HECHO RELEVANTE

En cumplimiento de lo dispuesto en la Circular 7/2016 del Mercado Alternativo Bursátil y para su puesta a disposición del público, remitimos el informe financiero anual relativo al ejercicio 2015 de EBIOSS Energy, AD.

En Sofía (Bulgaria), a 29 de Abril de 2016

José Óscar Leiva Méndez
Presidente de EBIOSS Energy, AD.

Informe de evolución anual y grado de cumplimiento de las previsiones.

El año 2015 se ha cerrado con un balance en línea con la previsión de la Compañía.

Si bien los cambios regulatorios acumulados en Bulgaria (Hechos Relevantes de fecha 9 de marzo y 26 de julio de 2015 respectivamente) podían haber aportado un nivel de visibilidad menor del previamente proyectado, la decisión adoptada de ajustar la estrategia en el país (adecuando las plantas a los ajustes derivados de la nueva normativa y reorientando parte de su actividad hacia el autoconsumo del grupo en sus proyectos de peletización), e intensificar la implantación en otros países, ha evolucionado de manera satisfactoria.

Durante el año 2015 la Compañía ha realizado una serie de inversiones para aumentar el Pipeline de proyectos de manera considerable. En este contexto, se produjeron avances en la internacionalización de los proyectos, destacando los siguientes:

- En el último trimestre de 2015 se produjo el comisionado con éxito de la planta desarrollada para el consorcio formado por EDF, la Agence Nationale de la Recherche del gobierno francés y la Universidad de Lorraine.

- En Tailandia se procedió a la firma del acuerdo con un consorcio compuesto por Demco, IMABE Ibérica y CIN, para el desarrollo de una planta de gasificación de residuos en la ciudad de Lopburi, de 9,8 MWe de potencia y un presupuesto global de la planta de 50 MM €, de los cuales 35 MM € remunerarían los servicios de ingeniería prestados por el grupo a través de EQTEC Iberia (Hecho Relevante de fecha 27 de mayo de 2015). A fecha los promotores del proyecto en Tailandia continúan las labores de cierre de la financiación que permita iniciar los trabajos de construcción de la planta. Existen además dos proyectos adicionales en avanzado estado de negociación (Hecho Relevante relativo al nuevo Plan de Negocio de fecha 11 de septiembre de 2015).

- En Croacia está en fase avanzada de construcción la primera fase del proyecto en curso, Belisce I (Hecho Relevante de fecha 1 de abril de 2015) y se está negociando actualmente la segunda fase.

- En Qatar prosiguen las tareas de identificación de proyectos derivados del acuerdo firmado con Al-Haya Enviromental (Hecho Relevante de fecha 8 de junio de 2015).

- En Italia comenzaron las primeras ventas de energía de la planta de Syngas Italy, que se espera que llegue a producir a plena capacidad durante este ejercicio 2016 (Hecho Relevante de fecha 30 de marzo de 2015)

- En Reino Unido se aceleró la introducción de la tecnología de EGT Eqtec Gasifier Technology (Hecho Relevante de fecha 31 de diciembre de 2015), en virtud del cual la compañía irlandesa REACT Energy Plc aseguraba la implantación en exclusiva de esta tecnología en sus proyectos. La filial de REACT Newry Biomass

Ltd. adquirió equipos de EBIOSS por valor de casi 5 MM€ en diciembre de 2015. Reino Unido está brindando numerosas oportunidades que están convirtiendo al país en una prioridad estratégica de la Compañía.

- El pipeline internacional y la tecnología de EBIOSS dieron lugar también al interés de relevantes grupos a nivel internacional (Hecho Relevante de fecha 11 de noviembre de 2015). Desde entonces se vienen desarrollando conversaciones y negociaciones que progresan adecuadamente, de las que se esperan resultados también en lo referente a la conformación final de la configuración de la estructura de la operación que en su caso se acometería, y que podrían tener un impacto sustancial en el desarrollo del grupo a futuro en caso de confirmarse. Se mantendrá informado al mercado en todo caso de cualquier información relevante en este sentido.

- Por su parte la filial TNL en el pasado ejercicio hizo un esfuerzo relevante en inversión en su oficina técnica para acometer innovación y reingeniería de sus equipos para acelerar su comercialización a partir del presente ejercicio tal y como está sucediendo. Tal como se señala posteriormente existe un saldo pendiente de cobro de una filial brasileña cuya visibilidad de cobro le ha merecido una salvedad a la firma auditora, pero en relación con el cual la Compañía está negociando en estos momentos y estima tener resuelta durante este ejercicio 2016.

Es importante subrayar que las cifras y evolución del negocio en 2015 se produjeron a pesar de que el nivel de captación de deuda fue de 7 MM€ en lugar de los 16 MM€ esperados. De los 7 MM€ suscritos, 3 MM€ fueron suscritos en junio y los otros 4 MM€ fueron suscritos a finales de diciembre.

En conclusión, la Compañía ha registrado en 2015 un avance del 309% en ventas a terceros respecto a 2014 y ha reducido en 2015 un 60% los trabajos realizados por las filiales para el grupo y capitalizado, tal y como se anunció en el vigente Plan de Negocio 2015 – 2017 publicado el 1 de septiembre de 2015.

Por el contrario, la Compañía ha incrementado en 2015 un 95% más que en 2014 su presupuesto de otros gastos debido al proceso de internacionalización que ha llevado a cabo y que le ha permitido aumentar considerablemente su Pipeline y su presencia internacional. Hay que recalcar en este punto que en 2015 EBIOSS Energy ha tenido que consolidar todos los gastos de todo el año de su filial Karlovo Biomass sin haber podido contrarrestarlos con los ingresos previstos debido a los cambios regulatorios sucedidos en Bulgaria en marzo y julio.

La compañía formula sus cuentas de acuerdo a las normas internacionales de contabilidad. Por la misma razón, se ha decidido informar con la comparación de las previsiones recogidas en el presente apartado referidas al cierre del ejercicio 2015 en formato NIIF.

En todo caso el informe de auditoría de Baker Tilly incorpora dos salvedades y un párrafo de énfasis que se explican más adelante en el presente informe.

• Cuenta de Resultados consolidada del ejercicio 2014.

A continuación, se muestra una comparación entre la cuenta de pérdidas y ganancias auditada a 31 de diciembre de 2015 y el presupuesto estimado total para el año 2015 extraído del Plan de Negocio de la Compañía vigente a cierre del ejercicio.

Asimismo, a efectos de mejorar el análisis comparativo, se añade una columna en la que se refleja el porcentaje de desviación en unidades monetarias y otra con el porcentaje de desviación en términos porcentuales:

EBIOSS CONSOLIDADO millones de euros	2014	2015	2015e	Variation (€) 2015 vs 2015e	Variation (%) 2015 vs 2015e
Revenue*	2,3	9,42	9,97	-0,56	-6%
Other revenues	0,1	0,05	0,00	0,05	0%
Work performed by the entity and capitalized	13	5,22	3,98	1,24	31%
Gain on a bargain purchases	2,7	0,00	0,00	0,00	0%
Materials, goods for resale and expenses for hired services	13,1	12,17	10,08	2,09	21%
Employee benefit expenses	1,8	2,89	2,52	0,37	15%
Depreciation and amortization	0,2	0,52	0,56	-0,04	-8%
Other expenses	0,6	1,17	0,92	0,25	27%
Impairments	0,00	0,00	1,53	-1,53	0%
Results from operating activities	**2,4**	**-2,07**	**-1,66**	**0,41**	**25%**
Net finance costs	0,2	0,42	0,55	-0,13	-23%
Profit/Loss before tax	**2,2**	**-2,49**	**-2,21**	**0,28**	**13%**
Income tax	0,4	0,09	0,06	0,03	53%
Net profit/loss	**2,6**	**-2,40**	**-2,27**	**0,13**	**6%**

**Revenue and Revenue from sale of non-current asset held for sale*

• Balance de situación consolidado del ejercicio 2014.

A continuación, se muestra el balance de situación a 31 de diciembre de 2015 junto al previsto en el Plan de Negocio de la Compañía que estaba vigente en el cierre del año 2015.

Asimismo, a efectos de mejorar el análisis comparativo, se añade una columna en la que se refleja el porcentaje de desviación en unidades monetarias y otra con el porcentaje de desviación en términos porcentuales:

EBIOSS CONSOLIDADO millones de euros	2014	2015	2015e	Variation (€) 2015 vs 2015e	Variation (%) 2015 vs 2015e
ASSETS					
Non current Assets	41,3	43,80	52,45	-8,65	-16%
Current Assets	11,8	15,91	11,09	4,82	43%
Total Assets	**53,0**	**59,72**	**63,53**	**-3,82**	**-6%**
LIABILITIES					
Non Current Liabilities	8,4	14,87	22,73	-7,86	-35%
Current Liabilities	6,5	7,73	4,91	2,82	58%
Equity	38,2	37,11	35,89	1,22	3%
Total Equity and Liabilities	**53,0**	**59,72**	**63,53**	**-3,82**	**-6%**

- ## Aspectos relevantes del informe de auditoría del ejercicio 2015.

A continuación, se señalan dos salvedades que el auditor de la sociedad, Baker & Tilly, ha reflejado en su informe de auditoría relativo a las cuentas de la compañía del ejercicio 2015, y que se incluyen en el presente Hecho Relevante:

1) Al igual que ya había señalado como salvedad para los ejercicios precedentes, se advierte que el grupo no ha eliminado el beneficio intragrupo de sus estados consolidados por valor de 0,656 MM€ en el ejercicio 2015 y de 1,845 MM€ en el ejercicio 2014 en los "Trabajos realizados y capitalizados". Por otra parte, sí se han reconocido 0,501 MM€ de beneficio intragrupo procedentes del ejercicio 2014 a través de la reclasificación y subsiguiente venta de los equipos en la transacción referida en el Hecho Relevante de fecha 31 de diciembre de 2015. Como resultado de lo anterior, "Trabajos realizados y capitalizados" de los ejercicios 2015 y 2014 están incluyendo un exceso de 0,656 MM€ y 1,845 MM€ respectivamente, y en consecuencia está sobredimensionado el Inmovilizado en 2,568 MM€ en 2015 y 2,413 MM€ en 2014, respectivamente.

   Tal como se señaló en los ejercicios pasados, esta salvedad surge de la política de EBIOSS Energy, AD de reflejar con la mayor exactitud posible la facturación real que se ha generado a lo largo del año procedente de sus proyectos propios, lo que le ha llevado a seguir aplicando un criterio contable que entiende que refleja de manera más fiel la situación de la compañía.

   La Compañía quiere subrayar que el ajuste del resultado intragrupo contra los ingresos fruto de la enajenación de los trabajos realizados que se ha aplicado en el sentido señalado en el párrafo primero de este apartado, refrenda el criterio contable implementado en los últimos años.

2) A 31 de diciembre de 2015 se incorporan deudores vinculados y deudores comerciales, pendientes de cobro en ambos casos por parte de TNL Portugal por valor de 0,646 MM€ y 0,340 MM€ respectivamente, que el auditor señala como vencidos y que la Compañía ha decidido no provisionar, llevando al primero a cuestionar que tales importes estén adecuadamente valorados. La Compañía está inmersa en avanzadas negociaciones con alta visibilidad para resolver esta circunstancia en este mismo ejercicio 2016, razón por la que ha desestimado dotar provisión alguna, toda vez que el acreedor es la filial brasileña participada por TNL.

A continuación, se señala adicionalmente un párrafo de énfasis que el auditor ha reflejado en su informe de auditoría: *Sin que afecte a su opinión, el auditor quiere subrayar que tal y como se indica en las notas 12 y 13 de los estados financieros consolidados, los importes de los costes de desarrollo se basan en los futuros flujos de efectivo estimados y, por lo tanto, dependen del momento de la finalización de los proyectos de las plantas de peletización y del inicio de la producción. Estos valores podrían cambiar en caso de que haya cambios en la fecha estimada para la finalización de estos proyectos.*

• Acontecimientos posteriores al cierre del ejercicio 2015.

- Continuación de las conversaciones anunciadas.

A día de hoy EBIOSS Energy sigue en avanzadas conversaciones con diferentes potenciales socios estratégicos internacionales que han manifestado su interés en participar de manera directa tanto en el equity de la compañía como en el de sus proyectos.

Entre estos socios estratégicos se encuentran varias compañías que serían las encargadas de actuar como los contratistas generales de las plantas que EBIOSS Energy tiene en su Pipeline de proyectos y que pretenden construir como un "llave en mano" con la tecnología EGT EQTEC Gasifier Technology.

Debido al gran interés mostrado por estos grupos en los últimos meses se han llevado a cabo varias Due Diligence tanto técnicas como legales y financieras de la compañía y de muchos de sus proyectos, especialmente en Reino Unido.

Asimismo, diferentes grupos de estos inversores han visitado las instalaciones de algunas de las plantas que EBIOSS Energy tiene actualmente o ha construido en el pasado para terceros en los últimos años y en diferentes países europeos.

Los avances que se vayan produciendo y se vayan plasmando en documentos serán comunicados inmediatamente al mercado mediante su correspondiente hecho relevante.

- Ratificación de previsiones.

La Compañía mantiene las previsiones anunciadas, fruto de la evolución de la actividad de 2015 y las perspectivas disponibles a fecha para el presente ejercicio.

Se espera que la salida de la filial Conectados comunicada en Hecho Relevante el pasado 21 de febrero se vea compensada por la aceleración esperada en otros proyectos.

- Colocación privada de deuda.

La Compañía anunció el pasado 20 de abril la colocación de dos millones de euros adicionales en una emisión de bonos corporativos senior.

- Acuerdo con REACT.

La Compañía anunció un acuerdo con la compañía irlandesa el pasado 8 de enero, por el cual ésta usaría en exclusiva la tecnología de EBIOSS Energy en Reino Unido, y por el que EBIOSS suscribía una Loan Note.

- Karlovo Biomass

El pasado 18 de Abril de 2016 la Compañía, tras muchos meses de negociación tras el cambio regulatorio de la ley energética en Bulgaria, ha firmado dos Contratos Preliminares con la Compañía Distribuidora Energética local EVN para conectar las plantas de Karlovo Biomas y de Heat Biomass a la Red Eléctrica Búlgara y con capacidad de poder evacuar a la misma hasta 2MWe en cada una.

En cuanto se firmen los contratos finales serán debidamente comunicados al Mercado mediante el preceptivo Hecho Relevante. La Compañía estima que este hecho se producirá durante el Tercer Trimestre de 2016 coincidiendo con la puesta en marcha de la peletizadora de Biomass Distribution situada en Stroevo al lado de Karlovo Biomass para así poder ser abastecida de energía eléctrica dentro del marco de un proyecto de autosuficiencia energética.

Estados Financieros individuales y consolidados de EBIOSS Energy, AD a 31 de diciembre de 2015.

EBIOSS ENERGY AD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

EBIOSS ENERGY AD

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EBIOSS ENERGY AD

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BNP Paribas Securities Services, Spain
Raiffeisen Bank AD, Bulgaria
Unicredit Bulbank AD, Bulgaria
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Banco de Sabadell S.A., Spain
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Banco Bilbao Vizcaya Argentaria S.A., Spain
CaixaBank S.A., Spain
Novo Banco, Portugal
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EBIOSS ENERGY AD

DIRECTOR'S REPORT

The Board of Directors presents its report and audited consolidated financial statements of EBIOSS ENERGY AD (the Company) and its subsidiaries (the Group) for the year ended 31 December 2015.

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 EUR 5.11 (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
Sun Group Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	**100**	**2,423,550**	**24,236**	**12,392**

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
Plovdiv Biomass	979
United Biomass	1,090
Total:	**12,392**

EBIOSS ENERGY AD

DIRECTOR'S REPORT

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.

On 21 December 2012 according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

During 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022. During 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand (see note 17.1)

As at 31 December 2015 the share capital of Ebioss Energy AD is owned by the following shareholders:

Basic shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sun Group Bulgaria EOOD	5.73	2,344,000	2,344	1,198
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,265	509	260
Minority shareholders	47.23	19,323,396	19,324	9,881
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 52.77% of the share capital of the Company as at 31.12.2015.

