



**Información Financiera**  
**1<sup>er</sup> Semestre 2017**



En Sofía, a 31 de octubre de 2017

Muy Señores Nuestros,

En virtud de lo previsto en el artículo 17 del Reglamento (UE) n° 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, y disposiciones concordantes, así como en la Circular 15/2016 del Mercado Alternativo Bursátil (MAB) ponemos en conocimiento la siguiente información financiera semestral a 30 de junio de 2017:

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- Hitos principales acontecidos hasta la fecha del informe.
- Informe de evolución de la actividad.
- Análisis de los Estados Financieros intermedios consolidados de EBIOSS Energy, SE a 30 de junio de 2017 y grado de cumplimiento de las previsiones.
- Informe de revisión limitada de los Estados Financieros intermedios individuales y consolidados de EBIOSS Energy, SE a 30 de junio de 2017.

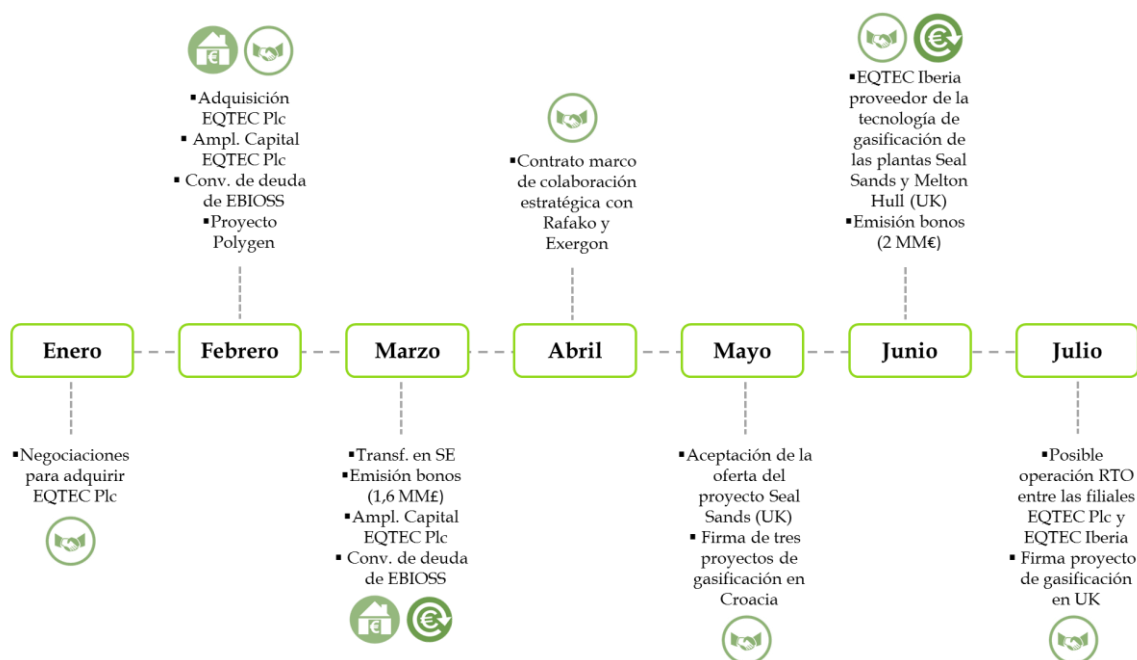
D. José Óscar Leiva Méndez

Presidente de EBIOSS ENERGY, SE

- **Hitos principales acontecidos hasta la fecha del informe semestral:**

- ❖ La compañía ha centrado su esfuerzo y sus recursos en:
  - Desarrollo de una cartera de productos relacionados con la recogida inteligente de basuras, lo cual ha incurrido en aumento del patrimonio y la competitividad tecnológica de su filial WINTTEC (antigua TNL), así como de su evolución y visibilidad comercial a nivel nacional e internacional.
  - Adquisición de EQTEC Plc y ampliación de la participación en EQTEC Iberia hasta el 67%. Ello permite vislumbrar una valorización de la filial de ingeniería del grupo y un mejor posicionamiento desde un mercado clave como Reino Unido y cotizando en la bolsa de Londres a través del AIM (Alternative Investment Market) de Londres.
  - Conversaciones estratégicas con Partners relevantes tales como China Energy en el área de gasificación y otras conversaciones con otros Partners estratégicos en el área de la gestión inteligente de residuos y que serán anunciados en breve.
  - Conversión de la sociedad búlgara EBIOSS Energy, AD en sociedad europea EBIOSS Energy, SE para obtener beneficios jurídicos y económicos en las actuaciones dentro de la UE.
- ❖ Posteriormente, EQTEC Plc llevó a cabo dos ampliaciones de capital por valor de 985.000 libras. EBIOSS convirtió simultáneamente en acciones el préstamo que mantenía con EQTEC Plc por un importe de 920.717 euros.
- ❖ Asimismo, EQTEC Plc anunció que firmó un acuerdo no vinculante con las compañías Inava Ingeniería de Análisis, S.L. y EBIOSS Energy, SE, actuales accionistas de la filial EQTEC Iberia, S.L., para la adquisición del capital social de la misma. La operación propuesta, de ser completada, tiene la consideración de "Reverse Takeover" (RTO) bajo la regla 14 de las normas del AIM.
- ❖ Colocación de deuda por un valor de 3,88 millones de euros.
- ❖ Proyecto POLYGEN. Reconocimiento tecnológico a través del proyecto financiado por la Unión Europea para la conversión de diferentes tipos de residuos en Gas Natural Sintético, junto con el mayor fabricante de calderas en Europa, Rafako.

- ❖ Firma de un contrato marco de colaboración estratégica para la introducción de su tecnología EQTEC Gasifier Technology (EGT) en el mercado polaco con las empresas industriales Rafako y Exergon.
- ❖ Aceptación y designación de EQTEC Iberia como proveedor de tecnología de gasificación de las obras de los proyectos Seal Sands y Melton Hull en Reino Unido.
- ❖ Acuerdo con la empresa de servicios energéticos Sense Esco para el suministro de tres plantas de gasificación de residuos forestales y agroindustriales a instalar en Croacia.
- ❖ Acuerdo en exclusiva con Zebec Energy para el desarrollo de una planta de gasificación de residuos de madera a instalar en Usk (Reino Unido).
- ❖ Descenso de los ingresos del grupo, centrado en la finalización de su operación corporativa en UK y en las conversaciones subsiguientes con grupos de interés estratégico para el crecimiento futuro de la compañía.





## • Informe de evolución de la actividad

En esta primera mitad del ejercicio 2017 los esfuerzos se han centrado en el crecimiento del grupo a nivel inorgánico, así como en mantener la expansión a nivel internacional.

Para ello, EBIOS S allanó el camino jurídico y administrativo para entrar a operar en todos los países de la Unión Europea al finalizar en el mes de marzo su transformación en Sociedad Europea (SE). El objetivo último de dicha transformación es la de impulsar su crecimiento industrial, su expansión internacional y reforzar su posicionamiento geoestratégico.

Con anterioridad, en el mes de febrero y tras varios meses de negociación EBIOS S adquirió el 51% de la compañía cotizada en el AIM de Londres REACT Energy Plc (hoy denominada EQTEC Plc), propietaria de 3 proyectos que están en fase de desarrollo para su futura construcción: Newry, Enfield y Claycross que en total suman 28MW de capacidad total.

Tal y como entonces se explicaba, el racional de la adquisición y su bondad para EBIOS S tuvo que ver con el pipeline de proyectos que EQTEC Plc tiene actualmente, además de su carácter estratégico por su posicionamiento en Reino Unido, donde EBIOS S también aportaba una serie de proyectos con los que está colaborando con su socio estratégico China Energy.

Posteriormente, EQTEC Plc llevó a cabo dos ampliaciones de capital, mientras que EBIOS S convirtió simultáneamente en acciones el préstamo que mantenía con EQTEC Plc. Tras la admisión a cotización de las nuevas acciones, EBIOS S Energy posee el 50,03% del capital social total de EQTEC Plc.

En el mes de julio esta subsidiaria anunció la firma de un acuerdo no vinculante con las compañías Inava Ingeniería de Análisis, S.L. y la empresa matriz EBIOS S Energy, actuales accionistas de EQTEC Iberia, S.L., para la adquisición del capital social de la misma.

En referencia a la captación de financiación, en el mes de marzo fueron suscritos mediante colocación privada 16 bonos corporativos senior de 100.000 libras de nominal por importe total de 1,6 millones de libras. Asimismo, en el mes de junio fueron suscritos, mediante una colocación privada, 20 bonos corporativos sénior de 100.000 euros de nominal, por un importe total de 2 millones de euros.

