000</b>	<b>2013</b> <b>EUR'000</b>
Interest income	136	15
	<u>136</u>	<u>15</u>
Interest expense	(4)	(5)
Exchange rate difference	(2)	-
Bank expenses	(11)	-
<b>Finance costs</b>	<u>(17)</u>	<u>(5)</u>
<b>Net finance income recognized in profit or loss</b>	<u>119</u>	<u>10</u>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****7. Investment in subsidiaries**

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Balance at 1 January	12,968	12,598
New investments	-	370
<b>Balance at 31 December 2013</b>	<b>12,968</b>	<b>12,968</b>
New investments	650	-
<b>Balance at 30 June 2014</b>	<b>13,618</b>	<b>-</b>

The investments in subsidiaries have been initially recognized at cost, which represents mainly the contributions in kind, measured at fair values by certified licensed valuers as at the date of the in-kind contribution, based on discounted estimated future net cash flows to be generated by the companies. Their values are dependent on the estimated timing of completion of the Biomass Power Plants and commencement of electricity production. See also Note 1.

In July 2013 the share capital of EQTEC Iberia S.L. Spain has been increased with EUR 360 thousand, contributed by Ebioss Energy AD. Thus the percentage ownership of Ebioss Energy AD in EQTEC Iberia S.L. has been increased from 45% to 47.97%.

In October 2013 Ebioss acquired 46.36% of newly established company Energotec-Eco AD and control over its operating and financing activities.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorigenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L) for the price of EUR 650,000 (See also Note 1).

As of 30 June 2014/31 December 2013 the investments in subsidiaries are as follows:

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>% ownership</b>	<b>Amount of investment</b>	<b>% ownership</b>	<b>Amount of investment</b>
		<b>30.06.2014</b>	<b>EUR'000</b> <b>30.06.2014</b>	<b>31.12.2013</b>	<b>EUR'000</b> <b>31.12.2013</b>
Heat Biomass EOOD	Bulgaria	100%	3,500	100%	3,500
Karlovo Biomass EOOD	Bulgaria	100%	3,500	100%	3,500
Tvarditsa Biomass EOOD	Bulgaria	100%	2,045	100%	2,045
Nova Zagora Biomass EOOD	Bulgaria	100%	1,278	100%	1,278
Plovdiv Biomass EOOD	Bulgaria	100%	979	100%	979
United Biomass EOOD	Bulgaria	100%	1,090	100%	1,090
EQTEC Iberia S.L.	Spain	47.97%	566	47.97%	566
Energotec-Eco AD	Bulgaria	46.36%	10	46.36%	10
Syngas Italy S.R.L)	Italy	100%	650	-	-
<b>Total investments</b>			<b>13,618</b>		<b>12,968</b>

**8. Property, plant and equipment**

The amount of property, plant and equipment comprises computers acquired by the Company in 2014 and 2013 with net book value as at 30 June 2014 – EUR 1 thousand (31 December 2013 - EUR 1 thousand), i.e. cost - EUR 1 thousand and zero accumulated depreciation.

**9. Intangible assets**

The amount of intangible assets comprises acquired by the Company in 2014 software with net book value as at 30 June 2014 – EUR 2 thousand, i.e. cost EUR 3 thousand and accumulated amortization EUR 1 thousand.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**
**10. Cash and cash equivalents**

	30.06.2014 EUR'000	31.12.2013 EUR'000
Cash at bank	15,870	4,535
Cash in hand	52	19
	<u>15,922</u>	<u>4,554</u>

**11. Loans provided to related parties**

	Currency EUR	Annual interest 4%	Amount EUR'000	Maturity
<b>Balance at 1 January 2014</b>			5,686	
New proceeds				
- Karlovo Biomass EOOD			2,326	31.12.2015
- United Biomass EOOD			1	31.12.2018
- Tvarditsa Biomass EOOD			1	31.12.2015
- Plovdiv Biomass EOOD			19	31.12.2018
- Tvarditsa PV EOOD			1	31.12.2018
- Biomass Distribution EOOD			280	31.12.2018
- Brilla EOOD			19	31.12.2018
- Syngas Italy S.p.A			73	31.12.2015
Loan interest accrued				
- Heat Biomass EOOD			49	
- Karlovo Biomass EOOD			83	
- United Biomass EOOD			1	
- Plovdiv Biomass EOOD			1	
- Biomass Distribution EOOD			1	
- Syngas Italy S.p.A			1	
<b>Balance at 30 June 2014</b>			<u>8,542</u>	