The minority shareholders are those who subscribed shares in two subsequent capital increases made in 2013 and 2014 by means of public offering of shares on the Spanish Alternative Stock Exchange Market – MAB. These shareholders own 47.23% of the share capital of the Company as at 31.12.2015.

Principal activities

The principal activities of the Group are management, engineering and construction of gasification power plants, production of pelets and development and sale and management of waste collection systems.

Due to amendments in the Renewable Energy Act that entered into force in 2015 in Bulgaria the projects have been modified.

According to the amended Act on 6th of March 2015, the companies may produce electicity with power capacity up to 1,5 MW, using combined cycle and indirect use of biomass out of which total weight animal manure shall comprise not less than 50%. Thus the Companies' plans to produce electricity through thermal gasification with combined cycle from biomass of agricultural waste for power plants with power capacity up to 5MW become no longer applicable. The feed-in tariff for production of electricity by way of combined cycle and indirect use of biomass of animal manure and agricultural substance for power plants with capacity up to 1,5MW is fixed to 447,43 BGN/MWh.

1. Incorporation and principal activities (continued)

Principal activities (continued)

According to the amended Act on 6th of March 2015, the companies may produce electicity with power capacity up to 1,5 MW, using combined cycle and indirect use of biomass out of which total weight animal manure shall comprise not less than 50%. Thus the Companies' plans to produce electricity through thermal gasification with combined cycle from biomass of agricultural waste for power plants with power capacity up to 5MW become no longer applicable. The feed-in tariff for production of electricity by way of combined cycle and indirect use of biomass of animal manure and agricultural substance for power plants with capacity up to 1,5MW is fixed to 447,43 BGN/MWh.

On 24th July 2015 further changes in the Renewable Energy Act /REA/ entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company.

According to the amended REA, the feed-in tariffs and the preferential prices for electricity takeoff, being produced from biomass electrical plants with power output up to 1,5 MW, shall apply only for energy facilities working with combined cycle and indirect use of biomass of which overall weight not less than 60 per cent is to be animal manure. Furthermore, these incentives can be used only if the respective producer of electricity from renewable sources can prove to own authorized animal breading farm minimum three years before the date of submission of application for connection to the electrical grid and if the respective producer of electricity owns certain number of authorized animals with the purpose to prove the origin of the manure which is to be used as feedstock for the plant.Following the above mentioned changes in the legislation, the Company has started to reorganize and redesign further its existing power production facilities of Karlovo Biomass Power Plant and construction in progress of Heat Biomass Power Plant. The contracts for connection to the National Electricity signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mention legislative amendments, are no longer effective.

As of December 31, 2015 the projects under development in Bulgaria are the following:

- **Heat Biomass EOOD**, registered on 6 January 2011 with UIC 201384552 and with principal activity: production of pellets from straw using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Plovdiv Biomass EOOD**registered on 7 January 2011 with UIC 201385444 and with principal activity: : the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.

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

- **Nova Zagora Biomass EOOD,** registered on 7 January 2011 with UIC 201385519 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018.

- **Tvardica Biomass EOOD,** registered on 7 January 2011 with UIC 201384926 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Tvardica. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD,** which has the same principal activity: the development of a 2 MW thermal plant near the town of Tvarditza.

- **United Biomass EOOD,** registered on 6 January 2011 with UIC 201384562 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Letnitza. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2019.

The Company also has the ownership of **Biomass Distribution EOOD,** registered on 12 November 2012 with UIC 201336098 and with principal activity: processing of raw materials and biomass sources and production of pellets.

On 30 November 2012 Ebioss Energy AD has acquired control over **EQTEC IBERIA S.L.,** a Company registered in Spain. EQTEC IBERIA S.L. 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 December 2013 the Company participated in the incorporation of the joint-stock company Energotec-Eco AD through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total.

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 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 is located in municipality of Castiglione d'Orcia, Toscana region. As of 31st March 2015 the plant of Syngas Italy in Toscana Region of 1 MW has been put into operation and started to sell electricity.

EBIOSS ENERGY AD

DIRECTOR'S REPORT

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

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% 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 Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies.

In addition, on 4 August 2014 additional 1,62% from share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA

TNL SGPS LDA owns share participation in other companies domiciled in Spain, Portugal and Brazil. The whole group is specializing in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above. (See note 21.2)

Subsequently, on 26.06.2015 the Ordinary Annual General meeting of Ebioss Energy AD additionally approved a resolution in respect of accomplishment of private placement procedure for convertible bonds, under the following parameters: freely transferable, interest-bearing, convertible dematerialized bonds with overall nominal and emission value up to 20,000,000 BGN (in words: twenty million levs) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) years and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The emission convertible bonds, which is subject to the said resolution, is part of the overall approved amount of debt instruments, which the General meeting of "Ebioss Energy" AD has adopted for issuance, as per Minutes of the General meeting dated 13.02.2015. On the grounds of art. 194, para. 4 of the Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of the Bulgarian Commercial Act, the General meeting has delegated to the Board of Directors explicitly to waive the pre-emptive rights of the current shareholders of "Ebioss Energy" AD in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.

Review of current position, future developments and significant risks
The Group's development to date, financial results and position are presented in the consolidated financial statements. For the period 01 January 2015 - 31 December 2015 the financial result of the Group is net loss in the amount of EUR 2,404 thousand from which EUR 534 thousand is attributable to Non-controlling interests.
Net equity including negative Non-controlling interest of EUR 144 thousand is a positive figure amounting to EUR 37,107 thousand. As of 31 December 2015 the earnings per share are a negative value of EUR 0,05.

Share capital

There are no changes in share capital during the period.

EBIOSS ENERGY AD

DIRECTOR'S REPORT

System of internal control and management of risks

The Group has established a system of internal control to ensure true and reliable financial reporting, full compliance with the legislation in the countries where it has activities and achievement of the Group's objectives in terms of operational optimization.

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 27 of the consolidated financial statements.

Events after the reporting period

On 19th of February 2016 according to an agreement between EBIOSS ENERGY AD, CONECTA2 and the shareholders of CONECTA2, the investment agreement and shareholders agreement signed formerly between EBIOSS ENERGY AD and CONECTA2 have been rescinded. The parties agreed for buy-back of all the shares purchased by EBIOSS ENERGY AD for the price of 525,000 Euro. Subsequently, the payment of this amount was made by bank transfer on 23th of February 2016.

On 14 April 2016, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20th April 2021 and maturity dates of the coupon payments shall be as follows: 20th April 2017, 20th April 2018, 20th April 2019, 20th April 2020 and 20th April 2021.

There are no other significant events after the reporting period, which should be reflected or disclosed in these consolidated financial statements.

Director's responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable prudent judgements and estimates have been made in the preparation of the consolidated financial statements for the year ended 31 December 2015.

The Directors also confirm that applicable accounting standards have been followed and that the consolidated financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As of 31 December 2015 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

Sofia 28 April 2016

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Independent Auditor's Report

To the Shareholders of EBIOSS ENERGY AD

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of EBIOSS ENERGY AD ("the Company") and its subsidiaries (together with the Company, the "Group") which comprise the consolidated statement of financial position as of 31 December 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

For the year ended 31 December 2014, the Company has not eliminated unrealized intra-group profit from "Work performed by the entity and capitalized" of EUR 1,845 thousand. During 2015, the Company has accumulated new unrealized intra-group profit of EUR 656 thousand (see Note 4 to the accompanying consolidated financial statements) and has recognized EUR 501 thousand of the accumulated unrealized intra-group profit as of 31 December 2014 through reclassification and subsequent sale of non-current assets held for sale. As a result, "Work performed by the entity and capitalized" for the year ended 31 December 2015 and for the year ended 31 December 2014 is overstated by EUR 656 thousand and EUR 1,845 thousand, respectively and as of 31 December 2015 and 31 December 2014 Property, plant and equipment is overstated by EUR 2,568 thousand and EUR 2,413 thousand, respectively. If the unrealized intra-group profit has been properly eliminated, the consolidated net loss for 2015 would be decreased by EUR 155 thousand, the retained earnings would be decreased by EUR 2,413 thousand and the shareholder's equity would be decreased by EUR 2,568 thousand.

As of 31 December 2015 receivables from related parties and trade receivables recorded in the consolidated financial statements of the Company include receivable of EUR 646 thousand and EUR 340 thousand respectively, which are significantly overdue. The Company has not carried out an impairment test and has not recorded an impairment loss for these receivables. We have not therefore been provided with sufficient appropriate audit evidence, based on which to be able to conclude that the above stated receivables from related parties of EUR 646 thousand and trade receivables of EUR 340 thousand are fairly valued as of 31 December 2015.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph and for the effects of any adjustments that could have been determined to be necessary had we been able to satisfy ourselves as to the fair valuation of receivables from related parties and trade receivables, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

Emphasis of matter

Without qualifying further our auditor`s report, we would like to draw attention to the following:
As indicated in Notes 12 and 13, to the accompanying consolidated financial statements, the values of development costs are based on estimated discounted future cash flows and hence, along with goodwill are dependent on timing of the completion of the Peletization Plant Projects and commencement of the production. These values might change in case there are changes in the estimated completion of these Projects.

Baker Tilly Klitou and Partners Ltd

28 April 2016
Sofia, Bulgaria

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. № 129
БЕЙКЪР ТИЛИ КЛИТУ И ПАРТНЬОРИ ООД

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Note	2015 EUR'000	2014 EUR'000
Revenue	3	4,451	2,258
Other revenue		50	131
Revenue from sale of non-current asset held for sale	16	4,964	-
Net book value of asset held for sale	16	(3,278)	-
Gain on bargain purchases	13.5	-	2,736
Work performed by the entity and capitalized	4	5,218	13,033
Changes in inventories and work in progress		3	8
Share of loss from associated companies		(7)	(13)
Raw materials and consumables used	5	(1,724)	(2,968)
Cost of goods sold	6	(1,447)	(945)
Expenses for hired services	7	(5,723)	(9,195)
Employee benefit expenses	8	(2,890)	(1,805)
Depreciation and amortization	11,12	(520)	(228)
Other expenses	9	(1,169)	(578)
Profit (Loss) from operating activities		(2,072)	2,434
Finance income	10	23	2
Finance costs	10	(447)	(213)
Net finance cost		(424)	(211)
Profit/(Loss) before income tax		(2,496)	2,223
Income tax	23	92	353
Profit/(Loss) for the year		(2,404)	2,576
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of land, net of tax		52	49
		52	49
Items that may be reclassified to profit or loss:			
Equity accounted investees – foreign currency translation difference		60	-
		60	-
Other comprehensive income for the year, net of tax		112	49
Total comprehensive income for the year		(2,292)	2,625
Profit/(Loss) attributable to:			
Owners of the parent		(1,870)	1,948
Non-controlling interests		(534)	628
Profit/(Loss) for the year		(2,404)	2,576
Total comprehensive income attributable to:			
Owners of the parent		(1,802)	1,997
Non-controlling interests		(490)	628
Total comprehensive income for the year		(2,292)	2,625
Basic earnings (loss) per share (euro)	20	(0.05)	0.05

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2015 EUR'000	31.12.2014 EUR'000
Assets			
Non-current assets			
Property, plant and equipment	11	25,327	24,050
Intangible assets	12	11,201	11,041
Investments in associates	14.1	244	191
Other investments	14.2	615	115
Held to maturity investments	14.3	406	34
Trade and other receivables	15	37	43
Goodwill	13	4,736	4,736
Deferred tax assets	23	1,235	1,054
Total non-current assets		43,801	41,264
Current assets			
Inventory	17	1,879	1,592
Trade and other receivables	15	9,279	3,597
Cash at bank and in hand	18	3,333	5,713
Trade and other receivables from related parties	29	698	879
		15,189	11,781
Non-current assets held for sale	16	725	-
Total current assets		15,914	11,781
Total assets		59,715	53,045
Equity and liabilities			
Equity			
Share capital	19.1	20,918	20,918
Share premium	19.2	15,934	15,351
Reserve for own shares	19.3	(41)	(668)
Revaluation surplus		139	87
Translation reserve		16	-
Retained earnings		285	2,155
Equity attributable to owners of the parent		37,251	37,843
Non-controlling interests		(144)	346
Total equity		37,107	38,189
Non-current liabilities			
Loans payable to third parties	21	13,565	7,123
Provisions	25	139	122
Finance leases	26	55	33
Deferred tax liabilities	23	1,115	1,110
Total non-current liabilities		14,874	8,388
Current liabilities			
Loans due to related parties	22	844	927
Loans payable to third parties	21	2,114	1,215
Trade and other payables	24	4,560	3,720
Other payables to related parties	29	96	234
Finance leases	26	36	17
Income tax payable	23	84	355
Total current liabilities		7,734	6,468
Total liabilities		22,608	14,856
Total equity and liabilities		59,715	53,045

These consolidated financial statements are approved on behalf of EBIOSS ENERGY AD on 28.04.2016.

Executive Director:
Jose Oscar Leiva Mendez

Ебиос Енерджи АД София

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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
Total comprehensive income								
Profit for the year	-	-	-	-	1,948	1,948	628	2,576
Other comprehensive income	-	-	-	49	-	49	-	49
Total comprehensive income	-	-	-	49	1,948	1,997	628	2,625
Transactions with owners of the Parent								
Contributions by and distributions to owners of the Parent								
Issue of ordinary shares /note 19/	2,896	12,963	-	-	-	15,859	-	15,859
Share issue costs	-	(814)	-	-	-	(814)	-	(814)
Own shares acquired	-	(3,511)	(1,343)	-	-	(4,854)	-	(4,854)
Own shares sold	-	2,253	696	-	-	2,949	-	2,949
Total contributions by and distributions to owners of the parent	2,896	10,891	(647)	-	-	13,140	-	13,140
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interest without a change in control /notes 13.7,13.8/	-	-	-	-	14	14	(53)	(39)
Non-controlling interest at proportional share of fair value of net asset /note 13.6/	-	-	-	-	-	-	(479)	(479)
Total transactions with owners of the parent	2,896	10,891	(647)	-	14	13,154	(532)	12,622
Balance at 31 December 2014	20,918	15,351	(668)	87	2,155	37,843	346	38,189

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Translation resevre 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 2015	20,918	15,351	(668)	87	-	2,155	37,843	346	38,189
Total comprehensive income									
Loss for the year	-	-	-	-	-	(1,870)	(1,870)	(534)	(2,404)
Other comprehensive income	-	-	-	52	16	-	68	44	112
Total comprehensive income	-	-	-	52	16	(1,870)	(1,802)	(490)	(2,292)
Transactions with owners of the Parent									
Contributions by and distributions to owners of the Parent									
Own shares acquired	-	(2,128)	(1,819)	-	-	-	(3,947)	-	(3,947)
Own shares sold	-	2,711	2,446	-	-	-	5,157	-	5,157
Total transactions with owners of the parent	-	583	627	-	-	-	1,210	-	1,210
Balance at 31 December 2015	20,918	15,934	(41)	139	16	285	37,251	(144)	37,107

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2015 EUR'000	2014 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit /(Loss) before tax		(2,496)	2,223
Adjustments to profit:			
Depreciation and amortization		520	228
Interest expense		355	140
Interest income		(23)	(2)
Other financial expense		92	-
Impairment losses		290	82
Changes in provisions		9	122
Share of loss of equity accounted investees		7	13
Profit on sale of non-current assets held for sale		(1,686)	-
Gain on bargain purchases		-	(2,736)
Cash flows from operations before working capital changes		(2,932)	70
Change in:			
Inventories		(457)	(701)
Trade and other payables		560	331
Trade and other receivables		(651)	(2,293)
Other cash flow from operating activities			
Interest paid		(234)	(140)
Interest received		23	2
Other financial expense paid		(92)	-
Income tax paid		(360)	(2)
Net cash flows from/(used in) operating activities		(4,143)	(2,733)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(5,438)	(13,052)
Acquisition of intangible assets		(339)	(321)
Acquisition of subsidiaries, net of cash acquired		-	(630)
Acqusition of other investments		(872)	-
Loans granted to related party		-	(10)
Net cash flows used in investing activities		(6,649)	(14,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	15,859
Payments related to issue of new shares		-	(1,022)
Proceeds from issue of corporate bonds		7,000	-
Payments related to issue of corporate bonds		(47)	-
Repayment of loan from related party		(398)	(556)
Proceeds on loan from related party		315	30
Proceeds from sale of own shares		5,157	2,949
Repurchase of own shares		(3,947)	(4,854)
Proceeds from bank borrowing		2,722	5,282
Repayment of bank borrowing		(2,299)	(635)
Transaction costs related to bank borrowings		(14)	-
Payment of finance lease liabilities		(77)	-
Net cash flows from financing activities		8,412	17,053
Net increase/ (decrease) in cash and cash equivalents		(2,380)	307
Cash and cash equivalents at 1 January		5,713	5,406
Cash and cash equivalents at 31 December	18	3,333	5,713

The notes on pages 16 to 63 are an integral part of these consolidated 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. The financial statements as at 31 December 2015 consolidate the individual financial statements of 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 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 EUR 5.11 (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
Electra 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	2,136	1,092
Total:	**100**	**2,423,550**	**24,236**	**12,392**

The increase of the share capital of the 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
Plovdiv Biomass	979
United Biomass	1,090
Total:	**12,392**

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.