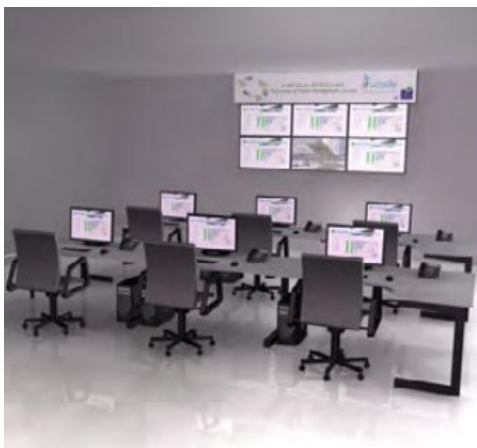
Tras esta operación la financiación total captada bajo el programa de bonos cotizados en la bolsa de Luxemburgo a fecha es de 13,4 millones de euros de un total de 17 millones de euros.

**Inversión en el desarrollo de Winttec (anterior TNL SGPS)**

La filial sigue consolidando sus perspectivas e incrementando su cartera de pedidos con la firma de nuevos contratos. WINTTEC se ha convertido en una palanca para las conversaciones que el grupo mantiene abiertas con sus Partners estratégicos, validando así la estrategia de integración vertical de la compañía.

Desde su adquisición, la filial ha desarrollado una nueva gama de productos, abriendo una nueva línea de negocio mediante la incorporación de productos tecnológicos de gestión inteligente de residuos.

Su oferta de productos incluye también un sistema de software que permite un control a tiempo real de la gestión BIG DATA que almacena y trata los datos para una eficiente y transparente gestión. Esto se hace mediante la implementación de un control room conectado a un servidor de almacenamiento de datos.



Así pues, se ha pasado de un modelo de negocio de venta puntual a la venta de un sistema de implementación tecnológica que cobra sus servicios por venta de datos de manera recurrente, así como la venta de la infraestructura de contenedores inteligentes.

La competitividad tecnológica y la cartera de productos resultante de este esfuerzo se plasma entre otros en los siguientes:



CITYBOX

De líneas simples y clásicas, responde a la necesidad de integración en el entorno urbano, causando el menor impacto visual posible. Sus dimensiones han sido diseñadas para obtener una solución compacta. Disponible para todas las fracciones de residuo, es utilizado como eco punto.

Con acceso mediante apertura de tapa que permite la introducción en el contenedor interno. CITYBOX, está disponible para diferentes volúmenes y con diferentes formatos de acceso. Siempre abierto o mediante control de acceso por identificación.



WiACCESS área

Control de acceso para áreas de aportación de residuos y/o zonas donde sea necesario el registro de uso. Su modularidad permite a WiACCESS área controlar cualquier tipo de sistema de cierre, gestionando la identificación y validación de usuario en el momento del uso. Los lectores WiACCESS área disponen de tecnología de lectura dual, reconociendo identificadores de proximidad y terminales móviles NFC.

Todos los datos son reportados a una plataforma web, permitiendo hacer la consulta y extracción de la información.

Disponen de la estanqueidad, robustez y con un sistema de seguridad anti-vandálico.



minicompactador

El Minitainer es un equipo de recogida de basuras soterrado que tiene la particularidad de estar dotado con una solución de compactación con capacidad para reducir el volumen de los residuos sólidos en una ratio media de 1:4 (variable según el tipo de residuo) sobre el contenedor que alberga.

Minitainer está concebido para dar servicio a zonas con una gran producción y donde se dispone de un espacio limitado, zonas residenciales de alta densidad, centros comerciales, supermercados, recintos feriales, estadios, etc. Este mantiene un aspecto agradable, discreto e integrado en el entorno, quedando tan solo a la vista el buzón de vertido.



Sensor volumétrico autónomo capaz de medir el estado de llenado de los contenedores, guardar información de la evolución de llenado, temperatura, momentos de recogida y estado de batería. Los dos sensores de ultrasonidos de alta resistencia realizan lecturas cruzadas, ofreciendo fiabilidad en el porcentaje de llenado incluso en residuos de difícil medición. El control volumétrico WiSENSOR tiene la capacidad de poder ser interrogado en el momento de la recogida. Esta opción facilita la optimización de cargas y eficacia en el servicio en las rutas programadas. Permite prolongar las rutas de uno o varios vehículos hasta el punto de poder reducir su número, con el consiguiente ahorro.



La utilización de los puntos limpios, que como concepto inicial ha sido una excelente solución para la recogida descontrolada de residuos. En la actualidad, la falta de información para realizar una buena gestión está suponiendo un aumento del gasto público.

La solución WiPOINT desarrollada por WINTTEC, gestiona la trazabilidad de los residuos, en cuanto a tipo de usuario (ciudadano o empresa), el rigor en la cuantificación y tipología de los residuos. La información permite ser consultada desde una base única y en tiempo real.



Instalados en las bocas de aportación de los contenedores, los distintos residuos o fracciones disponen de un sistema de cierre modular que permite el registro, validación e identificación de usuario en el momento del uso. El cierre codificado dispone de un sistema de comunicación bidireccional, que permita vía GPRS, WIFI o red local, actualizar la base de datos de ciudadanos con el sistema de identificación elegido. Los lectores WiACCESS disponen de tecnología de lectura dual, reconociendo identificadores de proximidad y terminales móviles NFC.

WiACCESS contenedor

**EQTEC Iberia: proyectos en Reino Unido y proyecto Polygen**

La tecnología de EQTEC actualmente es capaz de gasificar residuo sólido urbano mediante un pretratamiento y peletizado para su posterior gasificación. Con estos resultados se ha comprobado la viabilidad de un modelo de negocio de plantas de gasificación que como principal aspecto positivo:

- No dependen del subsidio en la tarifa eléctrica gubernamental.
- No tiene riesgo de suministro de combustible.
- Alto retorno para los inversores.

En los primeros meses de 2017, EQTEC continuó ampliando su presencia internacional y diversificando su negocio, entrando en el mercado de los combustibles sintéticos, con la aplicación del syngas (gas de síntesis) para la producción de gas natural sintético (SNG). Así, dentro del Proyecto POLYGEN, recibió la aprobación por parte del Comité de Revisión de EIT KIC InnoEnergy, para la construcción de una planta de gasificación de residuos en Polonia que generará SNG además de electricidad y calor.

EQTEC participa en este proyecto aportando su tecnología exclusiva y patentada de gasificación (EGT EQTEC GASIFIER TECHNOLOGY), una tecnología de gasificación basada en un reactor de lecho fluido burbujeante que utiliza un amplio rango de residuos (CDR y Lodos) y biomásas como combustible. La facturación estimada de EQTEC Iberia en este proyecto es de 500.625 euros y la inversión total estimada del proyecto es de 4.300.000 euros.

Asimismo, EQTEC firmó un contrato marco de colaboración estratégica con las empresas polacas Rafako y Exergon para desarrollar proyectos de gasificación de residuos y biomasa en Polonia. El contrato tiene una duración de diez años y establece que en los dos primeros años se contrate un proyecto anual como mínimo y a partir del tercer año se contraten un mínimo de dos proyectos anuales.

En el mes de mayo, EQTEC Iberia firmó un nuevo acuerdo con la empresa de servicios energéticos Sense Esco Ltd. para el suministro de tres plantas de gasificación de residuos forestales y agroindustriales a instalar en Croacia: Belisce 2, Bioenergetika y Sibenik:

La inversión estimada de Sense Esco de los tres proyectos es de 28 millones de euros y la facturación estimada de EQTEC Iberia será de 25 millones de euros.

En el mes de julio EQTEC Iberia, fue oficialmente designada como proveedor de tecnología de gasificación de las obras de los proyectos de las plantas Reliable - Seal Sands y Melton Hull en Reino Unido de la compañía Reliable Energy Solutions. El importe total de cada contrato es de 105.900.000 euros, a ejecutar en un periodo de tiempo de 32 meses desde la entrada en vigor del mismo.

EQTEC Iberia será la encargada de suministrar los equipos principales de su tecnología de gasificación patentada EQTEC Gasifier Technology, supervisar el montaje y realizar la puesta en marcha de la planta. La facturación estimada de EQTEC Iberia será de entre un 20% - 25% del presupuesto de cada proyecto.