	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
<b>EUR'000</b>					
<b>Loans</b>	<u>8,542</u>	<u>184</u>	<u>7,973</u>	<u>385</u>	<u>-</u>
	<u>8,542</u>	<u>184</u>	<u>7,973</u>	<u>385</u>	<u>-</u>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**
**11. Loans provided to related parties (continued)**

	Currency EUR	Annual interest 4%	Amount EUR'000	Maturity
<b>Balance at 1 January 2013</b>			84	
Transfer from Other receivables from related parties /see note 19.1/				
- Heat Biomass EOOD			472	31.12.2015
- Karlovo Biomass EOOD			80	31.12.2015
- United Biomass EOOD			25	31.12.2018
- Nova Zagora Biomass EOOD			12	31.12.2018
- Tvarditsa Biomass EOOD			8	31.12.2018
- Plovdiv Biomass EOOD			7	31.12.2018
- Tvarditsa PV EOOD			6	31.12.2018
New proceeds				
- Heat Biomass EOOD			1,939	31.12.2015
- Karlovo Biomass EOOD			2,998	31.12.2015
- United Biomass EOOD			3	31.12.2018
- Nova Zagora Biomass EOOD			2	31.12.2018
- Tvarditsa Biomass EOOD			1	31.12.2015
- Plovdiv Biomass EOOD			1	31.12.2018
- Tvarditsa PV EOOD			1	31.12.2018
Loan interest accrued				
- Heat Biomass EOOD			32	
- Karlovo Biomass EOOD			13	
- United Biomass EOOD			1	
- Tvarditsa Biomass EOOD			1	
<b>Balance at 31 December 2013</b>			<u>5,686</u>	

	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
<b>EUR'000</b>					
<b>Loans</b>	<u>5,686</u>	<u>48</u>	<u>5,573</u>	<u>65</u>	<u>-</u>
	<u>5,686</u>	<u>48</u>	<u>5,573</u>	<u>65</u>	<u>-</u>

**12. Other receivables**

	30.06.2014 EUR'000	31.12.2013 EUR'000
Prepaid amounts to suppliers	-	5
Receivables from employees	5	7
Refundable VAT	16	8
Other receivables	<u>131</u>	<u>11</u>
	<u>152</u>	<u>31</u>

Other receivables includes EUR 120 thousand, paid initial deposit by Ebioss Energy according to the Preliminary Agreement dated 29 May 2014 for acquisition of shares from the capital of "TNL SGPS" LDA, a company dully registrated in Portugal /see note 21/. The initial deposit is paid by Ebioss Energy for the purposes of accomplishment of capital increase of "TNL SGPS" LDA.

**13. Capital and capital reserves**
**13.1. Ordinary shares**

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are sold.



# EBIOSS ENERGY AD

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 13. Capital and capital reserves (continued)

#### 13.1 Ordinary shares (continued)

Issued and fully paid		Number of shares	thousand EUR
Balance on 1 January 2013		2,423,550	12,392
New issues	a)	226,837	1,160
Share split	b)	2,650,387	-
New issues	c)	1,748,919	4,470
Balance at 31 December 2013/ 1 January 2014		7,049,693	18,022
Share split	d)	28,198,772	-
New issues	e)	5,663,951	2,896
Balance at 30 June 2014		40,912,416	20,918