On 21 December 2012 according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

During 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022.

During 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand (see note 19.1)

As at 31 December 2015 the share capital of Ebioss Energy AD belongs to 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	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sungroup Bulgaria EOOD	5.73	2,344,000	2,344	1,198
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,265	509	260
Minority shareholders	47.23	19,323,396	19,324	9,881
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 52.77% of the share capital of the Company as at 31.12.2015.

The minority shareholders are those who subscribed shares in two subsequent capital increases made in 2013 and 2014 by means of public offering of shares on the Spanish Alternative Stock Exchange Market – MAB. These shareholders own 47.23% of the share capital of the Company as at 31.12.2015.

Principal activities

The principal activities of the Group are management, engineering and construction of gasification power plants, production of pelets and sale and management of waste collection systems.

Due to amendments in the Renewable Energy Act that entered into force in 2015 in Bulgaria the projects have been modified.

2. Incorporation and principal activities (continued)

Principal activities (continued)

According to the amended Act on 6th of March 2015, the companies may produce electicity with power capacity up to 1,5 MW, using combined cycle and indirect use of biomass out of which total weight animal manure shall comprise not less than 50%. Thus the Companies' plans to produce electricity through thermal gasification with combined cycle from biomass of agricultural waste for power plants with power capacity up to 5MW become no longer applicable. The feed-in tariff for production of electricity by way of combined cycle and indirect use of biomass of animal manure and agricultural substance for power plants with capacity up to 1,5MW is fixed to 447,43 BGN/MWh.

According to the amended Act on 6th of March 2015, the companies may produce electicity with power capacity up to 1,5 MW, using combined cycle and indirect use of biomass out of which total weight animal manure shall comprise not less than 50%. Thus the Companies' plans to produce electricity through thermal gasification with combined cycle from biomass of agricultural waste for power plants with power capacity up to 5MW become no longer applicable. The feed-in tariff for production of electricity by way of combined cycle and indirect use of biomass of animal manure and agricultural substance for power plants with capacity up to 1,5MW is fixed to 447,43 BGN/MWh.

On 24th July 2015 further changes in the Renewable Energy Act /REA/ entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company.

According to the amended REA, the feed-in tariffs and the preferential prices for electricity takeoff, being produced from biomass electrical plants with power output up to 1,5 MW, shall apply only for energy facilities working with combined cycle and indirect use of biomass of which overall weight not less than 60 per cent is to be animal manure. Furthermore, these incentives can be used only if the respective producer of electricity from renewable sources can prove to own authorized animal breading farm minimum three years before the date of submission of application for connection to the electrical grid and if the respective producer of electricity owns certain number of authorized animals with the purpose to prove the origin of the manure which is to be used as feedstock for the plant.Following the above mentioned changes in the legislation, the Company has started to reorganize and redesign further its existing power production facilities of Karlovo Biomass Power Plant and construction in progress of Heat Biomass Power Plant. The contracts for connection to the National Electricity signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mention legislative amendments, are no longer effective.

As of December 31, 2015 the projects under development in Bulgaria are the following:

- **Heat Biomass EOOD**, registered on 6 January 2011 with UIC 201384552 and with principal activity: production of pellets from straw using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Karlovo Biomass EOOD**, registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

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

- **Plovdiv Biomass EOOD**registered on 7 January 2011 with UIC 201385444 and with principal activity: : the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.

- **Nova Zagora Biomass EOOD,** registered on 7 January 2011 with UIC 201385519 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018.

- **Tvardica Biomass EOOD,** registered on 7 January 2011 with UIC 201384926 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Tvardica. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD,** which has the same principal activity: the development of a 2 MW thermal plant near the town of Tvarditza.

- **United Biomass EOOD,** registered on 6 January 2011 with UIC 201384562 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Letnitza. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2019.

The Company also has the ownership of **Biomass Distribution EOOD,** registered on 12 November 2012 with UIC 201336098 and with principal activity: processing of raw materials and biomass sources and production of pellets.

On 30 November 2012 Ebioss Energy AD has acquired control over **EQTEC IBERIA S.L.**, a Company registered in Spain. EQTEC IBERIA S.L. 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 December 2013 the Company participated in the incorporation of the joint-stock company Energotec-Eco AD through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total.

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

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 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 is located in municipality of Castiglione d'Orcia, Toscana region. As of 31st March 2015 the plant of Syngas Italy in Toscana Region of 1 MW has been put into operation and started to sell electricity.

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% 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 Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies.

In addition, on 4 August 2014 additional 1,62% from share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA

TNL SGPS LDA owns share participation in other companies domiciled in Spain, Portugal and Brazil. The whole group is specializing in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

As at 31 December 2015 the following entities are subsidiaries and/or sub-subsidiaries of Ebioss Energy AD and are consolidated in the financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 31.12.2015	% ownership 31.12.2014
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%
Biomass Distribution EOOD	Bulgaria	100%	100%
Brilla EOOD	Bulgaria	100%	100%
Tvardica PV EOOD	Bulgaria	100%	100%
Eqtec Bulgaria EOOD	Bulgaria	47.97%	47.97%
EQTEC Iberia S.L.	Spain	47.97%	47.97%
Energotec-Eco AD	Bulgaria	46.36%	46.36%
Syngas Italy S.P.A.	Italy	100%	100%
TNL SGPS	Portugal	52.62%	52.62%
TNL SA	Portugal	52.62%	52.62%
Hirdant	Portugal	52.62%	52.62%
TNL SL	Spain	42.10%	42.10%
Addom	Spain	52.62%	52.62%
TNL World	Bulgaria	52.62%	-

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

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above. (See note 21.2)

Subsequently, on 26.06.2015 the Ordinary Annual General meeting of Ebioss Energy AD additionally approved a resolution in respect of accomplishment of private placement procedure for convertible bonds, under the following parameters: freely transferable, interest-bearing, convertible dematerialized bonds with overall nominal and emission value up to 20,000,000 BGN (in words: twenty million levs) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) years and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The emission convertible bonds, which is subject to the said resolution, is part of the overall approved amount of debt instruments, which the General meeting of "Ebioss Energy" AD has adopted for issuance, as per Minutes of the General meeting dated 13.02.2015. On the grounds of art. 194, para. 4 of the Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of the Bulgarian Commercial Act, the General meeting has delegated to the Board of Directors explicitly to waive the pre-emptive rights of the current shareholders of "Ebioss Energy" AD in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.

2. Accounting policies

Basis of preparation

These consolidated financial statements were authorised for issue by the Board of Directors on 28 April 2016.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU.

The consolidated financial statements have been prepared on the historical cost basis, modified for certain fixed assets, such as land, measured at fair values.

Use of estimates and judgements

In preparing these 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 11 *Property, plant and equipment*
- Note 12 *Intangible assets*
- Note 16 *Assets held for sale*

2. Accounting policies (continued)

Going concern basis of accounting

The consolidated financial statements of the Group as at 31 December 2015 have been prepared on the basis of the going concern concept. Management's opinion is that the funds secured by the shareholders and long term financing obtained through issuing of bonds are adequate to finance the future planned activities of the Group.

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. The consideration transferred for the acquisition of subsidiary is the fair values of assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from contingent consideration arrangement. Identifiable assets acquired and contingent consideration assumed in business combination are measured at fair values at the acquisition date. Acquisition costs are expensed as incurred.

(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 (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences and they are deconsolidated from 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, other than unrealised profit are eliminated.

2. Accounting policies (continued)

Basis for consolidation (continued)

(vi) Acquisitions 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 consolidated 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.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The key operating decision maker has determined two operating segments for reporting purposes – construction, management and operation of Biomass Power plants and Peletization Plants and Sale and management of waste collection systems.

Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor`s share of the profit or loss of the investee after the date of acquisition. The Group`s investment in associates includes goodwill identified on acquisition.

The Group`s share of post acquisition profit or loss is recognized in the income statement, and its share in post acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of investment. When the Group`s share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of associate.

2. Accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group`s entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Except for the subsidiaries EQTEC Iberia SL, Spain, Syngas Italy S.R.L., TNL SGPS Portugal, TNL SA Portugal, TNL SL Spain, Hirdant Portugal and Addom Spain which functional currency is EUR, the functional currency of the Parent and other subsidiaries in the Group is BGN. The consolidated financial statements are presented in thousands of EUR, which is the Group'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.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency at the exchange rate of EUR to BGN of 1/1,95583, as the Bulgarian lev (BGN) is pegged to the euro (EUR).

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.

2. Accounting policies (continued)

Finance income and finance costs (continued)

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

General and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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 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.

2. Accounting policies (continued)

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

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.

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 land as at the date of revaluation less any subsequent 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.

2. Accounting policies (continued)

Property, plant and equipment (continued)

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	4-14 years
Furniture	10 years
Computers	2-3 years
Motor vehicles	4-6 years
Power plants	12-20 years

Land is not depreciated.

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.

Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acqruee and the acquisition date fair value of any previous equity interest in the acqruee over the fair value of identifiable assets acquired is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses.

If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less that the fair value of net assets in subsidiary acquired, in the case of bargain purchase, the difference is directly recognized in income statement.

Intangible assets acquired separetely 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.

2. Accounting policies (continued)

Intangible assets and goodwill (continued)

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 initially at fair value, which reflects 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:

Patents and trademarks	5 years
Development costs	5 years
Computer software	3 years

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. Leases in which a significant portion of the risks and rewards are retained by the lessor re 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.

2. Accounting policies (continued)

Leased assets (continued)

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.

Payments made under operating leases (net from the any incentives received from the lessor) are charged to the income statement on straight line basis over the period of lease.

Inventories

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

Net realisable 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.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

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

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise of bonds.

Accounting policies (continued)

Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Available-for-sale financial assets comprise of equity instruments that do not have quated market price.

(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 obligations to pay for goods or services in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.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 recognised 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.

2. Accounting policies (continued)

Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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.

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. Provisions are not recognized for future operating losses. Provisions are measured at fair value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase of the provision due to passage of time is recognized as interest expense.

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.

2. Accounting policies (continued)

Impairment of assets (continued)

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.

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 recognised 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 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.

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 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 recognises 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.

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.

Where any Group company purchases the Group`s equity share capital (treasury shares) the consideration paid including directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group`s equity holders until the shares are cancelled or re-issued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group`s shareholders.

Non-current liabilities

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

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board (IASB) which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Standards issued by IASB/IFRIC and endorsed by EU, but not yet effective and not early adopted

Standards issued but not yet effective and not early adopted up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt those standards when they become effective.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative
These amendments are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle
These set of amendments impacts four standards: IFRS 5 Non-current assets held for sale and discontinued operations regarding methods of disposal, IFRS 7 Financial instruments: Disclosures, (with consequential amendments to IFRS 1) regarding servicing contracts, IAS 19 Employee benefits regarding discount rates, IAS 34 Interim financial reporting regarding disclosure of information.

These improvements are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the improvements on its financial statements.

Amendments to IAS 27 Equity Method on Separate Financial Statements
These amendments are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
These amendments are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization
These amendments are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
These amendments are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the amendments on its financial statements.

Standards issued by IASB, but not yet effective and not yet endorsed by EU

IFRS 9 *Financial Instruments*
The new standard is effective for annual periods beginning on or after 1 January 2018. The Group is in process of assessing the impact of the new standard on its financial position or performance.

IFRS 14 Regulatory Deferral Accounts
The new standard is effective for annual periods starting on or after 1 January 2016. Endorsement process is postponed by EU for indefinite period. The Group is in process of assessing the impact of the new standard on its financial statements.

IFRS 15 Revenue from Contracts with Customers
The new standard is effective for annual periods starting on or after 1 January 2018. The Group is in the process of assessing the impact of the new standard on its financial statements.

IFRS 16 Leases
The new standard is effective for annual periods starting on or after 1 January 2019. The Group is in the process of assessing the impact of the new standard on its financial statements.

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception.
These amendments are effective for annual periods starting on or after 1 January 2016. The Group is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The effective date is deferred indefinitely. The adoption of these amendments by EU is postponed. The Group is in the process of assessing the impact of the amendments on its financial statements.

Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
These amendments are effective for annual periods starting on or after 1 January 2017. The Group is in the process of assessing the impact of the amendments on its financial statements.

Amendment to IAS 7: Disclosure Initiative
These amendments are effective for annual periods starting on or after 1 January 2017. The Group is in the process of assessing the impact of the amendments on its financial statements

Clarification to IFRS 15 Revenue from Contracts with Customers
These amendments are effective for annual periods starting on or after 1 January 2018. The Group is in the process of assessing the impact of the amendments on its financial statements

3. Revenue

	2015 EUR'000	2014 EUR'000
Rendering of services	2,509	1,047
Sales of goods	1,918	1,211
Sales of electricity	24	-
	4,451	2,258

4. Work performed by the entity and capitalized

	2015 EUR'000	2014 EUR'000
Project Heat Biomass	-	(1,604)
Project Karlovo Biomass	3,581	11,934
Biomass Distribution	1,293	1,622
Syngas Italy	60	1,081
Eqtec Iberia	120	-
TNL	164	-
	5,218	13,033

For 2015 the Group has not eliminated the intragroup unrealized profit amounting to EUR 656 thousand (2014: EUR 1,845 thousand).

5. Raw materials and consumables used

Raw materials and consumables represent mainly materials related to construction of Biomass Power Plant Projects, incurred by EQTEC Iberia and Syngas Italy.