Ese mismo mes, filial tecnológica firmó un acuerdo en exclusiva con la empresa Zebec Energy Ltd. para el desarrollo de una planta de gasificación de residuos de madera a instalar en Usk (Reino Unido). La planta contará con una potencia eléctrica de 6,4 MWe y la capacidad de tratamiento de la nueva planta de gasificación será de hasta 42.000 toneladas anuales de residuos de madera y supondrá una inversión estimada del proyecto de repotenciación de 15 millones de euros y la facturación estimada para EQTEC será de 11,1 millones de euros a partir del 2018. Además, EBIOS se ha asegurado bajo este acuerdo la posibilidad de adquirir hasta un 15% de la sociedad que opere la planta de generación eléctrica.



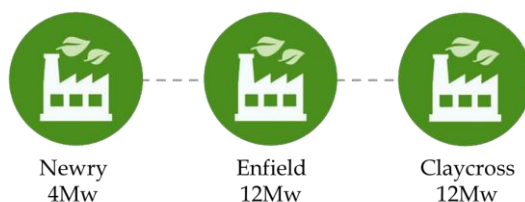
### Toma de control y Reverse Takeover en EQTEC Plc

En febrero de 2017, EBIOS Energy tomó participación en la irlandesa EQTEC Plc (antigua REACT Energy Plc) mediante la conversión de deuda hasta alcanzar el 51%. EQTEC Plc es una compañía dedicada al desarrollo de proyectos en el Reino Unido para la construcción de plantas energéticas que, mediante tecnología de gasificación de residuos, producirá energía eléctrica y/o energía térmica.

Los beneficios fundamentales de esta operación para EBIOS son los de tener una mayor visibilidad como compañía y el acceso al mercado de capitales de Londres para la financiación futura de las plantas de gasificación de residuos.

Tal y como entonces se explicaba, el racional de la adquisición y su bondad para EBIOS tuvo que ver con el pipeline de proyectos que EQTEC Plc tiene actualmente, además de su carácter estratégico por su posicionamiento en Reino Unido, donde EBIOS también aportaba una serie de proyectos con los que está colaborando con su socio estratégico China Energy.

EQTEC Plc es propietaria de 3 proyectos que están en fase de desarrollo para su futura construcción: Newry, Enfield y Claycross que en total suman 28MW de capacidad total.

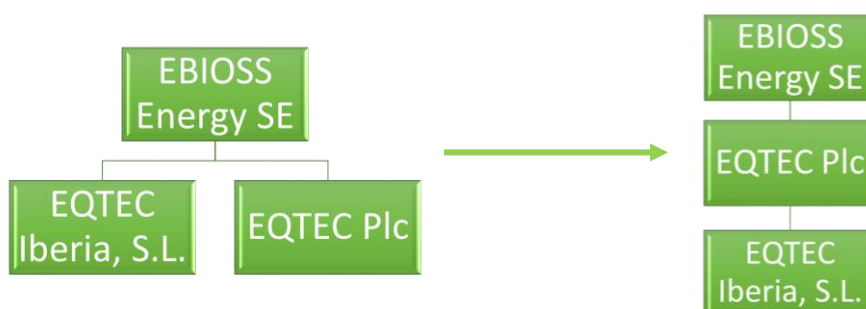




Posteriormente, EQTEC Plc llevó a cabo dos ampliaciones de capital por valor de 985.000 libras, mientras que EBIOSSE convirtió simultáneamente en acciones el préstamo que mantenía con EQTEC Plc por un importe de 920.717 euros.

En el mes de julio, la compañía subsidiaria irlandesa anunció la firma de un acuerdo no vinculante con las compañías Inava Ingeniería de Análisis, S.L. y EBIOSSE Energy, SE, actuales accionistas de EQTEC Iberia SL, para la adquisición del capital social de la misma. La operación propuesta, si es completada, tendría la consideración de "Reverse Takeover" (RTO).

Actualmente, EBIOSSE Energy, SE posee el 67% de EQTEC Iberia y el 50,03% de EQTEC Plc. En caso de consumarse la transacción, se produciría el siguiente cambio en la estructura del Grupo:



La combinación de EQTEC Plc y EQTEC Iberia crearía una empresa líder con tecnología patentada de gasificación que se utiliza en plantas de tamaño industrial para convertir los residuos en gas de síntesis y generar electricidad. La combinación de ambas compañías dotaría al grupo de un equipo directivo altamente experimentado en el mercado de la energía, el suministro de residuos y fuentes de combustible, desarrollo de proyectos de ingeniería y energías renovables.

De esta forma EQTEC Plc dispondría de las tecnologías de gasificación modulares más avanzadas disponibles en el mercado, ofreciendo una mayor eficiencia en comparación con otras tecnologías de generación de energía. Esta mayor eficiencia permitiría a EQTEC Plc ofrecer tarifas más atractivas que sus competidores, proporcionando una ventaja competitiva frente a ellos.



- **Análisis de los Estados Financieros de EBIOSS Energy, SE correspondientes al primer semestre del ejercicio 2017 y grado de cumplimiento de las previsiones.**

### Pérdidas y Ganancias consolidada a 30 de junio de 2017

A continuación, se presentan los estados financieros consolidados a 30 de junio de 2017, realizando una comparativa con el mismo periodo del año anterior y analizando el grado de cumplimiento respecto al presupuesto estimado para el cierre del ejercicio 2017 recogido en el Plan de Negocio de la Compañía vigente hasta la fecha:

EBIOSS Energy				
Comparison vs 2017F published on August 31st 2016 - Current BP				
Consolidated income statement (million €)	30-jun-16	30-jun-17	2017F	% Degree of fulfillment
Revenue	2,57	1,42	38,74	4%
Other revenues	0,02	0,06	0,00	-
Work performed by the entity and capitalized	0,47	0,29	0,00	-
Gain on a bargain purchases	0,00	0,00	0,00	-
Materials, goods for resale and expenses hired services	3,73	1,96	30,52	6%
Employee benefit expenses	1,42	1,59	2,15	74%
Depreciation and amortization	0,25	0,37	1,22	30%
Other expenses	0,71	1,06	1,29	82%
Share of loss of equity accounted investees	0,06	0,26	0,00	-
<b>Results from operating activities</b>	<b>-3,1</b>	<b>-3,5</b>	<b>3,6</b>	<b>-97%</b>
Net finance costs	-0,39	-0,803	-	-
<b>Profit/Loss before tax</b>	<b>-3,5</b>	<b>-4,3</b>	<b>-</b>	<b>-</b>

En relación con los ingresos (revenue), se han visto minorados por el foco desde el grupo en estos meses sobre las negociaciones y acuerdos relativos a los vectores estratégicos de su crecimiento:

- Finalización estimada en el mes de noviembre de la operación corporativa de Reverse Takeover en UK.
- China Energy está acabando de estructurar la financiación bancaria de los dos proyectos en Reino Unido (Seal Sands y Melton Hull) cuya inversión conjunta alcanza los 211 millones de Euros. El cierre estimado de la financiación será en marzo del año que viene que será cuando Eqtec Iberia empiece a facturar sus servicios en estos dos proyectos.
- Subsiguientemente, ello precipitará el desenlace de las negociaciones con Partners estratégicos relevantes, que avanzan en la dirección de las previsiones de la compañía.

La intensidad de estas gestiones inorgánicas de esta hoja de ruta se ha concentrado de manera muy destacada en el primer semestre, motivando el diferimiento de facturaciones ordinarias y retrasando por ello también el salto de escala en la cuenta de resultados del grupo.

Ello redunda en que todavía no haya eclosionado el negocio a los ritmos previstos entretanto no se dirimen los movimientos inorgánicos en curso.

Durante el primer semestre la compañía ha soportado importantes gastos e inversión en desarrollo de nuevos productos tales como:

- Costes de asesores externos (abogados, brokers, asesores registrados, auditores,...) en la operación corporativa de RTO entre Eqtec Plc y Eqtec Iberia
- Inversión realizada en nuevos productos tecnológicos (fundamentalmente hardware para la gestión inteligente de los residuos) que no ha sido activada en el Balance y se ha computado como pérdidas operativas
- Preparación de ingeniería de los dos proyectos firmados por China Energy en Reino Unido y que aún no han sido facturados ya que están pendientes del cierre de su financiación bancaria

No obstante, es importante subrayar que todo ello se viene produciendo con contención de consumos en los gastos, derivando un mantenimiento del nivel de resultado operativo negativo acumulado en el semestre por el grupo en el entorno de los -3,5MM€.