- a) On 26 June 2013 on the grounds and under conditions of the resolution of General meeting of the Company dated 12.12.2012, the share capital of EBIOSS ENERGY AD is increased from EUR 12,392 thousand (BGN 24,236 thousand) to EUR 13,552 thousand (BGN 26,504 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of EUR 5.11 (BGN 10) and emission value of EUR 8 (BGN 15.65) and comprising at total 2,650,387 shares of a nominal value of EUR 5.11 (BGN 10) each.
- b) On 23 September 2013 on the grounds and under conditions of the resolution of General meeting of the Company dated 05.09.2013, the nominal value of the shares of the Company is changed, without changing the the amount of the registered capital. The existing shares are divided into two, i.e. the split ratio used is two-for-one.
- c) On 26 November 2013 the share capital of EBIOSS ENERGY AD is increased from EUR 13,552 thousand (BGN 26,504 thousand) to EUR 18,022 thousand (BGN 35,248 thousand) through emission and sale of 1,748,919 regular dematerialized shares with voting rights and nominal value of EUR 2.56 (BGN 5) and emission value of EUR 5.15 (BGN 10.07) and comprising at total 7,049,693 shares of a nominal value of EUR 2.56 (BGN 5) each.
- d) On 20 May 2014 on the grounds and under conditions of the resolution of General meeting of the Company dated 10.04.2014, the nominal value of the shares of Ebioss Energy is changed, without changing the amount of the register capital. The existing shares are divided into five, i.e. the split ratio used is five-for-one.
- e) On 17 June 2014 on the grounds and under conditions of the resolution of General meeting of the Company dated 10.04.2014, the share capital of EBIOSS ENERGY AD is increased from EUR 18,022 thousand (BGN 35,248 thousand) to EUR 20,918 thousand (BGN 40,912 thousand) through emission and sale of 5,663,951 regular dematerialized shares with voting rights and nominal value of BGN 1 (EUR 0.51) and emission value of EUR 2.80 (BGN 5.47). The share capital after the emission is 40,912,416 shares of a nominal value of EUR 0.51 (BGN 1) each.

#### 13.2. Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 30 June 2014 the Company held 72,971 of the Company's shares at nominal value EUR 0.51 (BGN 1). At 31 December 2013 the Company held 8,373 of the Company's shares at nominal value EUR 2.51 (BGN 5).

### 14. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of EUR 476 thousand (30.06.2013: EUR (84) thousand), and a weighted average number of ordinary shares outstanding of 36,194 thousand (30.06.2013: 2,462 thousand), calculated as follows:

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**
**14. Earnings per share (continued)**
**Basic earnings per share (continued)**
**(i) Profit attributable to ordinary shareholders (basic)**
*In thousands of EUR*

	30.06.2014	30.06.2013
Loss for the year	(476)	(84)
<b>Loss attributable to ordinary shareholders</b>	<b>(476)</b>	<b>(84)</b>

**(ii) Weighted average number of ordinary shares (basic)**
*In thousands of shares*

	30.06.2014	30.06.2013
Issued ordinary shares at 1 January	7,050	2,424
Effect of shares issued in June 2013	-	38
Effect of shares split in May 2014	28,200	-
Effect of shares issued in June 2014	944	-
<b>Weighted average number of ordinary shares at 30 June</b>	<b>36,194</b>	<b>2,462</b>
Basic earnings per share (Euro)	(0.01)	(0.03)

**15. Loans payable to related parties**
*Related Party - Elektra Holding AD*

	Currency EUR	Annual Interest 4%	Amount (EUR'000)	Maturity
<b>Balance at 1 January 2013</b>			<b>166</b>	
New proceeds			213	31.12.2014
Interest			11	
Repayments			(135)	
<b>Balance at 31 December 2013/ Balance at 1 January 2014</b>			<b>255</b>	
New proceeds			-	31.12.2014
Interest			4	
Repayments			(92)	
<b>Balance at 30 June 2014</b>			<b>167</b>	