6. Cost of goods sold

	2015 EUR'000	2014 EUR'000
Waste containers	1,447	945
	1,447	945

7. Expenses for hired services

	2015 EUR'000	2014 EUR'000
Subcontractors services related to construction of plants	3,775	7,619
Professional services	847	504
Advertising expenses	151	63
Office rent	208	154
Telephone expenses	85	44
External transport services	27	20
Other expenses for hired services	630	791
	5,723	9,195

8. Employee benefit expenses

	2015 EUR'000	2014 EUR'000
Wages and salaries	2,439	1,503
Compulsory social security contribution	393	236
Voluntary social security contribution	9	38
Accrued expenses for unused paid leave	25	15
Other	24	13
	2,890	1,805

9. Other expenses

	2015 EUR'000	2014 EUR'000
Stock exchange and investors related expenses	250	180
Insurances	94	47
Impairment loss trade receivables and/or inventory	290	82
Other expenses	535	269
	1,169	578

10. Finance income and costs

	2015 EUR'000	2014 EUR'000
Interest income	23	2
Finance income	**23**	**2**
Interest expense	(355)	(140)
Net FX loss	(26)	(23)
Bank expenses	(66)	(50)
Finance costs	**(447)**	**(213)**
Net finance costs recognised in profit or loss	**(424)**	**(211)**

Notes to the consolidated financial statements

11. Property, plant and equipment

	Land	Power plants	Equipment	Furniture	Computers	Vehicles	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost								
Balance at 1 January 2014	984	-	121	61	54	108	4,971	6,299
Additions	118	-	288	6	23	8	14,948	15,391
Additions from business combinations	-	-	979	-	7	45	3,400	4,431
Revaluation	57	-	-	-	-	-	-	57
Disposals	(56)	-	(4)	(8)	(37)	(50)	(1,703)	(1,858)
At 31 December 2014	1,103	-	1,384	59	47	111	21,616	24,320
Additions	5	-	4	14	6	117	5,419	5,564
Reclassification	-	4,511	-	-	-	-	(4,511)	-
Reclassification to assets held for sale	-	-	-	-	-	-	(4,003)	(4,003)
Revaluation	57	-	-	-	-	-	-	57
Disposals	-	-	(2)	-	(6)	(66)	-	(74)
At 31 December 2015	1,165	4,511	1,386	73	47	162	18,521	25,865
Depreciation and impairment losses								
Balance at 1 January 2014	-	-	18	33	29	100	-	180
Charge for the period	-	-	104	6	11	28	-	149
Impairment loss	-	-	-	-	-	-	40	40
Disposals	-	-	(4)	(8)	(37)	(50)	-	(99)
Balance at 31 December 2014	-	-	118	31	3	78	40	270
Charge for the period	-	13	260	10	17	41	-	341
Disposals	-	-	(2)	-	(6)	(65)	-	(73)
Balance at 31 December 2015	-	13	376	41	14	54	40	538
Net book value								
At 31 December 2014	1,103	-	1,266	28	44	33	21,576	24,050
At 31 December 2015	1,165	4,498	1,010	32	33	108	18,481	25,327

11. Property, plant and equipment (continued)

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 different projects: the biomass gasification power plants by Heat Biomass, Karlovo Biomass, pelletization plant by Biomass Distribution etc /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.

The Group has capitalized interest expenses amounting to EUR 392 thousand directly related to construction of Karlovo Biomass plant.

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

All assets of the subisidiary Karlovo Biomass EOOD are pledged as collateral under loan contract dated 02.06.2014 between subsidiary company Karlovo Biomass EOOD and United Bulgarian Bank (see Note 21).

Fair value of the land

The management of the Group determines the fair value of the land based on valuation of independent appraisers. 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 2015:

	Carrying amount of land	Value according to the valuation report	Excess of fair value over carrying amount
	EUR'000	EUR'000	EUR'000
Peletization plant of Heat Biomass EOOD	47	47	-
Peletization plant of Karlovo Biomass EOOD	113	113	-
Peletization plant of Tvardica Biomass EOOD	87	87	-
Peletization plant of Nova Zagora Biomass EOOD	146	146	-
Peletization plant of Plovdiv Biomass EOOD	93	93	-
Peletization plant of United Biomass EOOD	207	207	-
Tvarditsa PV EOOD	195	195	-
Brila EOOD	86	86	-
Biomass Distribution EOOD	191	191	-
Total	1,165	1,165	-

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.

12. Intangible assets

	Development costs in progress	Development costs	Patents and trade- marks	Software	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Cost					
Balance at 1 January 2014	10,337	-	186	67	10,590
Additions	38	36	206	41	321
Additions from business combinations	-	253	5	4	262
Disposals	-	-	-	(31)	(31)
Balance at 31 December 2014	10,375	289	397	81	11,142
Additions	1	373	3	-	377
Disposals	(38)	-	-	-	(38)
Balance at 31 December 2015	10,338	662	400	81	11,481
Amortisation					
Balance at 1 January 2014	-	-	-	53	53
Charge for the period	-	42	24	13	79
Disposals	-	-	-	(31)	(31)
Balance at 31 December 2014	-	42	24	35	101
Charge for the period	-	79	81	19	179
Balance at 31 December 2015	-	121	105	54	280
Net book value					
At 1 January 2014	10,337	-	186	14	10,537
At 31 December 2014	10,375	247	373	46	11,041
At 31 December 2015	10,338	541	295	27	11,201

Development costs in progress as at 31 December 2015 represent licences, contracts, permits, designs, etc. related to development phase of the following seven projects for construction and operation of Peletization Plants:

	EUR'000
Peletization Plant of Heat Biomass EOOD	2,583
Peletization Plant of Karlovo Biomass EOOD	2,986
Peletization Plant of Tvarditsa Biomass EOOD	1,745
Peletization Plant of Nova Zagora Biomass EOOD	1,090
Peletization Plant of Plovdiv Biomass EOOD	1,003
Peletization Plant of United Biomass EOOD	930
Tvarditsa PV EOOD	1
	10,338

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 projects and commencement of production (see also Note 1). Their amortization will start when the Projects are finalized and the production commences.

Development cost in progress with carrying amount EUR 2,986 thousand are pledged as collateral under loan contract dated 02.06.2014 between subsidiary company Karlovo Biomass EOOD and United Bulgarian Bank (see note 21).

12. Intangible assets (continued)

Review for impairment

The management of the Group determines the fair value of development costs in progress related to the Peletization plants based on valuation of independent appraisers. 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 2015:

	Carrying amount of development costs in progress	Value according to the valuation report	Excess of fair value over carrying amount
	EUR '000	EUR '000	EUR '000
Peletization Plant of Heat Biomass EOOD	2,583	4,177	1,594
Peletization Plant of Karlovo Biomass EOOD	2,986	5,317	2,331
Peletization Plant of Tvarditsa Biomass EOOD	1,745	4,170	2,425
Peletization Plant of Nova Zagora Biomass EOOD	1,090	4,034	2,944
Peletization Plant of Plovdiv Biomass EOOD	1,003	4,057	3,054
Peletization Plant of United Biomass EOOD	930	3,509	2,579
Tvarditsa PV EOOD	1	-	
Total	10,338	25,264	14,927

No valuation report for development costs in relation to Tvarditsa PV, incurred in 2015, has been prepared. Management of the Group has estimated that the development costs related to Tvarditsa PV Power Plant are recoverable as at 31 December 2015 and do not need to be impaired.

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.

13. Acquisitions of subsidiaries

13.1 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 Ebioss 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 projects. See also Note 1.

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 EOOD EUR'000	Total EUR'000
Consideration transferred	3,500	3,500	979	1,278	1,090	2,045	-	1	3	12,396
Fair value of identifiable net assets:										
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)

13. Acquisitions of subsidiaries (continued)

13.2. Acquisition of Eqtec Iberia, SL

On 30 November 2012 Ebioss Energy AD has also acquired control over EQTEC Iberia Sl,, 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
Fair value of identifiable net assets:	
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

13.3 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 Sl 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 31.12.2014 the Group has effective holding of 46.36% in Energotec-Eco AD.

13.4 Acquisition of additional shares in 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 decrease non-controlling interest from 55% to 52%. The Group recognised:

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

13. Acquisitions of subsidiaries (continued)

13.5 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
Fair value of identifiable net assets:	
Property, plant and equipment	3,400
Investment in group companies and associates	115
Trade and other receivables	50
Bank deposits	4
Trade and other payables	(183)
Total fair value of identifiable net assets:	3,386
Gain on a bargain purchases	2,736

13.6 Acquisition of TNL SGPS, Portugal

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% of the shares of TNL SGPS LDA in Portugal, a company dully registered and existing under the laws of Portugal for the amount of 1,550 thousand EUR. As of the acquisition date TNL SGPS controls the following companies:

- TNL – Sociedade de Equipamentos Ecológicos e Sistemas Ambientais, SA (Portugal) – 100%;
- HIRDANT – Higiene e representações, Lda (Portugal) – 100%;
- TNL Equipamientos Ambientales SL (Spain) – 33.31%
- ADDOM Equipamientos SL (Spain) – 74.92%

TNL SGPS also holds a 50% stake in the company "Citytainer Brasil Soluções Ambientais, Ltda" based in S.Paulo (Brazil). Ebioss Energy has significant influence over this Company, but does not exercise control.

13. Acquisitions of subsidiaries (continued)

13.6 Acquisition of TNL SGPS, Portugal (continued)

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

in thousand EUR	TNL SGPS	TNL SA	Hirdant	TNL SL	Addom
Consideration transferred	1,550	-	-	-	-
Ebioss Energy share from investments in sub-subsidiaries	-	1,350	71	3	79
Total consideration transferred	1,550	1,350	71	3	79
Fair value of identifiable net assets:					
Property, plant and equipment	-	1,016	10	-	5
Intangible assets	3	267	-	-	-
Investments in group companies and associates	2,948	-	-	-	-
Investments in associates	214	-	-	-	-
Other financial assets	850	34	-	16	-
Trade and other receivables	267	2,062	94	288	35
Deferred tax asset	-	392	-	-	-
Inventories	-	691	14	20	-
Cash and cash equivalents	1,430	114	-	72	-
Bank loans	-	(3,631)	-	-	-
Loans from related parties	(1,200)	(950)	-	-	(17)
Deferred tax liabilities	-	(3)	-	-	-
Trade and other payables	(190)	(2,078)	(47)	(580)	(41)
Total fair value of identifiable net assets:	4,322	(2,086)	71	(184)	(18)
% share of Ebioss Energy	51%	51%	51%	17%	38.2%
Share of net assets Ebioss Energy	2,204	(1,064)	36	(31)	(7)
Non-controlling interest at proportional share of fair value of net assets	2,118	(1,022)	35	(153)	(11)
Goodwill	(654)	2,414	35	34	86

The total goodwill recognised as a result of the acquisition of TNL SGPS and its subsidiaries is EUR 1,915 thousand.

The total non-controlling interest recognised as a result of the acquisition of TNL SGPS and its subsidiaries amounts to EUR (479) thousand and is equal to non-controlling interest at proportional share of fair value of net assets at the date of acquisition less non-controlling share of investments in sub-subsidiaries.

13.7 Acquisition of additional shares in existing subsidiary

On 4 August 2014 Ebioss Energy AD acquired additional 1.62 % interest in TNL SGPS for EUR 50 thousand in cash, increasing its ownership from 51% to 52.62%. The Group recognised:

- a decrease in NCI of EUR 36 thousand;
- a decrease of retained earnings of EUR 14 thousand.

13.8 Acquisition of additional shares in existing sub-subsidiaries

In September and October 2014 TNL SGPS acquires additional shares in TNL SL and Addom SL, increasing its ownership to respectively 80% and 100%. Following these transaction the ownership of Ebioss Energy AD in TNL SL and Addom SL has reached respectively 42.10% and 52.62%. The Group recognized:

- a decrease in NCI of EUR 17 thousand;
- an increase of retained earnings of EUR 28 thousand.

13. Acquisitions of subsidiaries (continued)

13.9 Acquisition of TNL World, Bulgaria by TNL SGPS, Portugal

On 17 September 2015 accroding to agreement for purchase of shares, TNL SGPS acquired 100% of the shares of TNL World EOOD, Bulgaria (previously called "Val Biomass" EOOD). TNL World will be primarily engaged in production, engineering and trading with waste containers. At the point of acquisition TNl World's net asset was zero and the consideration transferred was less then 1 thousand EUR.

14. Investments

14.1 Investments in associates	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Investment in Citytainer Brasil – Soluções Ambientais, LTDA, held by TNL SGPS	244	191
	244	191

Investment in associate represents 50% stake in the company "Citytainer Brasil Soluções Ambientais, Ltda" based in S.Paulo (Brazil). Ebioss Energy has significant influence over this Company, but does not exercise control.

14.2 Other investments available for sale	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Investment in EAL COMPOST SRL, held by Syngas Italy	115	115
Investment in CONECTA2 ENERGIA S.L	500	-
	615	115

On 20th of April 2015 Ebioss Energy signed an Agreement for investment intention with the Spanish company CONECTA2 ENERGIA S.L, domiciled in the city of Barcelona. According to it Ebioss is to be admitted as shareholder in the capital of CONECTA2 ENERGIA S.L. The parties agreed to perform legal procedure of gradual capital increase of the registered capital of CONECTA2 ENERGIA S.L. within approximately 1-year term, whereat Ebioss shall consecutively subscribe certain portions of newly emitted shares up to 50,01% of the registered capital of CONECTA2 ENERGIA S.L, making an overall equity investment in the receiving company of EUR 1,500,000. As at 31 December 2015 Ebioss Energy AD has acquired 16.7 % of the capital of CONECTA2 ENERGIA S.L for the amount of EUR 500 thousand. See also note 31.

14.3 ***Held to maturity investments***	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Stocks held from Mutual Guarantee Societies	34	34
Bonds – Sense Esco Belisce D.o.o.	372	-
	406	34

15. Trade and other receivables

<u>Current part of trade and other receivables</u>	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Trade receivables from clients	7,305	2,091
Advance payments to suppliers	110	95
Refundable VAT	1,495	1,058
Receivables from employees	1	5
Other receivables	368	348
	9,279	3,597

15. Trade and other receivables (continued)

Non- current part of trade and other receivables	31.12.2015 EUR'000	31.12.2014 EUR'000
Other receivables	37	43
	37	43

16. Non-current assets held for sale

Following a change in the Renewable Energy Act (see Note 1) during the year the management committed to a plan to reorganize, redesign and sell part of the existing power production facilities of Karlovo Biomass Plant. Accordingly, idle equipment was classified as non-current assets held for sale during 2015. During 2015 the Group sold to external party part of this equipment with net book value EUR 3,278 thousand and recognized revenue of EUR 4,964 thousand.

As of 31 December 2015 the Group has presented as non-current asset held for sale the remaining part of the idle equipment related to Karlovo Biomass of EUR 725 thousand, measured at the lower of its carrying amount and fair value less costs to sell.

Efforts to sell the remaining asset continue and a sale is expected in the course of 2016. The asset held for sale is part of Operating Segment 1 *Construction and management of peletization plants* (see Note 28).

17. Inventory

	31.12.2015 EUR'000	31.12.2014 EUR'000
Work in progress	411	122
Raw materials and consumables	784	809
Spare parts	176	-
Goods	508	661
	1,879	1,592

18. Cash at bank and in hand

	31.12.2015 EUR'000	31.12.2014 EUR'000
Cash at bank	3,153	5,580
Cash in hand	180	133
	3,333	5,713

19. Capital and capital reserves

19.1. 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**	**thousand EUR**
Balance on 1 January 2014		7,049,693	18,022
Share split	a)	28,198,772	-
New issues	b)	5,663,951	2,896
Balance at 31 December 2014		40,912,416	20,918
Balance at 31 December 2015		40,912,416	20,918

a) 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 changed, without changing the amount of the register capital.The existing shares were divided into five, i.e. the split ratio used is five-for-one.

b) 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.

19.2. Share Premium Reserve

The share premium reserve is the difference between consideration received or receivable for the issue of shares and the nominal value of the shares, net of share issue costs. Share premium reserve may be distributed as dividends under certain conditions, required to be fulfilled as per Bulgarian Trade Law.

19.3. Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company.

As at 31 December 2014 the Company held 1,305,808 own shares with nominal value EUR 0.51 (BGN 1).

As at 31 December 2015 the Company held 80,807 own shares with nominal value EUR 0.51 (BGN 1).

20. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the (loss) attributable to ordinary shareholders of EUR (1,870) thousand (31 December 2014: EUR 1,948 thousand), and a weighted average number of ordinary shares outstanding of 39,078 thousand (31 December 2014: 38,124 thousand), calculated as follows:

(i) Profit attributable to ordinary shareholders (basic)

In thousands of EUR	**31.12.2015**	**31.12.2014**
Loss for the year	(1,870)	1,948
Loss attributable to ordinary shareholders	(1,870)	1,948

(ii) Weighted average number of ordinary shares (basic)

In thousands of shares	**31.12.2015**	**31.12.2014**
Issued ordinary shares at 1 January	40,912	7,050
Effect of share split in May 2014	-	28,200
Effect of shares issued in June 2014	-	3,304
Effect from repurchased own shares	(934)	(430)
Weighted average number of ordinary shares at 31 December	39,978	38,124
Earnings per share (EUR)	(0.05)	0.05

Diluted earnings per share

The Group does not have dilutive potential ordinary shares in form of convertible bonds or share options.

21. Loans payable to third parties

This note provides information about the contractual terms of the Group's interest-bearing bank loans and issued corporate bonds, which are measured at amortised cost. More information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 27.