### **Balance de situación consolidado a 30 de junio de 2017**

A continuación, se muestra el balance de situación a 30 de junio de 2017. 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 Energy				
Balance Sheet (million €)	30/06/2016	30/06/2017	Variation (€)	Variation (%)
<b>Asset</b>				
Non current Assets	45,26	60,31	15,05	33%
Current Assets	15,47	7,25	-8,22	-53%
<b>Total Assets</b>	<b>60,73</b>	<b>67,55</b>	<b>6,83</b>	<b>11%</b>
<b>Liabilities</b>				
Non Current Liabilities	19,18	23,56		23%
Current Liabilities	9,03	12,44		38%
Equity	32,52	31,56		-3%
<b>Total Equity and Liabilities</b>	<b>60,73</b>	<b>67,55</b>	<b>6,83</b>	<b>11%</b>

El tamaño del balance de la Compañía ha seguido creciendo fruto del incremento de sus activos a largo plazo, y de su fondo de comercio. Ello se ha hecho gracias un mayor acceso a recursos financieros en su pasivo, a través de los instrumentos de deuda descritos con anterioridad en este informe, y mediante la capitalización de deuda celebrada en el marco de la operación corporativa con la actual EQTEC Plc.

#### Grado de cumplimiento de las previsiones

En las próximas semanas deberán consolidarse relevantes negociaciones que permitirán escalar el Plan de Negocio. No obstante, dada la imposibilidad de garantizar el plazo exacto de la firma de los pertinentes contratos, así como de la dificultad para garantizar los tiempos en los que el epecista cierre finalmente su financiación, la dirección de la Compañía ha propuesto al Consejo de Administración y éste ha aprobado, las siguientes dos cuestiones:

- Dejar sin vigencia el Plan de Negocio.
- Ampliar el plazo para ampliar capital que había autorizado la Junta General y que vence el 12 de diciembre del presente año.

- Estados Financieros individuales y consolidados de EBIOS Energy, SE a 30 de junio de 2017.

**EBIOSS ENERGY SE**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

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## **EBIOSS ENERGY SE**

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### **DIRECTORS AND OTHER OFFICERS**

#### **Executive Directors:**

Jose Oscar Leiva Mendez  
Luis Sanchez Angrill

#### **Registered Seat**

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Floor 11-12  
Sofia 1404

#### **Address for correspondence**

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Sofia 1404

#### **Legal Consultant**

Angel Panayotov  
49 Bulgaria Blvd.  
Floor 11-12  
Sofia 1404

#### **Bank**

BNP Paribas Securities Services, Spain  
Gestion de Patrimonios Mobiliarios Sociedad de Valores S.A., Spain  
Unicredit Bulbank AD, Bulgaria  
United Bulgarian Bank, Bulgaria  
Raiffeisen Bank AD, Bulgaria  
Banco de Sabadell S.A., Spain  
Banco Popular Portugal S.A., Spain  
Banco Bilbao Vizcaya Argentaria S.A., Spain  
CaixaBank S.A., Spain  
Novo Banco, Portugal  
Banco Santander Totta S.A., Portugal  
Caixa Geral de Depositos, Portugal  
Banco Portugues de Investimento, Portugal  
Millenium BCP, Portugal

#### **Auditor**

Grant Thornton OOD  
26 Cherni vruh Blvd.  
Sofia 1421,  
Bulgaria



**EBIOSS ENERGY SE**  
30 June 2017

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

	Note	Six months to 30 June 2017 EUR'000	Six months to 30 June 2016 EUR'000
Revenue	3	1,421	2,565
Other revenue		61	16
Work performed by the entity and capitalized	4	293	473
Share of loss of equity accounted investees	14.1	(264)	(6)
Raw materials and consumables used	5	(224)	(1,484)
Cost of goods sold	6	(518)	(848)
Expenses for hired services	7	(1,214)	(1,393)
Employee benefit expenses	8	(1,591)	(1,415)
Depreciation and amortisation	11,12	(367)	(246)
Other expenses	9	(1,061)	(709)
<b>Loss from operating activities</b>		<b>(3,464)</b>	<b>(3,047)</b>
Finance income	10	203	55
Finance costs	10	(1,006)	(445)
<b>Net finance costs</b>		<b>(803)</b>	<b>(390)</b>
<b>Loss before income tax</b>		<b>(4,267)</b>	<b>(3,437)</b>
Income tax benefit	23	43	308
<b>Loss for the period</b>		<b>(4,224)</b>	<b>(3,129)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of land, net of tax		-	21
		-	21
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation differences		(263)	25
		(263)	25
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(263)</b>	<b>46</b>
<b>Total comprehensive loss for the period</b>		<b>(4,487)</b>	<b>(3,083)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(3,223)	(2,392)
Non-controlling Interests		(1,001)	(737)
<b>Loss for the period</b>		<b>(4,224)</b>	<b>(3,129)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		(3,340)	(2,365)
Non-controlling Interests		(1,147)	(718)
<b>Total comprehensive loss for the period</b>		<b>(4,487)</b>	<b>(3,083)</b>
<b>Basic loss per share (EUR)</b>	20	<b>(0.16)</b>	<b>(0.11)</b>

On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendes):

Reviewed according to the review report dated 31.10.2017

Grant Thornton OOD, Audit firm

Mariya Apostolova, Managing partner

Registered auditor responsible for the review

The notes on pages 8 to 58 are an integral part of these interim consolidated financial statements.



**EBIOSS ENERGY SE**  
30 June 2017

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	30 June 2017 EUR'000	31 December 2016 EUR'000
<b>Assets</b>			
Property, plant and equipment	11	36,689	25,862
Intangible assets	12	12,062	11,889
Goodwill	13	8,923	4,684
Investments in associates	14.1	-	264
Financial assets available for sale	14.2	547	547
Trade and other receivables	15	48	25
Deferred tax assets	23	2,038	1,985
<b>Non-current assets</b>		<b>60,307</b>	<b>45,256</b>
Inventory	17	1,543	1,613
Trade and other receivables	15	3,705	10,361
Cash and cash equivalents	18	1,058	1,023
Loans provided		-	900
Trade and other receivables from related parties	29	215	847
		6,521	14,744
Assets classified as held for sale	16	725	725
<b>Current assets</b>		<b>7,246</b>	<b>15,469</b>
<b>Total assets</b>		<b>67,553</b>	<b>60,725</b>
<b>Equity</b>			
Share capital	19.1	20,918	20,918
Share premium	19.2	15,708	15,700
Reserve for own shares	19.3	(512)	(179)
Revaluation surplus		155	155
Translation reserve		(58)	59
Accumulated loss		(7,020)	(3,758)
Equity attributable to owners of the parent		29,191	32,895
Non-controlling interests		2,368	(379)
<b>Total equity</b>		<b>31,559</b>	<b>32,516</b>
<b>Liabilities</b>			
Loans payable to third parties	21	22,162	17,872
Deferred tax liabilities	23	1,116	1,116
Provisions	25	151	149
Finance leases	26	25	39
Other liabilities		103	-
<b>Non-current liabilities</b>		<b>23,557</b>	<b>19,176</b>
Loans payable to third parties	21	6,354	3,086
Trade and other payables	24	5,475	5,667
Loans due to related parties	29	435	141
Other payables to related parties	29	135	96
Finance leases	26	28	25
Income tax payable	23	10	18
<b>Current liabilities</b>		<b>12,437</b>	<b>9,033</b>
<b>Total liabilities</b>		<b>35,994</b>	<b>28,209</b>
<b>Total equity and liabilities</b>		<b>67,553</b>	<b>60,725</b>

On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these Interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Evelina Vladimirova):

Reviewed according to the review report dated 31.10.2017

Grant Thornton OOD, Audit firm  
Marty Apostolov, Managing partner  
Registered auditor responsible for the review

The notes on pages 8 to 58 are an integral part of these interim consolidated financial statements.



# EBIOSS ENERGY SE

30 June 2017

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Translation reserve EUR'000	Retained earnings EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling Interest EUR'000	Total equity EUR'000
<b>Balance at 1 January 2017</b>	20,918	15,700	(179)	155	59	(3,758)	32,895	(379)	32,516
<b>Total comprehensive loss</b>	-	-	-	-	-	(3,223)	(3,223)	(1,001)	(4,224)
Loss for the period	-	-	-	-	(117)	-	(117)	(146)	(263)
Other comprehensive loss	-	-	-	-	(117)	(3,223)	(3,340)	(1,147)	(4,487)
<b>Total comprehensive loss</b>	-	-	-	-	(117)	(3,223)	(3,340)	(1,147)	(4,487)
<b>Transactions with owners of the Company</b>									
<i>Contributions and distributions</i>									
Own shares acquired	-	(403)	(1,036)	-	-	-	(1,439)	-	(1,439)
Own shares sold	-	411	703	-	-	-	1,114	-	1,114
<b>Total contributions and distributions</b>	-	8	(333)	-	-	-	(325)	-	(325)
<b>Changes in ownership interests</b>									
Acquisition of subsidiaries with non-controlling interests (note 13.12 and 13.14)	-	-	-	-	-	-	-	2,713	2,713
Disposal of non-controlling interest (0.97%) without a change in control (note 13.13)	-	-	-	-	-	(39)	(39)	1,181	1,142
<b>Total changes in ownership interests</b>	-	-	-	-	-	(39)	(39)	3,894	3,855
<b>Total transactions with owners of the Company</b>	-	8	(333)	-	-	(39)	(364)	3,894	3,530
<b>Balance at 30 June 2017</b>	20,918	15,708	(512)	155	(58)	(7,020)	29,191	2,368	31,559

On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Reviewed according to the review report dated 31.10.2017

Grant Thornton OOD, Audit firm

Mariya Apostolova, Managing Partner

Registered auditor responsible for the review

The notes on pages 8 to 58 are an integral part of these interim consolidated financial statements.