**Repayment schedule**

	Total	Up to 1 year	1-2 years
<b>EUR'000</b>			
Loans	167	167	-
	167	167	-

**16. Trade and other payables**
**Trade payables**

	30.06.2014 EUR'000	31.12.2013 EUR'000
Payables to suppliers	91	39
	91	39

**Other payables**

	30.06.2014 EUR'000	31.12.2013 EUR'000
Payables to suppliers in regard to issue of new share capital	815	208
Donation tax liability	-	31
Accruals for unused paid leave	6	6
Payables to employees	29	-
Other tax liabilities	7	2
	857	247
<b>Trade and other payables</b>	<b>948</b>	<b>286</b>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****17. Taxation****For the six months ended 30 June****Income tax recognised in profit or loss**

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Corporate income tax expense – current year	-	-
Deferred tax expense/ (benefit)	(44)	-
<b>Income tax for the year</b>	<b>(44)</b>	<b>-</b>

**For the six months ended 30 June****Reconciliation of the effective income tax rate:**

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Loss for the period	(520)	(84)
Income tax expense at the statutory income tax rate of 10%	(52)	(8)
Non-deductible expenses	8	-
Loss for which no deferred tax asset is recognized	-	8
<b>Income tax expense/(benefit)</b>	<b>(44)</b>	<b>-</b>
<b>Effective tax rate</b>	<b>10%</b>	<b>0%</b>

Under the current provisions of the Bulgarian Corporate Tax Act, the Company may use its accumulated loss to substantially reduce the income tax it would otherwise have to pay on future taxable income in the next five years.

The respective tax periods of the Company may be subject to inspection by the tax authorities until the expiration of 5 years from the end of the year in which a corporate income tax return was submitted, or should have been submitted, and additional taxes or penalties may be imposed in accordance with the interpretation of the tax legislation. The Company's management is not aware of any circumstances which may give rise to a contingent additional liability in this respect.

**Recognised deferred tax assets**

Deferred tax assets are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Tax loss carry-forwards	(79)	(35)	-	-	(79)	(35)
<b>Tax (assets) liabilities</b>	<b>(79)</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>(35)</b>
<b>Net tax (assets) liabilities</b>	<b>(79)</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>(35)</b>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****18. Financial instruments****Overview**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**Risk management framework**

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The policy sets limits for taking different kinds of risks and defines control rules with regard to these limits. The policy is to be regularly reviewed in relation with identification of changes in the risk levels.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties.

The carrying amount of Company's financial assets represents the maximum exposure to credit risk. As at the reporting date the carrying amounts of the financial assets is as follows:

	Note	30.06.2014 EUR'000	31.12.2013 EUR'000
Loans provided to related parties	19.1	8,542	5,686
Cash at bank		15,870	4,535
		<u>24,412</u>	<u>10,221</u>

No amounts of loans and receivables are overdue or impaired.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of June 30, 2014.

<i>In thousands of EUR</i>		Carrying amount	Contractual cash flows	Up to 1 year	1 – 2 years
<b>Non-derivative financial liabilities</b>					
Loans payable to related parties	19.2	167	170	170	-
Other payables to related parties	19.3	206	206	-	206
Payables to suppliers	16	906	906	906	-
		<u>1,279</u>	<u>1,282</u>	<u>1,076</u>	<u>206</u>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****18. Financial instruments (continued)**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2013:

<i>In thousands of EUR</i>		<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Up to 1 year</b>	<b>1 – 2 years</b>
<b>Non-derivative financial liabilities</b>					
Loans payable to related parties	19.2	255	265	265	-
Other payables to related parties	19.3	206	206	-	206
Payables to suppliers	16	247	247	247	-
		<u>708</u>	<u>708</u>	<u>502</u>	<u>206</u>

**(c) Market risk**

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Currency risk**

The Company's foreign transactions are denominated in foreign currency. The Company is exposed to foreign currency risk related to possible deviations in the foreign currency rates. As at the reporting date the currency risk is considered as insignificant as major part of Company's transactions in foreign currency are denominated in euro, and the Bulgarian Lev is pegged to the euro.

The Company's management does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

**Interest rate risk**

Interest rate risk is the risk that interest bearing assets and liabilities may change in value, because of fluctuations of the market interest rates.