In thousands of EUR	**31.12.2015**	**31.12.2014**
Non-current liabilities		
Unsecured corporate bonds issues	6,811	-
Bank loans	6,754	7,123
	13,565	7,123
Current liabilities		
Unsecured corporate bonds issues	121	-
Bank loans	1,993	1,215
	2,114	1,215

21. Loans payable to third parties (continued)

21.1 Bank loans

Bank loans structure as at 31 December 2015:

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 31.12.2015 EUR'000	Maturity
CAIXABANK	92	6.17%	11	15.06.2016
CAIXABANK	32	4.70%	16	26.06.2017
BANK SABADELL	5	5.13%	3	20.07.2017
CAIXABANK	250	2.75%	179	30.04.2017
BBVA	150	2.55%	117	28.04.2018
BBVA	15	2.00%	5	28.04.2016
BANCO POPULAR	250	1.80%	247	22.06.2016
Banco Santander	250	2.10%	231	11.12.2016
UBB	5,600	6.31%	4,781	02.06.2026
Novo Banco	200	5.57%	96	12.03.2017
Banco Popular	500	6.33%	738	14.10.2018
Santandertotta	330	7.00%	185	30.04.2020
Caixa Geral de Depositos	500	3.83%	199	16.12.2017
Caixa Geral de Depositos	27	4.07%	27	03.02.2017
BPI	500	3.38%	275	22.04.2019
BPI	1,500	4.81%	860	06.08.2019
BPI	320	5.49%	196	06.08.2018
Millenniumbcp	230	7.63%	183	14.02.2018
Promissory notes - Millenniumbcp	45	4.00%	45	-
Millenniumbcp	120	7.55%	120	24.05.2016
Banco Sabadell – escrow account	100	5.25%	20	20.03.2016
Confirmings – Milleniumbcp	-	-	54	-
Confirmings – Banco Popular	-	-	100	-
Factoring – Banco Sabadell	-	4.75%	30	-
Factoring – Banco Popular	-	5.33%	25	-
Credit cards	-	-	4	-
TOTAL BANK LOANS			8,747	

21. Loans payable to third parties (continued)

21.1 Bank loans

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Short term loans	1,993	1,993	-	-	-
Long term loans	6,754	-	1,125	2,782	2,847
	8,747	1,993	1,125	2,782	2,847

Bank loans structure as at 31 December 2014:

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 31.12.2014 EUR'000	Maturity
BBVA	12	3.22%	6	20.6.2015
CAIXABANK	92	6.17%	30	15.6.2016
BANK SABADELL	14	3.43%	1	31.3.2015
BANK SABADELL	5	5.13%	5	20.07.2017
CAIXABANK	32	4.70%	27	26.06.2017
UBB	5,600	6.31%	4,943	02.06.2026
UBB	100	6.31%	100	02.06.2015
Novo Banco	200	5.57%	130	12.03.2017
Banco Popular – Escrow Account	400	7.50%	396	17.10.2014
Banco Popular	500	6.33%	341	14.10.2018
Santandertotta	330	8.00%	202	23.06.2017
Caixa Geral de Depositos	500	5.09%	273	16.12.2017
BPI	200	5.58%	38	30.09.2015
BPI	500	5.58%	300	22.10.2017
BPI	1,500	5.02%	921	01.08.2017
BPI	320	5.71%	266	01.08.2017
Millenniumbcp	230	7.80%	188	14.02.2018
Cashed checks	100	6.80%	33	-
Credit bills discounted	-	-	2	-
Confirmings - Millenniumbcp	-	-	94	-
Factoring – Banco Popular	-	5.33%	37	-
Credit cards	-	-	5	-
TOTAL BANK LOANS			8,338	

21. Loans payable to third parties (continued)

21.1 Bank loans

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Short term loans	1,215	1,215	-	-	-
Long term loans	7,123	-	544	1,636	4,943
	8,338	1,215	544	1,636	4,943

Securities, guarantees and pledges related to bank loans

On 02 June 2014 a subsidiary company Karlovo Biomass EOOD signed loan contracts with United Bulgarian Bank for financing of construction of plant located in Karlovo for maximum amount up to 5,600 thousand EUR and loan contract for financing of VAT during construction process for maximum amount up to 100 thousand EUR. The VAT financining facility has been fully repaid to the bank in the first half of 2015.

In relation to the above contracts the Group has signed the following pledges in favour of United Bulgarian Bank:

- First rank pledge of commercial enterprise Karlovo Biomass EOOD including all of its assets;
- First rank pledges over all bank accounts and all cash receivables of Karlovo Biomass EOOD;
- First rank pledge of shares of Karlovo Biomass EOOD;
- The Parent is a joint debtor for the entire amount of utilized loans up to the moment of commissioning of the plant located in Karlovo.

The rest of the securities, guarantees and pledges related to bank loans include:

Beneficiary	Amount EUR'000	Expiration date	Type	Company
EQUIPAV SA	2	No fixed term	Performance bond	TNL SA
BPI Bank	149	06.11.2017	Financial guarantee on a loan of 1,500 thousand EUR	TNL SA
BPI Bank	301	06.11.2017	Financial guarantee on a loan of 1,500 thousand EUR	TNL SA
BPI Bank	301	06.11.2017	Financial guarantee on a loan of 1,500 thousand EUR	TNL SA
BPI Bank	5	No fixed term	Goods collection	TNL SA
Camara Municipal do Porto	210	No fixed term	Performance bond	TNL SA
MSF - Engenharia	16	No fixed term	Goods collection	TNL SA
BPI Bank	250	22.10.2016	PME Invest	TNL SA
Caixa Geral de Depositos	250	16.12.2016	PME Invest	TNL SA
Residuos do Nordeste EM	5	No fixed term	Goods collection	TNL SA
Municipio de Mondim de Basto	8	31.12.2017	Goods collection	TNL SA
Municipio de Mondim de Basto	8	No fixed term	Goods collection	TNL SA
Municipio de Oeiras	155	09.10.2018	Goods collection	TNL SA
Camara de Odivelas	3	No fixed term	Goods collection	Hirdant
Camara de Odivelas	3	No fixed term	Goods collection	Hirdant
TOTAL	**1,666**			

21. Loans payable to third parties (continued)

21.2 Corporate bonds

In thousands of EUR

	2015
Proceeds from issue of bonds	7,000
Transaction costs	(189)
Net proceeds	6,811
Accreted interest	121
Carrying amount of liability at 31 December 2015	6,932

On 18th June 2015, 30 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Ebioss Energy AD with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 18th June 2020 and maturity dates of the coupon payments shall be as follows: 18th June 2016, 18th June 2017, 18th June 2018, 18th June 2019 and 18th June 2020.

Ebioss Energy AD shall have the right after expiration of 36-month period as from the date of issue, to buy-back from the bond holders some or all of the bonds at nominal value plus the accrued interest of the coupons, calculated as to the date of exercising such call option.

On 16th December 2015, 40 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 22th December 2020 and maturity dates of the coupon payments shall be as follows: 22nd December 2016, 22nd December 2017, 22nd December 2018, 22nd December 2019 and 22nd December 2020.

22. Loans payable to related parties

22.1 Loans due to Elektra Holding AD

	Amount EUR'000	Maturity
Balance at 1 January 2014	255	31.12.2014
Interest	5	31.12.2014
Repayments	(260)	
Balance at 31 December 2014	-	
New proceeds	315	31.12.2015
Repayments	(315)	
Balance at 31 December 2015	-	

22.2 Loans due to other related parties

	Amount EUR'000	Maturity
Balance at 1 January 2014	-	
Additions from business combinations	1,142	
New proceeds	30	
Repayments	(245)	
Balance at 31 December 2014	927	31.12.2015
Repayments	(83)	
Balance at 31 December 2015	844	31.12.2016

23. Taxation

	2015 EUR'000	2014 EUR'000
Current tax expense	89	238
Origination and reversal of temporary differences	(181)	(591)
Income tax expense (benefit) for the period	(92)	(353)

Reconciliation of effective tax rate:

	2015 EUR'000	2014 EUR'000
Profit/(Loss) for the year	(2,404)	2,576
Total income tax (expense) / benefit	92	353
Profit /(Loss) before income tax	(2,496)	2,223
Income tax using the Company's domestic tax rate, 10%	(250)	222
Tax exempt income	-	(274)
Effect of tax rates in foreign jurisdictions*	(348)	(9)
Recognition of tax effects of previously unrecognized tax losses	(7)	(440)
Permanent differences	100	100
Net effect of deferred taxes not recognized	413	48
Income tax expense/(benefit)	(92)	(353)
Effective tax rate	(4)%	14%

* Part of the subsidiaries and sub-subsidiaries operate in a tax jurisdiction with higher tax rates (Spain, Italy and Portugal).

Tax liability	31.12.2015 EUR'000	31.12.2014 EUR'000
Corporate income tax payable	84	355
	84	355

Recognised deferred tax assets and liabilities

In thousands of EUR	Assets		Liabilities	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Assets under construction	(72)	(43)	-	-
Land and developments costs revaluation	-	-	1,115	1,109
Tax loss carry-forwards	(1,163)	(1,011)	-	-
Other items	-	-	-	1
Tax (assets) liabilities	(1,235)	(1,054)	1,115	1,110
Net tax (assets) liabilities	(1,235)	(1,054)	1,115	1,110

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

Under applicable tax legislation as of 31 December 2015 for the subsidiaries, the tax losses can be carried forward for a period from 5-12 years (depending on the year when incurred) in Portugal and there is no time limit for utilization of these losses in Spain and Italy.

24. Trade and other payables

	31.12.2015 EUR'000	31.12.2014 EUR'000
Trade payables to suppliers	2,618	2,411
Trade payables	2,618	2,411
Payables in regards to bonds issuance	142	-
Payables to employees	181	109
Compulsory social security contributions	22	22
VAT payable	807	341
Other tax liabilities	228	74
Other payables	562	763
Other payables	1,942	1,309
	4,560	3,720

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

25. Provisions

The amount of EUR 139 thousand (2014: EUR 122 thousand) reported as provisions in the consolidated statement of financial position comprises of EUR 114 thousand, representing estimations of the future cost of demolition and dismantling of the biomass plant of Gallina in Italy and EUR 25 thousand - other provisions (2014: EUR 17 thousand).

26. Finance lease

	31.12.2015 EUR'000	31.12.2014 EUR'000
Non-current	55	33
Current	36	17
	91	50

Finance lease liabilities are payable as follows:

			31.12.2015
	Future minimum lease payments EUR'000	Interest	Principal EUR'000
Less than one year	43	7	36
Between one and two years	25	5	20
Between two and five years	39	4	35
Total	107	16	91

			31.12.2014
	Future minimum lease payments EUR'000	Interest	Principal EUR'000
Less than one year	19	2	17
Between one and two years	13	1	12
Between two and five years	22	1	21
Total	54	4	50

27. 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 at 31 December the carrying amounts of the financial assets are as follows:

	Note	2015 EUR'000	2014 EUR'000
Trade receivables from clients	15	7,305	2,091
Trade receivables from related parties	29	698	879
Held to maturity investments	14.3	406	34
Cash and cash equivalents	18	3,153	5,580
		11,562	8,584

(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.

27. 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 31 December 2015:

	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	More than 5 years EUR'000
Non-derivative financial liabilities							
Bank loans	21.1	(8,747)	(10,978)	(2,482)	(1,527)	(3,556)	(3,413)
Corporate bonds	21.2	(6,932)	(9,450)	(490)	(490)	(8,470)	-
Loans due to related parties	29	(844)	(844)	(844)	-	-	-
Other payables to related parties	29	(96)	(96)	(96)	-	-	-
Trade and other payables	24	(2,760)	(2,760)	(2,760)	-	-	-
Finance lease	26	(91)	(107)	(43)	(25)	(39)	-
		(19,470)	(24,235)	(6,715)	(2,042)	(12,065)	(3,413)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 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	More than 5 years EUR'000
Non-derivative financial liabilities							
Bank loans	21.1	(8,338)	(10,980)	(1,573)	(1,948)	(3,718)	(3,741)
Loans due to related parties	29	(927)	(937)	(937)	-	-	-
Other payables to related parties	29	(234)	(234)	(234)	-	-	-
Trade and other payables	24	(2,411)	(2,411)	(2,411)	-	-	-
Finance lease	26	(50)	(54)	(19)	(13)	(22)	-
		(11,960)	(14,616)	(5,174)	(1,961)	(3,740)	(3,741)

(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.

27. Financial instruments (continued)

(c) Market risk (continued)

Currency risk (continued)

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.

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	
In thousands of EUR	**31.12.2015**	**31.12.2014**
	EUR'000	**EUR'000**
Fixed rate instruments		
Financial assets	3,559	5,614
Financial liabilities	(11,712)	(4,244)
	(8,153)	1,370

	Nominal amount	
In thousands of EUR	**31.12.2015**	**31.12.2014**
	EUR'000	**EUR'000**
Variable rate instruments		
Financial liabilities	(4,781)	(5,071)
	(4,781)	(5,071)

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, not measured at fair value, approximate their fair values.

28. Segment Reporting

As at 31 December 2015 and 31 December 2014 the Group has two reporting segments:

Information related to each reportable segment is set out below.

	Segment 1 construction, management and operation of biomass power plants and peletization plants		Segment 2 Sale and management of waste collection systems		Total	
In thousands of EUR	**2015**	**2014**	**2015**	**2014***	**2015**	**2014**
Revenues	1,894	480	2,557	1,778	4,451	2,258
Other income	9	98	41	33	50	131
Revenue from non-current asset held for sale	4,964					
NBV of asset held for sale	(3,278)					
Gain on bargain purchase	-	2,736	-	-	-	2,736
Changes in inventory and work in progress	-	-	3	8	3	8
Loss from associated companies	-	-	(7)	(13)	(7)	(13)
Work performed by the entity and capitalized	5,054	13,033	164	-	5,218	13,033
Raw materials and consumables used	(1,678)	(2,968)	(46)	-	(1,724)	(2,968)
Cost of goods/equipment sold		-	(1,447)	(945)	(1,447)	(945)
Expenses for hired services	(5,142)	(8,885)	(581)	(310)	(5,723)	(9,195)
Employee benefit expenses	(2,021)	(1,545)	(869)	(260)	(2,890)	(1,805)
Depreciation and amortization	(209)	(74)	(311)	(154)	(520)	(228)
Other expenses	(761)	(509)	(408)	(69)	(1,169)	(578)
Profit/(Loss) from operating activities	**(1,168)**	**2,366**	**(904)**	**68**	**(2,072)**	**2,434**
Finance income	23	2	-	-	23	2
Finance expenses	(197)	(77)	(250)	(136)	(447)	(213)
Inter-segment finance income/expense	37	-	(37)	-	-	-
Net finance costs	**(137)**	**(75)**	**(287)**	**(136)**	**(424)**	**(211)**
Profit/(Loss) before income tax	**(1,305)**	**2,291**	**(1,191)**	**(68)**	**(2,496)**	**2,223**
Income tax	37	339	55	14	92	353
Profit/(Loss) for the year	**(1,268)**	**2,630**	**(1,136)**	**(54)**	**(2,404)**	**2,576**
Other comprehensive income	**52**	**49**	**60**	**-**	**112**	**49**
Total comprehensive income	**(1,216)**	**2,679**	**(1,076)**	**(54)**	**(2,292)**	**2,625**

*The segment data for 2014 relate to the post acquisition period (2 August 2014 - 31 December 2014)

28. Segment Reporting (continued)

In thousands of EUR	Segment 1 Construction, management and operation of biomass power plants and peletization plants		Segment 2 Sale and management of waste collection systems		Total	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Assets for reportable segments	53,097	46,431	6,618	6,614	59,715	53,045
Total assets	**53,097**	**46,431**	**6,618**	**6,614**	**59,715**	**53,045**
Liabilities for reportable segments	16,414	8,688	6,194	6,168	22,608	14,856
Total liabilities	**16,414**	**8,688**	**6,194**	**6,168**	**22,608**	**14,856**

29. 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 (after 3 April 2014)
EQTEC Iberia SL, Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
EQTEC Bulgaria EOOD	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
Energotec Eco AD	subsidiary, 46,36% owned and controlled by Group
Brila EOOD	subsidiary, 100% owned by Plovdiv Biomass EOOD
Tvarditsa PV EOOD	subsidiary, 100% owned by Tvarditsa Biomass EOOD
TNL SGPS, Portugal	subsidiary, 52.62% owned by Ebioss Energy AD (after 1 August 2014)
TNL SA, Portugal	subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy (after 1 August 2014)
Hirdant, Portugal	subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy (after 1 August 2014)
TNL SL, Spain	subsidiary of TNL SGPS, Portugal, 42,1 % effective ownership of Ebioss Energy (after 1 August 2014)
TNl World, Bulgaria	subsidiary of TNL SGPS, Portugal, 42,1 % effective ownership of Ebioss Energy (after 17 September 2015)

29. Related party transactions and balances (continued)

Addom, Spain	Subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy (after 1 August 2014)
Inava Ingeiyieria De Analisis SL, Spain	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
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko El Invest	under common control
Citytainer Brasil, Brasil	Associate company (after 1 August 2014)
Citytainer Industria, Brasil	under common control (after 1 August 2014)
Arrizabal Elkartea SL, Portugal	shareholder in TNL SL (after 1 August 2014)

Directors

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

Remuneration of key management personnel of the group for the period 01.01.2015-31.12.2015 is 394 thousand EUR (2014: 362 thousand EUR).