Preparer (Evelina Vasiljeva):





# EBIOSS ENERGY SE

30 June 2017

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

	Share capital	Share premium	Reserve for own shares	Revaluation surplus	Translation reserve	Retained earnings	Total attributable to owners of the Parent	Non-controlling interest	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 1 January 2016	20,918	15,934	(41)	139	16	285	37,251	(144)	37,107
Total comprehensive loss	-	-	-	-	-	(2,392)	(2,392)	(737)	(3,129)
Loss for the period	-	-	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	21	6	-	27	19	46
Total comprehensive loss	-	-	-	21	6	(2,392)	(2,365)	(718)	(3,083)
Transactions with owners of the Company									
Own shares acquired	-	(644)	(457)	-	-	-	(1,101)	-	(1,101)
Own shares sold	-	659	456	-	-	-	1,115	-	1,115
Subsidiary capital increase (Note 13.10)	-	-	-	-	-	-	-	85	85
Total transactions with owners of the Company	-	15	(1)	-	-	-	14	85	99
Balance at 30 June 2016	20,918	15,949	(42)	160	22	(2,107)	34,900	(777)	34,123

On 30.10.2017 the Board of Directors of EBIOS ENERGY SE authorised these interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Reviewed according to the review report dated 31.10.2017



The notes on pages 8 to 58 are an integral part of these interim consolidated financial statements.

Prepared (Evelina Vapilirova):

ЕБИОС ЕНЕРДЖИ ЕД  
София  
EBIOS ENERGY SE  
Sofia

**EBIOSS ENERGY SE**

30 June 2017

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Six months to 30 June 2017 EUR'000	Six months to 30 June 2016 EUR'000
<b>Loss before tax</b>		(4,267)	(3,437)
<b>Adjustments to loss:</b>			
Depreciation and amortisation		367	246
Interest expense		954	393
Other finance costs		141	52
Share of loss of equity accounted investees		264	6
Interest income		(62)	(30)
Investment income		-	(25)
Impairment losses and write-offs		208	219
Changes in provisions		2	5
Loss from sale of property, plant and equipment		-	3
<b>Cash flows from operations before working capital changes</b>		<u>(2,393)</u>	<u>(2,568)</u>
<b>Change in:</b>			
Inventories		(74)	(366)
Trade and other receivables		2,703	233
Trade and other payables		(2,810)	(457)
<b>Other cash flow from operating activities</b>			
Interest paid		(866)	(311)
Other finance costs paid		(177)	(52)
Interest received		50	16
Income tax paid		(18)	(133)
<b>Net cash flows from operating activities</b>		<u>(3,585)</u>	<u>(3,638)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(180)	(460)
Acquisition of intangible assets		(335)	(339)
Proceeds from disposals of other financial assets		-	4
Loans provided		-	(575)
Proceeds from sale of investment		-	525
Cash acquired through acquisition of subsidiaries		185	-
<b>Net cash flows from investing activities</b>		<u>(330)</u>	<u>(845)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of capital, contributed by NCI		1,142	-
Proceeds from issue of corporate bonds		3,852	2,000
Payments related to issue of corporate bonds		(274)	(157)
Repayment of loan from related party		(252)	(87)
Proceeds on loan from related party		528	576
Proceeds from sale of own shares		1,114	1,115
Repurchase of own shares		(1,439)	(1,101)
Proceeds from bank borrowing		1,917	1,460
Repayment of bank borrowing		(2,593)	(1,184)
Transaction costs related to bank borrowings		(34)	(5)
Payment of finance lease liabilities		(11)	(15)
<b>Net cash flows from financing activities</b>		<u>3,950</u>	<u>2,602</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<u>35</u>	<u>(1,881)</u>
Cash and cash equivalents at 1 January		<u>1,023</u>	<u>3,333</u>
<b>Cash and cash equivalents at 30 June</b>	18	<u>1,058</u>	<u>1,452</u>

On 30.10.2017 the Board of Directors of EBIOS ENERGY SE authorised these interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Elena Vladimirova):

Reviewed according to the review report dated 31.10.2017

Grant Thornton OOD, Audit firm

Mariy Apostolov, Managing partner

Registered auditor responsible for the review

The notes on pages 8 to 58 are an integral part of these interim consolidated financial statements



## **EBIOSS ENERGY SE**

30 June 2017

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

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#### **1. Incorporation and principal activities**

##### **Incorporation of the parent company**

Ebloss Energy SE (the "Company") is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 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 30 June 2017 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

On 1 October 2012 Ebloss Energy EOOD was transformed into Ebloss Energy OOD and on the same date the share capital of Ebloss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, distributed to the following shareholders:

<b>Shareholders</b>	<b>Relative share %</b>	<b>Number of shares</b>	<b>Total share capital in BGN'000</b>	<b>Total share capital in EUR'000</b>
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
<b>Total:</b>	<b>100</b>	<b>2,423,550</b>	<b>24,236</b>	<b>12,392</b>

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

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



## EBIOSS ENERGY SE

30 June 2017

### Notes to the interim consolidated financial statements

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

##### Incorporation (continued)

On 12 December 2012 Ebloss Energy OOD was transformed into joint stock company Ebloss 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 Ebloss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebloss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebloss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022 thousand. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of extraordinary general meeting of the shareholders of Ebloss Energy AD, held on 13th of February 2017 the Company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOSS has the legal form of "Societas Europaea" or "SE". The capital of the Company was denominated in Euro (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where EUR 1= BGN 1,95583) and the nominal value of the shares was changed into EUR 1 each, according to the requirements of the Regulation. All the other corporate characteristics of the Company remain unchanged.

With resolution dated 30 June 2017, the ordinary General meeting of the Company resolved to delegate explicit powers to the Board of Directors of EBIOSS ENERGY SE to perform capital increase up to 34,000,000 Euro of the registered capital and to waive the pre-emptive rights of the current shareholders to subscribe shares on a pro-rata basis in case such capital increase is accomplished.

As at 30 June 2017 the share capital of Ebloss Energy SE belongs to the following shareholders:

	Relative share %	Number of shares	Total share capital in EUR'000
<b>Basic shareholders</b>			
Elektra Holding AD	36.35	7,603,004	7,603
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.27	893,979	894
Origina Bulgaria OOD	1.89	396,322	396
Antigona Bulgaria EOOD	1.25	260,280	260
<b>Minority shareholders</b>	48.71	10,189,603	10,190
<b>Total:</b>	<b>100</b>	<b>20,918,186</b>	<b>20,918</b>

The main shareholders of Ebloss Energy SE are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders own approximately 51.29% of the share capital of Ebloss Energy SE as at 30 June 2017.

##### Principal activities

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



## **EBIOSS ENERGY SE**

30 June 2017

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

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

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

According to the amended Act on 6 March 2015, the companies may produce electricity with power capacity up to MW 1,5, 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 5 MW 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 1,5 MW is fixed to 447,43 BGN/MWh.

On 24 July 2015, further changes in REA entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company and its subsidiaries in Bulgaria.

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 breeding 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 Group 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 grid signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mentioned legislative amendments, are no longer effective.

As of 30 June 2017, 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 2 MW. The Company will also have 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 2018.
- **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 2 MW. The company will also have 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 will start selling electricity and producing pellets in 2018.
- **Plovdiv Biomass EOOD**, registered on 7 January 2011 with UIC 201385444 and with principal activity the development of thermal plant with capacity of 2 MW, 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 2020. Plovdiv Biomass acquired in November 2012 a 100% owned subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.

## **EBLOSS ENERGY SE**

30 June 2017

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

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#### **Incorporation and 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 2 MW, 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 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 2020.
- **Tvardica Biomass EOOD**, registered on 7 January 2011 with UIC 201384926 and with principal activity the development of thermal plant with capacity of 2 MW, 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 2020. Tvardica Biomass EOOD acquired in November 2012 a 100% owned 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 2 MW, 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 Lebnitza. 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 2020.