**Profile**

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

<i>In thousands of EUR</i>	<b>Nominal amount</b>	
	<b>30.06.2014</b>	<b>31.12.2013</b>
<b>Fixed rate instruments</b>		
Financial assets	8,358	5,638
Financial liabilities	<u>(151)</u>	<u>(243)</u>
	<u>8,207</u>	<u>5,395</u>

The Company has no variable rate instruments as at 30 June 2014 and 31 December 2013.

**Capital management**

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Company's approach to capital management during the year.

**Fair value of financial assets and liabilities**

The carrying values of the Company's financial assets and liabilities approximates their fair values.



### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

#### 19. Related party transactions and balances

The Company's parent and ultimate controlling party is Southeimer LLC, Spain.

Related parties are as follows:

Related party	Relationship
Elektra Holding AD	Parent of EBIOSS ENERGY AD
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Syngas Italy S.R.L	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia S.L., Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
Energotec Eco AD	subsidiary, 46% owned and controlled by EBIOSS ENERGY AD
Brila EOOD	subsidiary 100% owned by Plovdiv Biomass EOOD
Tvarditsa PV EOOD	subsidiary 100% owned by Tvarditsa Biomass EOOD
Inava Ingeiyieria De Analisis SL	under common control
Ortiz Elektra AD	under common control
Biomass Gorno EOOD	under common control
Luxur PV EOOD	under common control
Bul PV EOOD	under common control
Bul Biomass EOOD	under common control
Luxur Biomass OOD	under common control
Val Biomass EOOD	under common control
Eqtec Bulgaria EOOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko EI Invest	under common control

#### *Directors*

The Executive Directors of EBIOSS ENERGY AD are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.



**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****19. Related party transactions and balances (continued)****19.1 Loans provided to related parties**

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Heat Biomass EOOD		
- principal	2,494	2,494
- interest	81	32
Karlovo Biomass EOOD		
- principal	5,404	3,078
- interest	96	13
United Biomass EOOD		
- principal	29	28
- interest	2	1
Nova Zagora Biomass EOOD		
- principal	13	13
- interest	1	1
Tvarditsa Biomass EOOD		
- principal	10	9
- interest	1	1
Plovdiv Biomass EOOD		
- principal	27	8
- interest	-	-
Tvarditsa PV EOOD		
- principal	8	7
Biomass Distribution		
- principal	281	1
- interest	1	-
Brilla EOOD		
- principal	20	-
Syngas Italy S.p.A		
- principal	73	-
- interest	1	-
	<u>8,542</u>	<u>5,686</u>

**19.2 Loans payables to related parties**

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Elektra Holding AD (see Note 15)	167	255
	<u>167</u>	<u>255</u>

**19.3 Other payables to related parties**

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Elektra Holding AD	206	206
	<u>206</u>	<u>206</u>

Other liabilities represent payable to Elektra Holding AD for transfer of shares in EQTEC Iberia SL. The maturity date is 21 November 2015 and the liability is interest free.

**20. Commitments and contingent liabilities**

The Company had no commitments or contingent liabilities as at 30 June 2014 and 31 December 2013.



### **NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

#### **21. Events after the reporting period**

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 52.64% of the shares of TNL SGPS LDA in Portugal, dully registered and existing under the laws of Portugal, with VAT number 509543596. The registered share capital of the company is EUR 7,550,000.

The shares of the company were acquired by Ebioss Energy for the price of EUR 1,550,000. The principal activity of the company is equity management in other companies, as an indirect form of exercising economic activities.

In addition, additional 1,64% have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,64% of the shares of TNL SGPS LDA.

TNL SGPS LDA owns 100% of TNL SA which is a company domiciled in Porto (Portugal) and specializing in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities. The company owns share participation in other companies domiciled in Spain, Portugal and Brazil, which have similar scope of commercial activity as TNL SA.

There are no other material events after the reporting period, which have a bearing on the understanding of the Interimseparate financial statements.