Balances with related parties

In thousands of EUR	**Balance outstanding as at**			
	31.12.2015		**31.12.2014**	
	Receivables	Payables	Receivables	Payables
Citytainer Brasil	263	-	230	-
Citytainer Industria	383	-	383	-
Arrizabal Elkartea SL	39	(86)	256	(89)
Elektra Holding AD	-	(10)	-	(145)
Receivable from employees	13	-	10	-
	698	(96)	879	(234)

Loans payable to/receivable from related parties

In thousands of EUR	**Balance outstanding as at**			
	31.12.2015		**31.12.2014**	
	Receivables	Payables	Receivables	Payables
Mr. Foad Jafal	-	(840)	-	(900)
Arrizabal Elkartea SL	-	(4)	-	(27)
	-	(844)	-	(927)

29. Related party transactions and balances (continued)

Transactions with related parties

In thousands of EUR	Description	For the period ended 31.12.2015	For the period ended 31.12.2014
Citytainer Brasil	Trade	-	32
Arrizabal Elkartea SL	Trade	214	129
Receivable from employees	Trade	4	10
Elektra Holding AD	Loans	315	255
Elektra Holding AD	Loans	(315)	-
Mr. Foad Jafal	Loans	(63)	(240)
Arrizabal Elkartea SL	Loans	(23)	27

30. Commitments and contingent liabilities

Ebioss Energy AD is a joint debtor in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD for the amount of EUR 5,600 thousand until the time of commissioning of plant property of Karlovo Biomass EOOD. As of 31 December 2015 the outstanding principal to this loan is EUR 4,912 thousand. See note 21.1.

The Group has no other commitments or contingent liabilities as at 31 December 2015 and 31 December 2014.

31. Events after the reporting period end

On 19th of February 2016 according to an agreement between EBIOSS ENERGY AD, CONECTA2 and the shareholders of CONECTA2, the investment agreement and shareholders agreement signed formerly between EBIOSS ENERGY AD and CONECTA2 have been rescinded. The parties agreed for buy-back of all the shares purchased by EBIOSS ENERGY AD for the price of 525,000 Euro. Subsequently, the payment of this amount was made by bank transfer on 23th of February 2016.

On 14 April 2016, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20th April 2021 and maturity dates of the coupon payments shall be as follows: 20th April 2017, 20th April 2018, 20th April 2019, 20th April 2020 and 20th April 2021.

Apart from the above mentioned events, there are no other significant events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

EBIOSS ENERGY AD

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

EBIOSS ENERGY AD

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UniCredit Bulbank, Bulgaria
United Bulgarian Bank, Bulgaria
Banco de Sabadell S.A, Spain
Banco Popular Portugal S.A.
BNP Paribas Securities Services, Spain

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EBIOSS ENERGY AD

DIRECTOR'S REPORT

The Board of Directors presents its report and audited separate financial statements of EBIOSS ENERGY AD (the Company) for the period ended 31 December 2015.

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 EUR 5.11 (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
Sun Group Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	**100**	**2,423,550**	**24,236**	**12,392**

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
Plovdiv Biomass	979
United Biomass	1,090
Total:	**12,392**

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.

On 21 December 2012 according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

During 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022. During 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand (see note 17.1)

As at 31 December 2015 the share capital of Ebioss Energy AD is owned by the following shareholders:

Basic shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sun Group Bulgaria EOOD	5.73	2,344,000	2,344	1,198
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,265	509	260
Minority shareholders	47.23	19,323,396	19,324	9,881
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 52.77% of the share capital of the Company as at 31.12.2015.

The minority shareholders are those who subscribed shares in two subsequent capital increases made in 2013 and 2014 by means of public offering of shares on the Spanish Alternative Stock Exchange Market – MAB. These shareholders own 47.23% of the share capital of the Company as at 31.12.2015.

Principal activities

The principal activity of the Company is management of projects in the field of biomass gasification power plants, production of pellets and waste collection systems.

Due to amendments in the Renewable Energy Act that entered into force in 2015 in Bulgaria the projects have been modified.

According to the amended Act on 6th of March 2015, the companies may produce electicity with power capacity up to 1,5 MW, using combined cycle and indirect use of biomass out of which total weight animal manure shall comprise not less than 50%. Thus the Companies' plans to produce electricity through thermal gasification with combined cycle from biomass of agricultural waste for power plants with power capacity up to 5MW become no longer applicable. The feed-in tariff for production of electricity by way of combined cycle and indirect use of biomass of animal manure and agricultural substance for power plants with capacity up to 1,5MW is fixed to 447,43 BGN/MWh.

1. Incorporation and principal activities (continued)

Principal activities (continued)

On 24th July 2015 further changes in the Renewable Energy Act /REA/ entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company.

According to the amended REA, the feed-in tariffs and the preferential prices for electricity takeoff, being produced from biomass electrical plants with power output up to 1,5 MW, shall apply only for energy facilities working with combined cycle and indirect use of biomass of which overall weight not less than 60 per cent is to be animal manure. Furthermore, these incentives can be used only if the respective producer of electricity from renewable sources can prove to own authorized animal breading farm minimum three years before the date of submission of application for connection to the electrical grid and if the respective producer of electricity owns certain number of authorized animals with the purpose to prove the origin of the manure which is to be used as feedstock for the plant.Following the above mentioned changes in the legislation, the Company has started to reorganize and redesign further its existing power production facilities of Karlovo Biomass Power Plant and construction in progress of Heat Biomass Power Plant. The contracts for connection to the National Electricity signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mention legislative amendments, are no longer effective.

As of December 31, 2015 the projects under development in Bulgaria are the following:

- **Heat Biomass EOOD,** registered on 6 January 2011 with UIC 201384552 and with principal activity: production of pellets from straw using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Plovdiv Biomass EOOD,** registered on 7 January 2011 with UIC 201385444 and with principal activity: : the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.

- **Nova Zagora Biomass EOOD,** registered on 7 January 2011 with UIC 201385519 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018.

EBIOSS ENERGY AD

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Principal activities (continued)

- **Tvardica Biomass EOOD,** registered on 7 January 2011 with UIC 201384926 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Tvardica. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD,** which has the same principal activity: the development of a 2 MW thermal plant near the town of Tvarditza.

- **United Biomass EOOD,** registered on 6 January 2011 with UIC 201384562 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Letnitza. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2019.

The Company also has the ownership of **Biomass Distribution EOOD,** registered on 12 November 2012 with UIC 201336098 and with principal activity: processing of raw materials and biomass sources and production of pellets.

On 30 November 2012 Ebioss Energy AD has acquired control over **EQTEC IBERIA S.L.,** a Company registered in Spain. EQTEC IBERIA S.L. 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 December 2013 the Company participated in the incorporation of the joint-stock company **Energotec-Eco AD** through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total. 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 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 is located in municipality of Castiglione d'Orcia, Toscana region. As of 31st March 2015 the plant of Syngas Italy in Toscana Region of 1 MW has been put into operation and started to sell electricity.

EBIOSS ENERGY AD

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Principal activities (continued)

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% 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 Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies.

In addition, on 4 August 2014 additional 1,62% from share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA.

TNL SGPS LDA owns share participation in other companies domiciled in Spain, Portugal and Brazil. The whole group is specializing in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above.

Subsequently, on 26.06.2015 the Ordinary Annual General meeting of Ebioss Energy AD additionally approved a resolution in respect of accomplishment of private placement procedure for convertible bonds, under the following parameters: freely transferable, interest-bearing, convertible dematerialized bonds with overall nominal and emission value up to 20,000,000 BGN (in words: twenty million levs) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) years and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The emission convertible bonds, which is subject to the said resolution, is part of the overall approved amount of debt instruments, which the General meeting of "Ebioss Energy" AD has adopted for issuance, as per Minutes of the General meeting dated 13.02.2015. On the grounds of art. 194, para. 4 of the Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of the Bulgarian Commercial Act, the General meeting has delegated to the Board of Directors explicitly to waive the pre-emptive rights of the current shareholders of "Ebioss Energy" AD in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.

Review of current position, future developments and significant risks
The Company's development to date, financial results and position are presented in the individual financial statements. For the period ended 31 December 2015 the financial result of the Company is net profit in the amount of EUR 112 thousand and the net equity is a positive value amounting to EUR 36 064 thousand. As of 31 December 2015 the earnings per share are a positive value of EUR 0,003.

Share capital
There are no changes in share capital during the period.

System of internal control and management of risks
The Company has established a system of internal control to ensure true and reliable financial reporting, full compliance with the legislation in the countries where it has activities and achievement of the Company's objectives in terms of operational optimization.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 21 of the individual financial statements.

EBIOSS ENERGY AD

DIRECTOR'S REPORT

Events after the reporting period

On 19th of February 2016 according to an agreement between EBIOSS ENERGY AD, CONECTA2 and the shareholders of CONECTA2, the investment agreement and shareholders agreement signed formerly between EBIOSS ENERGY AD and CONECTA2 have been rescinded. The parties agreed for buy-back of all the shares purchased by EBIOSS ENERGY AD for the price of 525,000 Euro. Subsequently, the payment of this amount was made by bank transfer on 23th of February 2016.

On 14 April 2016, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20th April 2021 and maturity dates of the coupon payments shall be as follows: 20th April 2017, 20th April 2018, 20th April 2019, 20th April 2020 and 20th April 2021.

There are no other significant events after the reporting period, which should be reflected or disclosed in these separate financial statements.

Director's responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable prudent judgements and estimates have been made in the preparation of the separate financial statements for the year ended 31 December 2015.

The Directors also confirm that applicable accounting standards have been followed and that the separate financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As of 31 December 2015 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

28 April 2016
Sofia

Ебиос Енерджи София АД

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Independent Auditor's Report

To the Shareholders of EBIOSS ENERGY AD

Report on the financial statements
We have audited the accompanying separate financial statements of parent company EBIOSS ENERGY AD (the "Company") which comprise the statement of financial position as of 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BAKER TILLY

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of the company EBIOSS ENERGY AD as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

Other matters

We have reported separately on 28 April 2016 on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

The opinion in that report is qualified with regard to inclusion as of 31 December 2015 of unrealized intra-group profit of EUR 2,568 thousand in Property, plant and equipment" and for the year ended 31 December 2015 of EUR 656 thousand in "Work performed by the entity and capitalized", as well as, qualified as of 31 December 2015 with regard to fair valuation of receivables from related parties and trade receivables. Our opinion in that report is modified with the inclusion of an emphasis of matter with regard to the fact that the values of development costs are based on estimated discounted future cash flows and along with goodwill are dependent on timing of completion of Peletization Plant Projects and commencement of the production.

Baker Tilly Klitou and Partners Ltd

28 April, 2016
Sofia, Bulgaria

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. № 129
БЕЙКЪР ТИЛИ КЛИТУ И ПАРТНЬОРИ ООД

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Note	2015 EUR'000	2014 EUR'000
Revenue from sales of goods	3	4,964	-
Revenue from services	4	215	20
Cost of sales	3	(4,005)	-
Depreciation expense	11,12	(20)	(2)
Expenses for hired services	5	(433)	(463)
Employee benefit expenses	6	(565)	(455)
Other expenses	7	(618)	(465)
Profit from operating activities		(462)	(1,365)
Finance income	8	772	389
Finance cost	8	(158)	(43)
Net finance income		614	346
Profit/(Loss) before income tax		152	(1,019)
Income tax (expense)/ income	20	(40)	85
Profit/(Loss) for the year		112	(934)
Other comprehensive income		-	-
Total comprehensive income for the year		112	(934)
Basic earnings per share (in EUR)	17	0.003	(0.024)

SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Note	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Non-current assets			
Investment in subsidiaries	9	15,218	15,218
Other investments	10	500	-
Loans provided to related parties	14	22,861	3,146
Deferred tax asset	20	80	120
Property, plant and equipment	11	110	7
Intangible assets	12	4	5
Total non-current assets		38,773	18,496
Current assets			
Cash and cash equivalents	13	1,204	2,457
Loans provided to related parties	14	2,225	13,882
Trade and other receivables	15	5,897	115
Defered expenses		8	30
Total current assets		9,334	16,484
Total assets		48,107	34,980
EQUITY AND LIABILITIES			
Equity			
Share capital	16.1	20,918	20,918
Share premium		15,934	15,351
Reserve for own shares	16.2	(41)	(668)
Retained earnings		(747)	(859)
Total equity		36,064	34,742
Non-current liabilities			
Loans and borrowings	18	6,866	-
Total non-current liabilities		6,866	-
Current liabilities			
Trade and other payables	19	221	93
Trade and other payables to related parties	22.2	4,816	145
Loans and borrowings	18	140	-
Total current liabilities		5,177	238
Total liabilities		12,043	238
Total equity and liabilities		48,107	34,980

On 28 April 2016 the Board of Directors of EBIOSS ENERGY AD authorised these Separate Financial Statements for issue.

Ебиос Енерджи
СОФИЯ
АД

Executive Director:
Jose Oscar Leiva Mendez

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
Balance at 1 January 2014	18,022	4,460	(21)	75	22,536
Total comprehensive income					
Loss for the year	-	-	-	(934)	(934)
Total comprehensive income	-	-	-	(934)	(934)
Transactions with owners of the Company					
Issue of ordinary shares	2,896	12,963	-	-	15,859
Share issue costs	-	(814)	-	-	(814)
Own shares acquired	-	(3,511)	(1,343)	-	(4,854)
Own shares sold	-	2,253	696	-	2,949
Total transactions with owners of the Company	2,896	10,891	(647)	-	13,140
Balance at 31 December 2014	20,918	15,351	(668)	(859)	34,742
Balance at 1 January 2015	20,918	15,351	(668)	(859)	34,742
Total comprehensive income					
Profit for the year	-	-	-	112	112
Total comprehensive income	-	-	-	112	112
Transactions with owners of the Company					
Own shares acquired	-	(2,128)	(1,819)	-	(3,947)
Own shares sold	-	2,711	2,446	-	5,157
Total transactions with owners of the Company	-	583	627	-	1,210
Balance at 31 December 2015	20,918	15,934	(41)	(747)	36,064

SEPARATE STATEMENT OF CASH FLOWS
For the year ended 31 December

	Note	2015 EUR'000	2014 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) for the year before tax		152	(1,019)
Adjustment for:			
Depreciation expense		20	2
Interest expense		129	5
Interest income		(772)	(389)
Other financial expenses		29	38
		(442)	(1,363)
Changes in working capital:			
Trade and other payables		4,667	(45)
Trade and other receivables		(5,782)	(84)
Deferred expenses		22	(23)
Cash used in operating activities		(1,535)	(1,515)
Interest received		-	1
Interest paid		(8)	-
Other financial expenses paid		(29)	(38)
Net cash used in operating activities		(1,572)	(1,552)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans provided to related parties		(7,904)	(12,554)
Repaid loans from related parties		609	1,600
Acqusition of investments		(500)	(2,250)
Acquisition of property, plant and equipment		(5)	(13)
Net cash used in investing activities		(7,800)	(13,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	15,859
Payments related to issue of new shares		-	(1,022)
Proceeds from issue of corporate bonds		7,000	-
Payments related to issue of corporate bonds		(47)	-
Proceeds on loans from related parties		315	-
Repayment of loan from related parties		(315)	(260)
Proceeds from sale of own shares		5,157	2,949
Repurchase of own shares		(3,947)	(4,854)
Payment of finance lease liabilities		(44)	-
Net cash from financing activities		8,119	12,672
Net decrease in cash and cash equivalents		(1,253)	(2,097)
Cash and cash equivalents at 1 January		2,457	4,554
Cash and cash equivalents at 31 December	13	1,204	2,457

The notes set out on pages 15 – 44 are an integral part of these Separate Financial Statements

NOTES TO THE 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 EUR 5.11 (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
Sun Group Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	**100**	**2,423,550**	**24,236**	**12,392**

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
Plovdiv Biomass	979
United Biomass	1,090
Total:	**12,392**

NOTES TO THE SEPARATE 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.