Ebloss Energy also has the ownership of **Biomass Distribution EOOD**, registered on 12 November 2012 with UIC 201336098 and with principal activity: to provide the necessary raw materials and biomass sources to the biomass power plants of the subsidiaries of Ebloss Energy SE in Bulgaria.

On 30 November 2012 Ebloss Energy SE also acquired control over **Eqtac Iberia SL**, a company registered in Spain. Eqtac Iberia SL is an engineering company specializing in the design, complete construction, operation and maintenance of cogeneration plants for 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, Croatia and Bulgaria.

In 2013 Ebloss Energy SE 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 in accordance with IFRS. The newly incorporated company **Energotec Eco AD** plans to rent out a factory near the village of Kalolanovec and manufacture part of the main equipment for the biomass power plants. On the same date another entity from the Group **Eqtac 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 30 June 2017 the Group has effective holding of 46.36% in **Energotec Eco AD**.

On 3 April 2014 according to an agreement for transfer of shares, Ebloss Energy SE 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 of 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 the municipality of Castiglione d'Orcia, Toscana region. As of 31 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 SE**

30 June 2017

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

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

On 1 August 2014, according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebloss Energy SE acquired 51% of the shares of TNL SGPS LDA in Portugal, duly 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 Ebloss Energy SE for the amount of EUR 1,550 thousand. The main activity of the company is equity management of other companies. On 4 August 2014 additional 1.62% from the share capital of TNL SGPS LDA were acquired by Ebloss Energy SE, for the amount of EUR 50,000, 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 specialized in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

On 3 October 2016, a decision was made to convert EUR 1,098 thousand of the loan granted by Ebloss Energy SE to TNL SGPS into supplementary capital. On 14 October 2016 TNL SGPS LDA was transformed into a public liability company and renamed to Waste Intelligent Technologies (WINTTEC). Subsequently EUR 395 thousand of the supplementary capital granted by Ebloss Energy SE was converted into registered capital of WINTTEC SGPS SA. Thus, the participation in the capital of WINTTEC SGPS SA was increased to 68%.

On 10 April 2014 with decision of the General meeting of EBIOSS ENERGY SE the nominal value of the shares of the Company was changed from EUR 2.56 to EUR 0.51. The numbers of the members of the Board of Directors was increased from 3 to 4 and Meriden Group SAU, Company registered in the Principality of Andorra with tax number (NRT) – A – 706620-E was appointed as a new member of the Board of Directors of the Company. The General meeting also took decision to delegate and issue an explicit statutory mandate of the Board of Directors of EBIOSS ENERGY SE with the right to increase the share capital by issuing new emission of dematerialized shares with voting rights with nominal value of EUR 0.51 up to a total amount of EUR 20,452 thousand.

By decision of the extraordinary general meeting of Ebloss Energy SE dated 13 February 2015, a resolution was approved for the 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 BGN 60,000,000 (in words: sixty million Bulgarian 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 June 2015 the ordinary annual general meeting of Ebloss Energy SE 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 BGN 20,000,000 (in words: twenty million Bulgarian 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) 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 "Ebloss Energy" SE has adopted for issuance, as per Minutes of the General meeting dated 13 February 2015. On the grounds of art. 194, para. 4 of the Bulgarian Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of 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 "Ebloss Energy" SE in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.

## EBIOSS ENERGY SE

30 June 2017

### Notes to the interim consolidated financial statements

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

On 7 February 2017 Ebloss Energy SE acquired 51% of the company REACT Plc by means of conversion of corporate debt into equity and the corresponding capital increase and subscription of the newly emitted shares. The shares of the company REACT Plc were quoted for trading on the London AIM stock market and its head office is domiciled in Ireland. As a result of the acquisition and the admission of Ebloss as a majority shareholder, REACT PLC was renamed by decision of the General meeting into EQTEC Plc and Ebloss obtained the right to nominate the majority of the board members, including the Executive Director (CEO). Subsequently two conversions of the loan (principal and interest) granted by Ebloss Energy SE to Eqtec Plc into equity took place in February and March 2017. At the same time additional placement of new shares was done by Eqtec plc which together with the loan conversion resulted in decrease of the shares owned by Ebloss Energy SE from 51% to 50.03%.

In May 2017 Wintech SGPS SA, Portugal acquired the remaining 50% of the shares of Citytainer Brasil Soluções Ambientais Ltda (Citytainer Brasil), a Company based in S. Paulo (Brazil) for BRL 1 (EUR 0.30) thus increasing its participation in the share capital of Citytainer Brasil from 50% to 100% and obtaining control over it and its subsidiary, Citytainer Industria Ltda.

As of 30 June 2017, the following subsidiaries of Ebloss Energy SE were consolidated in the interim consolidated financial statements of the Group:

Subsidiary	Country of Incorporation	% ownership 30.06.2017	% ownership 31.12.2016
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 SL	Spain	47.97%	47.97%
Energotec Eco AD	Bulgaria	46.36%	46.36%
Synogas Italy S.L.R.	Italy	100%	100%
WINTTEC SGPS SA (former TNL SGPS SA)	Portugal	68%	68%
TNL SA	Portugal	68%	68%
Hirdant Lda	Portugal	68%	68%
TNL SL	Spain	54.4%	54.4%
Addom SL	Spain	68%	68%
TNL World EOOD	Bulgaria	68%	68%
Citytainer Brasil – Soluções Ambientais, Ltda	Brazil	68%	-
Citytainer Indústria, Ltda	Brazil	68%	-
Eqtec PLC	Ireland	50.03%	-
Newry Biomass No. 1 Limited	Ireland	50.03%	-
React Biomass Limited	Ireland	50.03%	-
Reforce Energy Limited	Ireland	50.03%	-
Pluckanes Windfarm Limited	Ireland	50.03%	-
Grass Door Limited	United Kingdom	50.03%	-
Newry Biomass Limited	Northern Ireland	25.03%	-
Enfield Biomass Limited	United Kingdom	50.03%	-
Moneygorm Wind Turbine Limited	Ireland	50.03%	-
Eqtec No. 1 Limited	Ireland	50.03%	-
Plymouth Biomass Limited	United Kingdom	50.03%	-
Clay Cross Biomass Limited	United Kingdom	45.03%	-
Altlow Wind Turbine Limited	Ireland	50.03%	-
Kedco Group Holdings USA Inc.	USA	50.03%	-



## **EBIOSS ENERGY SE**

30 June 2017

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

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#### **2. Accounting policies**

##### **Basis of preparation**

The interim consolidated financial statements were authorised for issue by the Board of Directors on 30 October 2017.

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

The interim 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 interim consolidated 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 13 *Acquisition of subsidiaries*
- Note 16 *Non-current assets held for sale*
- Note 27 *Financial instruments*

## **EBIOSS ENERGY SE**

30 June 2017

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

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

##### **Going concern basis of accounting**

The interim consolidated financial statements of the Group as at 30 June 2017 have been prepared on the basis of the going concern concept despite the fact that for the period ended 30 June 2017 the Group reported net loss amounting to EUR 4,224 thousand. The current liabilities exceed the current assets by EUR 5,191 thousand as of 30 June 2017.

At present the Management actively works and prepares new capital increase for the amount of up to EUR 9 million and is in negotiation process for new bond emission on the Luxembourg stock exchange for the amount of up to GBP 3 million.

On 29 June 2017 Eqttec Iberia SL was officially selected to provide the gasification technology for 2 (two) projects in the UK through the signing of 2 contracts between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA (strategic partner of Ebloss Energy SE). The value of each contract is approx. EUR 106 million and the works should be performed within a period of 32 months.

Based on the funds that will be attracted through the capital increase, the bond emission and also the revenue from the 2 projects in the UK signed, the management believes that the funds are adequate to finance the future activities of the Group. Based on the business plans and financial forecasts of the Group, repayment of the facilities will occur as required.

The Board of directors have prepared business plans based on their best estimation of the cashflows of the Group in the short and medium term. Such forecasts inherently contain management judgments and estimates in respect of future trading conditions, the timing of receipts and payments and other relevant matters. The main management judgments, estimates and assumptions used in the prepared business plans are that the management will be successful in the planned capital increase and the new bond emission on the Luxembourg stock exchange; and the subsidiary Eqttec Iberia SL will receive timely notice to proceed with the provisions of the gasification technology, which is subject to the contracts signed between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA.

Having considered the business plans, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the interim consolidated financial statements.

##### **Basis for consolidation**

###### **(1) 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.

## **EBIOSS ENERGY SE**

30 June 2017

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

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

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

##### **(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 arising from intra-group transactions should be eliminated.

##### **(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 acquisition 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.



## **EBIOSS ENERGY SE**

30 June 2017

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

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

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

###### **(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 pelletization 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.

##### **Foreign currency translation**

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

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The functional currency for the subsidiaries Eqtac Iberia SL, Spain, Syngas Italy S.R.L., TNL SGPS Portugal, TNL SA Portugal, TNL SL Spain, Hirdant Lda Portugal and Addom SL is EUR. The functional currency for Citytainer Brasil Ltda and Citytainer Industria Ltda is BRL and the one of the subsidiaries, registered in the United Kingdom is GBP. The functional currency of the parent and rest of the subsidiaries in the Group is BGN. The interim consolidated financial statements are presented in thousands of EUR, which is the Group's presentation currency.

## **EBIOSS ENERGY SE**

30 June 2017

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

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

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

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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. 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.



## **EBIOSS ENERGY SE**

30 June 2017

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

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

##### **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.

##### **Assets classified as 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.

## **EBIOSS ENERGY SE**

30 June 2017

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

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

##### **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.

##### *Depreciation*

Depreciation 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:

Leasehold buildings	5-50 years
Equipment	4-14 years
Furniture	10 years
Computers	2-5 years
Motor vehicles	4-6 years
Wind turbine	20 years
Heat boilers	15-20 years
Power plants	12-20 years

Land is not depreciated.

The residual values and useful lives of the assets 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.



## **EBIOSS ENERGY SE**

30 June 2017

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

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#### **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 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 acquiree and the acquisition date fair value of any previous equity interest in the acquiree 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 than the fair value of net assets in subsidiary acquired, in the case of bargain purchase, the difference is directly recognized in profit or loss.

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

###### *Development costs*

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 amortisation 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.

## **EBIOSS ENERGY SE**

30 June 2017

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

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

##### **Intangible assets and goodwill (continued)**

###### *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 amortisation begins 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation 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.

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.

## **EBIOSS ENERGY SE**

30 June 2017

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

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

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's interim 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.

###### 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 quoted market price.



## **EBIOSS ENERGY SE**

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

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

##### **Financial instruments (continued)**

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

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

###### Trade and other payables

Trade payables are 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 amortised 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.

##### 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.



## **EBIOSS ENERGY SE**

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

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

##### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. 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 year end reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

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

###### **(ii) Financial assets**

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

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

## **EBIOSS ENERGY SE**

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

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

##### **Employee benefits**

###### **(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Advance payments are 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 Bulgarian Labour Code at the time when employees acquire pension rights, the company owes 2 monthly salaries for employees with less than 10 years, or 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. Except for Bulgaria under the foreign jurisdictions where the Group operates there are no obligations to pay future additional remuneration for the employees, when they reach retirement age.

The Group determines the net interest expense on the net defined benefit liability for the period by applying a market discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

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

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

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

The Group 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.



## EBIOSS ENERGY SE

30 June 2017

### Notes to the interim consolidated financial statements

#### 2. Accounting policies (continued)

##### Share capital

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

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.

#### 3. Revenue

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Sales of goods	725	1,067
Rendering of services	619	1,486
Power generation	77	12
	<u>1,421</u>	<u>2,565</u>

#### 4. Work performed by the entity and capitalized

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Eqtac Iberia SL	142	166
TNL	89	113
Project Newry Biomass	57	-
Project Karlovo Biomass	5	67
Biomass Distribution	-	21
Syngas Italy	-	106
	<u>293</u>	<u>473</u>

For the six months ended 30 June 2017 the Group has not eliminated the intragroup unrealized profit amounting to EUR 27 thousand (1.01.2016-30.06.2016: EUR 24 thousand).

#### 5. Raw materials and consumables used

Raw materials and consumables represent mainly materials related to construction of Biomass Power Plant Projects, incurred by Eqtac Iberia SL and petrol and other office consumables.

#### 6. Cost of goods sold

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Waste containers	492	848
Materials	26	-
	<u>518</u>	<u>848</u>

**EBIOSS ENERGY SE**

30 June 2017

**Notes to the interim consolidated financial statements**

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

	<b>2017</b> <b>EUR'000</b>	<b>2016</b> <b>EUR'000</b>
Professional services	500	411
Office rent	255	119
Advertising expenses	52	77
Telephone expenses	32	31
External transport services	23	21
Subcontractors services related to construction of biomass power plants	-	246
Other expenses for hired services	352	488
	<u>1,214</u>	<u>1,393</u>

**8. Employee benefit expenses****For the six months ended 30 June**

	<b>2017</b> <b>EUR'000</b>	<b>2016</b> <b>EUR'000</b>
Wages and salaries	1,331	1,206
Compulsory social security contributions	233	194
Voluntary social security contributions	5	-
Accrued expenses for unused paid leave	5	5
Others	17	10
	<u>1,591</u>	<u>1,415</u>

**9. Other expenses****For the six months ended 30 June**

	<b>2017</b> <b>EUR'000</b>	<b>2016</b> <b>EUR'000</b>
Stock exchange and investors related expenses	396	144
Impairment losses and write-offs	211	219
Insurance	27	44
Others	427	302
	<u>1,061</u>	<u>709</u>

**10. Finance income and costs****For the six months ended 30 June**

	<b>2017</b> <b>EUR'000</b>	<b>2016</b> <b>EUR'000</b>
Interest income	62	30
Net exchange rate differences	141	-
Investment income	-	25
<b>Finance income</b>	<u>203</u>	<u>55</u>
Interest expense	(954)	(393)
Bank expenses	(52)	(48)
Net exchange rate differences	-	(4)
<b>Finance costs</b>	<u>(1,006)</u>	<u>(445)</u>
<b>Net finance costs recognised in profit or loss</b>	<u>(803)</u>	<u>(390)</u>

# EBIOSS ENERGY SE

30 June 2017

## Notes to the interim consolidated financial statements

### 11. Property, plant and equipment

	Land	Buildings	Power plants & production facilities	Other equipment	Furniture	Computers	Vehicles	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Cost</b>									
Balance at 1 January 2016	1,165	-	4,511	1,386	73	47	162	18,521	25,865
Additions	-	-	176	17	13	9	21	1,103	1,339
Reclassification	-	1,027	2,429	-	-	-	-	(3,456)	-
Revaluation	17	-	-	-	-	-	-	-	17
Disposals	-	-	-	(2)	(17)	(2)	(3)	(485)	(509)
<b>At 31 December 2016</b>	<b>1,182</b>	<b>1,027</b>	<b>7,116</b>	<b>1,401</b>	<b>69</b>	<b>54</b>	<b>180</b>	<b>15,683</b>	<b>26,712</b>
Additions	-	-	-	26	-	6	5	145	182
Acquisition through business combination	-	-	1,233	-	-	-	-	9,912	11,145
Disposals	-	-	-	-	(1)	-	-	(3)	(10)
Effect of movements in exchange rates	-	-	-	-	-	(6)	-	(370)	(370)
<b>At 30 June 2017</b>	<b>1,182</b>	<b>1,027</b>	<b>8,349</b>	<b>1,427</b>	<b>68</b>	<b>54</b>	<b>185</b>	<b>25,367</b>	<b>37,659</b>

### Depreciation

Balance at 1 January 2016	-	-	13	376	41	14	54	40	538
Depreciation for the year	-	10	17	255	7	15	29	-	333
Disposals	-	-	-	(2)	(17)	(2)	-	-	(21)
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>10</b>	<b>30</b>	<b>629</b>	<b>31</b>	<b>27</b>	<b>83</b>	<b>40</b>	<b>850</b>
Depreciation for the period	-	21	47	117	2	5	13	-	205
Disposals	-	-	-	-	(1)	(7)	-	-	(8)
Effect of movements in exchange rates	-	-	-	-	-	-	-	(77)	(77)
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>31</b>	<b>77</b>	<b>746</b>	<b>32</b>	<b>25</b>	<b>96</b>	<b>(37)</b>	<b>970</b>

### Net book value

<b>At 31 December 2016</b>	<b>1,182</b>	<b>1,017</b>	<b>7,086</b>	<b>772</b>	<b>38</b>	<b>27</b>	<b>97</b>	<b>15,643</b>	<b>25,862</b>
<b>At 30 June 2017</b>	<b>1,182</b>	<b>996</b>	<b>8,272</b>	<b>681</b>	<b>36</b>	<b>29</b>	<b>89</b>	<b>25,404</b>	<b>36,689</b>

## EBIOSS ENERGY SE

30 June 2017

### Notes to the interim consolidated financial statements

#### 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 Karlovo Biomass, projects developed by Eqttec plc and its subsidiaries etc.