On 21 December 2012 according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

During 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022.

During 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand (see note 17.1)

As at 31 December 2015 the share capital of Ebioss Energy AD is owned by the following shareholders:

Basic shareholders	**Relative share %**	**Number of shares**	**Total share capital in BGN'000**	**Total share capital in EUR'000**
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sun Group Bulgaria EOOD	5.73	2,344,000	2,344	1,198
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,265	509	260
Minority shareholders	47.23	19,323,396	19,324	9,881
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 52.77% of the share capital of the Company as at 31.12.2015.

The minority shareholders are those who subscribed shares in two subsequent capital increases made in 2013 and 2014 by means of public offering of shares on the Spanish Alternative Stock Exchange Market – MAB. These shareholders own 47.23% of the share capital of the Company as at 31.12.2015.

Principal activities

The principal activity of the Company is management of projects in the field of biomass gasification power plants, production of pellets and waste collection systems.

Due to amendments in the Renewable Energy Act that entered into force in 2015 in Bulgaria the projects have been modified.

According to the amended Act on 6th of March 2015, the companies may produce electicity with power capacity up to 1,5 MW, using combined cycle and indirect use of biomass out of which total weight animal manure shall comprise not less than 50%. Thus the Companies' plans to produce electricity through thermal gasification with combined cycle from biomass of agricultural waste for power plants with power capacity up to 5MW become no longer applicable. The feed-in tariff for production of electricity by way of combined cycle and indirect use of biomass of animal manure and agricultural substance for power plants with capacity up to 1,5MW is fixed to 447,43 BGN/MWh.

On 24th July 2015 further changes in the Renewable Energy Act /REA/ entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Principal activities (continued)

According to the amended REA, the feed-in tariffs and the preferential prices for electricity takeoff, being produced from biomass electrical plants with power output up to 1,5 MW, shall apply only for energy facilities working with combined cycle and indirect use of biomass of which overall weight not less than 60 per cent is to be animal manure. Furthermore, these incentives can be used only if the respective producer of electricity from renewable sources can prove to own authorized animal breading farm minimum three years before the date of submission of application for connection to the electrical grid and if the respective producer of electricity owns certain number of authorized animals with the purpose to prove the origin of the manure which is to be used as feedstock for the plant.Following the above mentioned changes in the legislation, the Company has started to reorganize and redesign further its existing power production facilities of Karlovo Biomass Power Plant and construction in progress of Heat Biomass Power Plant. The contracts for connection to the National Electricity signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mention legislative amendments, are no longer effective.

As of December 31, 2015 the projects under development in Bulgaria are the following:

- **Heat Biomass EOOD**, registered on 6 January 2011 with UIC 201384552 and with principal activity: production of pellets from straw using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Karlovo Biomass EOOD**, registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation in 2016.

- **Plovdiv Biomass EOOD,** registered on 7 January 2011 with UIC 201385444 and with principal activity: : the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.

- **Nova Zagora Biomass EOOD,** registered on 7 January 2011 with UIC 201385519 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018.

- **Tvardica Biomass EOOD,** registered on 7 January 2011 with UIC 201384926 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Tvardica. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2018. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD,** which has the same principal activity: the development of a 2 MW thermal plant near the town of Tvarditza.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Principal activities (continued)

- **United Biomass EOOD,** registered on 6 January 2011 with UIC 201384562 and with principal activity: the development of thermal plant with capacity of 2MW, which will generate steam for drying wood chips and straw as well as production and selling of pellets. The thermal plant, the dryer facility as well as the pelletising installation are going to be constructed on a site located near the town of Letnitza. Upon commissioning of the plant and the installations the Company will fully own and operate the whole facility, which should be completed and put in operation in 2019.

The Company also has the ownership of **Biomass Distribution EOOD,** registered on 12 November 2012 with UIC 201336098 and with principal activity: processing of raw materials and biomass sources and production of pellets.

On 30 November 2012 Ebioss Energy AD has acquired control over **EQTEC IBERIA S.L.**, a Company registered in Spain. EQTEC IBERIA S.L. 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 December 2013 the Company participated in the incorporation of the joint-stock company **Energotec-Eco AD** through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total. 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 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 is located in municipality of Castiglione d'Orcia, Toscana region. As of 31st March 2015 the plant of Syngas Italy in Toscana Region of 1 MW has been put into operation and started to sell electricity.

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% 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 Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies.

In addition, on 4 August 2014 additional 1,62% from share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA.

TNL SGPS LDA owns share participation in other companies domiciled in Spain, Portugal and Brazil. The whole group is specializing in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

1. Incorporation and principal activities (continued)

Principal activities (continued)

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above.

Subsequently, on 26.06.2015 the Ordinary Annual General meeting of Ebioss Energy AD additionally approved a resolution in respect of accomplishment of private placement procedure for convertible bonds, under the following parameters: freely transferable, interest-bearing, convertible dematerialized bonds with overall nominal and emission value up to 20,000,000 BGN (in words: twenty million levs) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) years and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The emission convertible bonds, which is subject to the said resolution, is part of the overall approved amount of debt instruments, which the General meeting of "Ebioss Energy" AD has adopted for issuance, as per Minutes of the General meeting dated 13.02.2015. On the grounds of art. 194, para. 4 of the Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of the Bulgarian Commercial Act, the General meeting has delegated to the Board of Directors explicitly to waive the pre-emptive rights of the current shareholders of "Ebioss Energy" AD in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.

2. Accounting policies

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

Basis of preparation

(a) Statement of compliance

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

The separate financial statements were authorised for issue by the Board of Directors on 28 April 2016.

Basis of measurement

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

These financial statements are separate financial statements of the Company.

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

2. Accounting policies (continued)

Users of these separate financial statements of the parent company should read them together with the consolidated financial statements of the Company and its subsidiaries as at and for the period ended 31 December 2015 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

Use of estimates and judgements

The preparation of the 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 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 separate financial statements of the Company as at 31 December 2015 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.

Separate non-consolidated financial statements

Theses separate financial statements are not consolidated. The consolidated financial statements were authorised for issue by the Board of Directors on 28 April 2016.

Measurement of fair values

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

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

When measuring the fair value of an asset or liability, the Company 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.

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

- Note 21 – Financial instruments

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's 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. These financial statements are presented in thousands of EUR, which is the Company's presentation currency.

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. 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.

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

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

2. Accounting policies (continued)

Tax (continued)

- 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.

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.

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 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
Vehicles	6 years

Land is not depreciated.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Property, plant and equipment (continued)

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 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.

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

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 separate 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.

2. Accounting policies (continued)

Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Available-for-sale financial assets comprise of equity instruments that do not have quated market price.

(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.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.

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.

(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. Management assesses the probability such liability to occur as low and considering the number and structure of the employees, management considers this liability insignificant and therefore it has not been recognized in the financial statement.

(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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2. Accounting policies (continued)

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 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.

Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or upon reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(ii) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

2. Accounting policies (continued)

Non-current liabilities

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

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board (IASB) which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Standards issued by IASB/IFRIC and endorsed by EU, but not yet effective and not early adopted

Standards issued but not yet effective and not early adopted up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative
These amendments are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle
These set of amendments impacts four standards: IFRS 5 Non-current assets held for sale and discontinued operations regarding methods of disposal, IFRS 7 Financial instruments: Disclosures, (with consequential amendments to IFRS 1) regarding servicing contracts, IAS 19 Employee benefits regarding discount rates, IAS 34 Interim financial reporting regarding disclosure of information.

These improvements are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the improvements on its financial statements.

Amendments to IAS 27 Equity Method on Separate Financial Statements
These amendments are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
These amendments are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization
These amendments are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
These amendments are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the amendments on its financial statements.

Standards issued by IASB, but not yet effective and not yet endorsed by EU

IFRS 9 *Financial Instruments*
The new standard is effective for annual periods beginning on or after 1 January 2018. The Company is in process of assessing the impact of the new standard on its financial position or performance.

IFRS 14 Regulatory Deferral Accounts
The new standard is effective for annual periods starting on or after 1 January 2016. Endorsement process is postponed by EU for indefinite period. The Company is in process of assessing the impact of the new standard on its financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

IFRS 15 Revenue from Contracts with Customers
The new standard is effective for annual periods starting on or after 1 January 2018. The Company is in the process of assessing the impact of the new standard on its financial statements.

IFRS 16 Leases
The new standard is effective for annual periods starting on or after 1 January 2019. The Company is in the process of assessing the impact of the new standard on its financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception.
These amendments are effective for annual periods starting on or after 1 January 2016. The Company is in the process of assessing the impact of the amendments on its financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The effective date is deferred indefinitely. The adoption of these amendments by EU is postponed. The Company is in the process of assessing the impact of the amendments on its financial statements.

Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
These amendments are effective for annual periods starting on or after 1 January 2017. The Company is in the process of assessing the impact of the amendments on its financial statements.

Amendment to IAS 7: Disclosure Initiative
These amendments are effective for annual periods starting on or after 1 January 2017. The Company is in the process of assessing the impact of the amendments on its financial statements

Clarification to IFRS 15 Revenue from Contracts with Customers
These amendments are effective for annual periods starting on or after 1 January 2018. The Company is in the process of assessing the impact of the amendments on its financial statements

3. Revenue from sale of goods and cost of sales

	2015 EUR'000	2014 EUR'000
Revenue from sales of goods	4,964	-
	4,964	-
Cost of goods sold	4,005	-
	4,005	-

During the reporting period the Company bought idle technological biomass gasification equipment from its subsidiary Karlovo Biomass EOOD, which has been subsequently sold with margin to an EU-based customer.

4. Revenue from services

	2015 EUR'000	2014 EUR'000
Revenue from services	215	20
	215	20

The revenue recognised is related to contracts for consultancy services, concluded with Karlovo Biomass EOOD, Biomass Distribution EOOD, Heat Biomass EOOD and Syngas Italy (see also note 22.4).

5. Expenses for hired services

	2015 EUR'000	2014 EUR'000
Consultancy fees	170	131
Office rent	52	55
Audit services	41	28
Other	170	249
	433	463

Other expenses for hired services in 2015 include expenses at the amount of EUR 85 thousand (2014: EUR 118 thousand), related to advertising and presentation of the Company and participation in exhibitions.

6. Employee benefit expenses

	2015 EUR'000	2014 EUR'000
Wages and salaries	508	412
Compulsory social security contribution	47	33
Accrued expenses for unused paid leave	10	10
	565	455

7. Other expenses

	2015 EUR'000	2014 EUR'000
Stock exchange related expenses	250	179
Other expenses	368	286
	618	465

8. Finance income and costs

	2015 EUR'000	2014 EUR'000
Interest income	772	389
	772	389
Interest expense	(129)	(5)
Net FX loss	(12)	(17)
Bank expenses	(17)	(21)
Finance costs	(158)	(43)
Net finance income recognized in profit or loss	614	346

9. Investment in subsidiaries

	2015 EUR'000	2014 EUR'000
Balance at 1 January	15,218	12,968
New investments	-	2,250
Balance at 31 December	15,218	15,218

The investments in Karlovo Biomass EOOD, Heat Biomass EOOD, Tvardica Biomass EOOD, Nova Zagora Biomass EOOD, Plovdiv Biomass EOOD and United Biomass EOOD 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 projects and commencement of production. See also Note 1.

In July 2013 according to the Minutes of the Board of Directors of Ebioss Energy AD, the company transferred to EQTEC Iberia S.L. Spain EUR 360 thousand. Through this capital increase Ebioss Energy increased its ownership of EQTEC Iberia S.L. Spain from 45% to 47.97%.

In December 2013 Ebioss acquired 43% 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 Sorgenia Bioenergy S.P.A in Italy (renamed subsequently to Syngas Italy S.R.L) for the price of EUR 650 thousand.

On 1 August 2014 Ebioss Energy AD acquired 51% of the capital of TNL SGPS LDA, Portuguese company for the total amount of EUR 1,550 thousand. On 4 August 2014 Ebioss Energy AD acquired in addition 1,62% at the amount of EUR 50 thousand. Thus the participation in the capital of TNL SGPS LDA was increased to 52,62%.

The investments in subsidiaries as at 31 December 2015 and 31 December 2014 are presented below:

Subsidiary	Country of incorporation	% ownership 31.12.2015	Investment amount in EUR'000 31.12.2015	% ownership 31.12.2014	Investment amount in EUR '000 31.12.2014
Heat Biomass EOOD	Bulgaria	100%	3,500	100%	3,500
Karlovo Biomass EOOD	Bulgaria	100%	3,500	100%	3,500
Tvardica 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%	565	47.97%	565
Energotec-Eco AD	Bulgaria	43%	10	43%	10
Biomass Distribution EOOD	Bulgaria	100%	1	100%	1
Syngas Italy S.R.L.	Italy	100%	650	100%	650
TNL SGPS	Portugal	52.62%	1,600	52.62%	1,600
Total investment			**15,218**		**15,218**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

9. Investment in subsidiaries (continued)

All shares from the investment in Karlovo Biomass OOD are pledged in favour of United Bulgarian Bank in relation to loan contracts dated 02.06.2014 between Karlovo Biomass EOOD as a borrower, United Bulgarian Bank as a lender and Ebioss Energy as a joint debtor for the amount of EUR 5,600 thousand. As at 31 December 2015 the principal to be repaid by Karlovo Biomass OOD to United Bulgarian Bank amounts to EUR 4,912 thousand.

10. Other investments

On 20th of April 2015 Ebioss Energy signed with the Spanish company CONECTA2 ENERGIA S.L, domiciled in the city of Barcelona, an Agreement for investment intention Ebioss to be admitted as shareholder in the capital of CONECTA2 ENERGIA SL. The parties agreed to perform within approximately 1-year term legal procedure of gradual capital increase of the registered capital of CONECTA2 ENERGIA S.L, whereat Ebioss shall consecutively subscribe certain portions of newly emitted shares up to 50,01% of the registered capital of CONECTA2 ENERGIA S.L, making an overall equity investment in the receiving company of EUR 1,500,000.

As at 31 December 2015 Ebioss Energy AD has acquired 16.7% of the capital of CONECTA2 ENERGIA S.L for the amount of EUR 500 thousand. (See note 24)

11. Property, plant and equipment

	Computers and equipment EUR'000	Vehicles EUR'000	Total EUR'000
Cost			
Balance at 1 January 2014	1	-	1
Additions	5	2	7
Balance at 31 December 2014	6	2	8
Balance at 1 January 2015	6	2	8
Additions	5	117	122
Balance at 31 December 2015	11	119	130
Depreciation and impairment losses			
Balance at 1 January 2014	-	-	-
Charge for the year	1	-	1
Balance at 31 December 2014	1	-	1
Charge for the year	4	15	19
Balance at 31 December 2015	5	15	20
Carrying amounts			
At 1 January 2014	1	-	1
At 31 December 2014	5	2	7
At 31 December 2015	6	104	110

12. Intangible assets

	Software EUR'000
Cost	
Balance at 1 January 2014	-
Additions	6
Balance at 31 December 2014	6
Balance at 1 January 2015	6
Balance at 31 December 2015	6
Amortisation and impairment losses	
Balance at 1 January 2014	-
Charge for the year	1
Balance at 31 December 2014	1
Charge for the year	1
Balance at 31 December 2015	2
Carrying amounts	
At 1 January 2014	-
At 31 December 2014	5
At 31 December 2015	4

13. Cash and cash equivalents

	31.12.2015 EUR'000	31.12.2014 EUR'000
Cash at bank	1,036	2,348
Cash in hand	168	109
	1,204	2,457

Cash and cash equivalents are denominated in following currencies:	31.12.2015 EUR'000	31.12.2014 EUR'000
BGN	80	150
EUR	1,124	2,307
	1,204	2,457

14. Loans provided to related parties

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Balance at 1 January 2015			17,028	
New proceeds:				
- Heat Biomass EOOD			52	31.12.2018
- Heat Biomass EOOD (cession agreement)			1,512	31.12.2018
- Karlovo Biomass EOOD			4,226	31.12.2018
- Plovdiv Biomass EOOD			13	31.12.2018
- Tvardica PV EOOD			3	31.12.2018
- Biomass Distribution EOOD			1,726	31.12.2018
- Brila EOOD			13	31.12.2018
- Addom			17	31.12.2016
- Syngas Italy S.R.L.			1,003	31.12.2017
- TNL SGPS			317	31.12.2016
- TNL SL			355	31.12.2016
- TNL SA			143	31.12.2016
- TNL World			13	31.12.2016
- Company employees			7	31.12.2016
- Directors			18	31.12.2017

14. Loans provided to related parties (continued)

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Loans repaid:				
- Heat Biomass EOOD			(6)	
- Karlovo Biomass EOOD			(235)	
- Karlovo Biomass EOOD (cession agreement)			(1,512)	
- Plovdiv Biomass EOOD			(18)	
- Tvardica Biomass EOOD			(2)	
- Tvardica PV EOOD			(1)	
- Biomass Distribution EOOD			(229)	
- Brila EOOD			(18)	
- TNL SGPS			(40)	
- TNL SA			(60)	
- Company employees			(5)	
- Directors			(5)	
Loan interest accrued:				
- Heat Biomass EOOD			42	
- Karlovo Biomass EOOD			472	
- United Biomass EOOD			1	
- Plovdiv Biomass EOOD			1	
- Tvardica Biomass EOOD			1	
- Biomass Distribution EOOD			146	
- Brila EOOD			1	
- Nova Zagora Biomass EOOD			1	
- Addom			1	
- Syngas Italy S.R.L.			70	
- TNL SGPS			25	
- TNL SL			9	
- TNL SA			2	
Balance at 31 December 2015			25,086	

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Loans	25,086	2,225	2,293	20,568	-
	25,086	2,225	2,293	20,568	-

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Balance at 1 January 2014			5,686	
New proceeds:				
- Heat Biomass EOOD			135	31.12.2015
- Karlovo Biomass EOOD			7,793	31.12.2015
- United Biomass EOOD			6	31.12.2018
- Nova Zagora Biomass EOOD			10	31.12.2018
- Tvardica Biomass EOOD			12	31.12.2015
- Plovdiv Biomass EOOD			22	31.12.2018
- Tvardica PV EOOD			1	31.12.2018
- Biomass Distribution EOOD			3,005	31.12.2018
- Brila EOOD			22	31.12.2018
- Syngas Italy S.R.L.			1,278	31.12.2015
- TNL SGPS			260	15.12.2015
- Company employee			10	18.12.2015

14. Loans provided to related parties (continued)

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Loans repaid:				
- Heat Biomass EOOD			(1,600)	
Loan interest accrued:				
- Heat Biomass EOOD			76	
- Karlovo Biomass EOOD			262	
- United Biomass EOOD			1	
- Nova Zagora Biomass EOOD			1	
- Tvardica PV EOOD			1	
- Plovdiv Biomass EOOD			1	
- Biomass Distribution EOOD			27	
- Brila EOOD			1	
- Syngas Italy S.R.L.			15	
- TNL SGPS			3	
Balance at 31 December 2014			17,028	

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Loans	17,028	13,882	-	3,146	-
	17,028	13,882	-	3,146	-

On 30.12.2015 a cession agreement was signed between Ebioss Energy AD and Heat Biomass EOOD according to which Ebioss Energy transferred part of its receivables from Karlovo Biomass EOOD for the amount of EUR 1,512 thousand to Heat Biomass EOOD. The cession agreement was concluded at par where Heat Biomass EOOD shall repay the amount due to Ebioss Energy AD till 31 December 2018, including interest charges at 4%.

The repayments made by the Company's employees and Directors were funds withheld from remunerations due.

15. Trade and other receivables

	Note	31.12.2015 EUR'000	31.12.2014 EUR'000
Trade receivables		4,964	-
Trade receivables due from related parties	22.6	48	-
Prepaid amounts to suppliers		58	56
Receivables from employees		1	5
Refundable VAT		810	8
Other receivables		16	46
		5,897	115

The trade and other receivables are not overdue or impaired.

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 Company. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are reissued.

Issued and fully paid		**Number of shares**	**thousand EUR**
Balance on 1 January 2014		7,049,693	18,022
Share split	a)	28,198,772	-
New issues	b)	5,663,951	2,896
Balance at 31 December 2014/1 January 2015		40,912,416	20,918
Balance at 31 December 2015		40,912,416	20,918

a) 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 changed, without changing the amount of the register capital.The existing shares were divided into five, i.e. the split ratio used is five-for-one.

b) 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.

16.2. Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company.

As at 31 December 2014 the Company held 1,305,808 own shares with nominal value EUR 0.51 (BGN 1).

As at 31 December 2015 the Company held 80,807 own shares with nominal value EUR 0.51 (BGN 1).

17. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of EUR 112 thousand (31 December 2014: EUR (934) thousand), and a weighted average number of ordinary shares outstanding of 39,978 thousand (31 December 2014: 38,124 thousand), calculated as follows:

(i) Profit attributable to ordinary shareholders (basic)

In thousands of EUR	**31.12.2015**	**31.12.2014**
Profit/(Loss) for the year	112	(934)
Profit/(Loss) attributable to ordinary shareholders	112	(934)

(ii) Weighted average number of ordinary shares (basic)

In thousands of shares	**31.12.2015**	**31.12.2014**
Issued ordinary shares at 1 January	40,912	7,050
Effect of share split in May 2014	-	28,200
Effect of shares issued in June 2014	-	3,304
Effect from repurchased own shares	(934)	(430)
Weighted average number of ordinary shares at 31 December	39,978	38,124
Earnings per share (EUR)	0.003	(0.024)

18. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. More information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 21.

In thousands of EUR	**31.12.2015**
Non-current liabilities	
Unsecured corporate bonds issues	6,811
Finance lease liabilities	55
	6,866
Current liabilities	
Unsecured corporate bonds issues	121
Finance lease liabilities	19
	140

(a) Corporate bonds issue

In thousands of EUR	
Proceeds from issue of bonds	7,000
Transaction costs	(189)
Net proceeds	6,811
Accrued interest	121
Carrying amount of liability at 31 December 2015	6,932

On 18th June 2015, 30 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 18th June 2020 and maturity dates of the coupon payments shall be as follows: 18th June 2016, 18th June 2017, 18th June 2018, 18th June 2019 and 18th June 2020.

The Company shall have the right after expiration of 36-month period as from the date of issue, to buy-back from the bond holders some or all of the bonds at nominal value plus the accrued interest of the coupons, calculated as to the date of exercising such call option.

On 16th December 2015, 40 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 22th December 2020 and maturity dates of the coupon payments shall be as follows: 22nd December 2016, 22nd December 2017, 22nd December 2018, 22nd December 2019 and 22nd December 2020.

(b) Finance lease

Finance lease liabilities are payable as follows:

In thousands of EUR	**31.12.2015 Future minimum lease payments**	**31.12.2015 Future interest payments**	**31.12.2015 Principal**
Less than one year	26	7	19
Between one and two years	25	5	20
Between two and five years	39	4	35
Total	90	16	74

19. Trade and other payables

Trade payables	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Payables to suppliers	44	67
	44	67
Other payables		
Paybles in regards to bonds issue	142	-
Accruals for unused paid leave	25	16
Other tax liabilities	10	10
	177	26
Trade and other payables	221	93

20. Taxation

Income tax recognised in profit or loss	**2015 EUR'000**	**2014 EUR'000**
Deferred tax expense/(benefit)	40	(85)
Income tax expense for the period	40	(85)

Reconciliation of the effective income tax rate:

	2015 EUR'000	**2014 EUR'000**
Profit/(Loss) for the year	112	(934)
Total income tax expense/(benefit)	40	(85)
Profit/(Loss) before income tax	152	(1,019)
Income tax expense at the statutory income tax rate of 10%	15	(102)
Unrecognised deferred tax asset - unused paid leaves	1	2
Non-deductible expenses	24	15
Income tax expense/(benefit)	40	(85)
Effective tax rate	26%	8%

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Taxation (continued)

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000
Tax loss carry-forwards	(80)	(120)	-	-	(80)	(120)
Tax (assets) liabilities	(80)	(120)	-	-	(80)	(120)
Net tax (assets) liabilities	(80)	(120)	-	-	(80)	(120)

Movement in deferred tax balances

In thousand of EUR	Balance 1 January 2014	Recognized in profit or loss	Balance 31 December 2014	Recognized in profit or loss	Balance 31 December 2015
Tax loss carry-forwards	(35)	(85)	(120)	40	(80)
	(35)	(85)	(120)	40	(80)

21. 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	31.12.2015 EUR'000	31.12.2014 EUR'000
Loans provided to related parties	22.1	25,086	17,028
Trade receivables		4,964	-
Trade receivables from related parties	22.6	48	-
Bank balances		1,036	2,348
		31,134	19,376

No amounts of loans and receivables are overdue or impaired.

21. Financial instruments (continued)

Risk management framework (continued)

(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 at 31 December 2015:

In thousands of EUR		**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1 – 2 years**	**2 – 5 years**
Non-derivative financial liabilities						
Corporate bonds issued	18	6,932	(9,450)	(490)	(490)	(8,470)
Finance lease liabilities	18	74	(90)	(26)	(25)	(39)
Trade and other payables to related parties	22.2	4,816	(4,816)	(4,816)	-	-
Payables to suppliers	19	186	(186)	(186)	-	-
		12,008	(14,542)	(5,518)	(515)	(8,509)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2014:

In thousands of EUR		**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1 – 2 years**	**2 – 5 years**
Non-derivative financial liabilities						
Other payables to related parties	22.2	145	(145)	(145)	-	-
Payables to suppliers	19	67	(67)	(67)	-	-
		212	(212)	(212)	-	-

(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

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.

21. Financial instruments (continued)

Interest rate risk (continued)

Profile

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

	Nominal amount	
In thousands of EUR	**31.12.2015**	**31.12.2014**
Fixed rate instruments		
Financial assets	23,876	16,590
Financial liabilities	(7,074)	-
	16,802	16,590

The Company has no variable rate instruments as at 31 December 2015 and 31 December 2014.

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 Company has no financial assets and financial liabilities at fair value. No information is disclosed about the fair values of financial assets and financial liabilities that are not measured at fair value as their carrying value is a reasonable approximation of fair value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

22. 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
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia S.L., Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
Eqtec Bulgaria EOOD	subsidiary, 100% owned and controlled by EQTEC Iberia S.L., Spain
Energotec Eco AD	subsidiary, 43% 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
Syngas Italy S.R.L.	subsidiary, 100% owned by EBIOSS ENERGY AD (since 3.04.2014)
TNL SGPS, Portugal	subsidiary, 52,62% owned and controlled by EBIOSS ENERGY AD
TNL SA, Portugal	subsidiary,100% owned and controlled by TNL SGPS (since 1.08.2014)
Hirdant, Portugal	subsidiary,100% owned and controlled by TNL SGPS (since 1.08.2014)
Addom, Spain	subsidiary,100% owned and controlled by TNL SGPS (since 1.08.2014)
TNL SL, Spain	subsidiary, 80% owned and controlled by TNL SGPS (since 1.08.2014)
TNL World, Bulgaria	subsidiary,100% owned and controlled by TNL SGPS (since 17.09.2015)
Citytainer Brasil, Brasil	associate of TNL SGPS (since 1.08.2014)
Citytainer Industria, Brasil	subsidiary 100% owned and controlled by Citytainer Brasil (since 1.08.2014)
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
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko El Invest	under common control

Directors

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

The remuneration to the key management personnel in 2015 amounts to EUR 126 thousand (2014: EUR 124 thousand).

22.1 Loans provided to related parties

	31.12.2015 EUR'000	31.12.2014 EUR'000
Heat Biomass EOOD		
- principal	2,585	1,027
- interest	151	109
Karlovo Biomass EOOD		
- principal	13,349	10,870
- interest	747	275
United Biomass EOOD		
- principal	34	34
- interest	3	2
Nova Zagora Biomass EOOD		
- principal	24	24
- interest	3	2
Tvardica Biomass EOOD		
- principal	19	21
- interest	2	1
Plovdiv Biomass EOOD		
- principal	25	30
- interest	3	2
Tvarditsa PV EOOD		
- principal	9	7
- interest	1	1
Biomass Distribution		
- principal	4,503	3,006
- interest	173	27
Brila EOOD		
- principal	17	22
- interest	2	1
Syngas Italy S.R.L.		
- principal	2,281	1,278
- interest	85	15
TNL SGPS		
- principal	537	260
- interest	28	3
Addom		
- principal	17	-
- interest	1	-
TNL SL		
- principal	355	-
- interest	9	-
TNL SA		
- principal	83	-
- interest	2	-
TNL World		
- principal	13	-
Company employees		
- principal	13	10
Directors		
- principal	12	-
	25,086	17,028

22.2 Trade and other payables to related parties

	31.12.2015 EUR'000	31.12.2014 EUR'000
Karlovo Biomass EOOD	4,806	-
Elektra Holding AD	10	145
	4,816	145

The amount payable to Karlovo Biomass EOOD is in relation to equipment purchased (see also note 3)

22.3 Loans received from related parties

During 2015 a loan for the amount of EUR 315 thousand has been received from Elektra Holding AD which has been fully repaid prior to the end of the period. During 2014 the Company sucessfully repaid loan to Elektra Holding AD for the amount of EUR 260 thousand prior to the end of the period.

22.4 Services provided to related parties

	2015 EUR'000	2014 EUR'000
Karlovo Biomass EOOD	62	20
Biomass Distribution EOOD	51	-
Heat Biomass EOOD	51	-
Syngas Italy S.r.l.	51	-
	215	20

22.5 Purchase of equipment

	2015 EUR'000	2014 EUR'000
Karlovo Biomass EOOD	4,005	-
	4,005	-

22.6 Trade receivables from related parties

	31.12.2015 EUR'000	31.12.2014 EUR'000
Karlovo Biomass EOOD	12	-
Syngas Italy S.r.l.	36	-
	48	-

23. Commitments and contingent liabilities

Ebioss Energy AD is a joint debtor in relation to Loan contracts dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD for the amount of EUR 5,600 thousand until the time of commissioning of plant property of Karlovo Biomass EOOD. As of 31.12.2015 principal of loan to be repaid by Karlovo Biomass EOOD is EUR 4,912 thousand.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

24. Events after the reporting period

On 19th of February 2016 according to an agreement between EBIOSS ENERGY AD, CONECTA2 and the shareholders of CONECTA2, the investment agreement and shareholders agreement signed formerly between EBIOSS ENERGY AD and CONECTA2 have been rescinded. The parties agreed for buy-back of all the shares purchased by EBIOSS ENERGY AD for the price of 525,000 Euro. Subsequently, the payment of this amount was made by bank transfer on 23th of February 2016. (See Note 10)

On 14 April 2016, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20th April 2021 and maturity dates of the coupon payments shall be as follows: 20th April 2017, 20th April 2018, 20th April 2019, 20th April 2020 and 20th April 2021.

There are no other significant events after the reporting period, which should be reflected or disclosed in these separate financial statements.