The Group has capitalized interest expenses amounting to EUR 836 thousand directly related to construction of Karlovo Biomass power plant as at 30 June 2017.

The assets under construction as at 30 June 2017 are attributable to the following projects:

	EUR'000
Karlovo Biomass EOOD	13,516
Eqtec PLC	9,619
Heat Biomass EOOD	2,223
Brila EOOD	15
Plovdiv Biomass EOOD	14
Tvardica Biomass EOOD	9
Nova Zagora Biomass EOOD	8
	<u>25,404</u>

All property, plant and equipment of the subsidiaries Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD amounting to EUR 19,696 thousand as at 30 June 2017 are pledged as collateral under loan contract dated 2 June 2014 between subsidiary company Karlovo Biomass EOOD and United Bulgarian Bank (see Note 21).

Land is valued at fair value 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.

#### 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 confirmation report of the appraiser shows the following amounts for the value of land as at 30 June 2017:

	Value according to the valuation report
	EUR'000
Heat Biomass EOOD	52
Karlovo Biomass EOOD	119
Tvardica Biomass EOOD	87
Nova Zagora Biomass EOOD	147
Plovdiv Biomass EOOD	93
United Biomass EOOD	207
Tvarditsa PV EOOD	195
Brila EOOD	88
Biomass Distribution EOOD	194
	<u>1,182</u>



**EBIOSS ENERGY SE**

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**Notes to the interim consolidated financial statements****11. Property, plant and equipment (continued)****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.

The land was initially acquired as part of a business combination which took place in November 2012. Carrying amount of the land that would have been included in the financial statements had it been carried at cost less impairment losses would have come to EUR 1,009 thousand.

**12. Intangible assets**

	Development costs in progress EUR 000	Development costs EUR 000	Patents and trade marks EUR 000	Software EUR 000	Total EUR 000
<b>Cost</b>					
Balance at 1 January 2016	10,338	662	400	81	11,481
Additions	-	639	276	3	918
Reclassification	-	(235)	235	-	-
Disposals	(36)	-	-	(37)	(73)
Balance at 31 December 2016	10,302	1,066	911	47	12,326
Additions	-	335	-	-	335
Balance at 30 June 2017	10,302	1,401	911	47	12,661
<b>Amortisation</b>					
Balance at 1 January 2016	-	121	105	54	280
Charge for the year	-	85	96	13	194
Disposals	-	-	-	(37)	(37)
Balance at 31 December 2016	-	206	201	30	437
Charge for the period	-	67	90	5	162
Balance at 30 June 2017	-	273	291	35	599
<b>Net book value</b>					
At 1 January 2016	10,338	541	295	27	11,201
At 31 December 2016	10,302	860	710	17	11,889
At 30 June 2017	10,302	1,128	620	12	12,062

Development costs in progress as at 30 June 2017 represent licences, contracts, permits, designs, etc. related to development phase of the following seven projects for construction and operation of pelletization plants:

	EUR'000
Biomass power plant and pelletization plant of Heat Biomass EOOD	2,566
Biomass power plant and pelletization plant of Karlovo Biomass EOOD	2,967
Thermal plant and pelletization plant of Tvarditsa Biomass EOOD	1,745
Thermal plant and pelletization plant of Nova Zagora Biomass EOOD	1,090
Thermal plant and pelletization plant of Plovdiv Biomass EOOD	1,003
Thermal plant and pelletization plant of United Biomass EOOD	930
Thermal plant and pelletization plant of Tvarditsa PV EOOD	1
	<b>10,302</b>

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**Notes to the interim consolidated financial statements****12. Intangible assets (continued)**

Development costs in progress have been recognized initially as part of business combination and valued at fair value 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 amortisation will start when the projects are finalised and the production commences.

Development cost in progress with carrying amount EUR 5,533 thousand are pledged as collateral under loan contract dated 02 June 2014 between subsidiary company Karlovo Biomass EOOD and United Bulgarian Bank (see note 21) as well as under Annex 1 dated 1 September 2016 to the said loan contract, whereof the other subsidiary companies Heat Biomass EOOD and Biomass Distribution EOOD have entered as joint-debtors towards United Bulgarian Bank and have pledged all their commercial establishments as additional collateral in favour of the bank (see Note 21).

**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 30 June 2017:

	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
Biomass power plants and peletization plant of Heat Biomass EOOD	2,566	4,594	2,028
Biomass power plants and peletization plant of Karlovo Biomass EOOD	2,967	4,972	2,005
Thermal plants and peletization plant of Tvarditsa Biomass EOOD	1,745	3,725	1,980
Thermal plants and peletization plant of Nova Zagora Biomass EOOD	1,090	3,710	2,620
Thermal plants and peletization plant of Plovdiv Biomass EOOD	1,003	3,704	2,701
Thermal plants and peletization plant of United Biomass EOOD	930	3,702	2,772
Thermal plants and peletization plant of Tvarditsa PV EOOD	1	-	1
<b>Total</b>	<b>10,302</b>	<b>24,407</b>	<b>14,106</b>

**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 reporting period.

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.



**EBIOSS ENERGY SE**

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**Notes to the interim consolidated financial statements****13. Acquisitions of subsidiaries**

A summary of the goodwill, recognized in the interim consolidated financial statements of the Group following the business combinations described further is presented below:

<i>In thousands of EUR</i>	Note	Acquisition date	Goodwill recognized at acquisition	Impairments	Goodwill as at 30 June 2017
Heat Biomass EOOD	13.1	30 November 2012	1,221	-	1,221
Karlovo Biomass EOOD	13.1	30 November 2012	825	-	825
Nova Zagora Biomass EOOD	13.1	30 November 2012	185	-	185
United Biomass EOOD	13.1	30 November 2012	103	-	103
Tvartica Biomass EOOD	13.1	30 November 2012	411	-	411
Eqtec Iberia SL	13.2	30 November 2012	76	-	76
WINTECH SGPS SA (former TNL SGPS)	13.6	1 August 2014	1,915	(52)	1,863
Eqtec plc	13.12	7 February 2017	3,461	-	3,461
Citytainer Brasil Soluções Ambientais Ltda	13.14	3 May 2017	778	-	778
<b>Total</b>			<b>8,975</b>	<b>(52)</b>	<b>8,923</b>

# EBIOSS ENERGY SE

30 June 2017

## Notes to the interim consolidated financial statements

### 13.1 Acquisitions from entities under common control

The acquisition of Heat Biomass EOOD, Karlovo Biomass EOOD, Plovdiv Biomass EOOD, Nova Zagora Biomass EOOD, United Biomass EOOD and Tvardica Biomass EOOD from Elektra Holding AD, Sungroup Bulgaria EOOD and Sofia Biomass EOOD is made by capital increase of Ebloss Energy SE 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 as of the date of business combination:

	Heat Biomass EOOD EUR'000	Karlovo Biomass EOOD EUR'000	Plovdiv Biomass EOOD EUR'000	Nova Zagora Biomass EOOD EUR'000	United Biomass EOOD EUR'000	Tvardica Biomass EOOD EUR'000	Tvardica PV EOOD EUR'000	Biomass Distribution EOOD 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)

## EBLOSS ENERGY SE

30 June 2017

### Notes to the interim consolidated financial statements

#### 13. Acquisitions of subsidiaries (continued)

##### 13.2. Acquisition of Eqtec Iberia SL

On 30 November 2012 Ebloss Energy SE acquired control over EQTEC, a company registered in Spain.

According to the share transfer agreement signed between Elektra Holding AD and Ebloss Energy SE in November 2012, Ebloss Energy SE acquired 45% of the share capital of Eqtec Iberia SL.

The transferred ownership from Elektra Holding AD to Ebloss Energy SE 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 sold the shares was at the amount of EUR 206 thousand.

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

in thousand EUR	Eqtec Iberia SL 30 November 2012
Consideration transferred	206
<i>Fair value of identifiable net assets:</i>	
Property, plant and equipment	190
Intangible assets	25
Inventories	284
Investment in group companies and associates	1
Trade and other receivables	325
Deferred tax assets	30
Cash and cash equivalents	4
Bank loans	(87)
Finance leases	(16)
Deferred tax liabilities	(3)
Trade and other payables	(464)
Total fair value of identifiable net assets:	289
Share of net assets Ebloss 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 Ebloss Energy SE 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 Kalolanovec 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 30.06.2017 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 Ebloss Energy SE, Ebloss Energy SE transferred to Eqtec Iberia SL Spain EUR 360 thousand through bank transfer. Against this amount Ebloss Energy SE acquired 1,900 new shares with nominal value of EUR 6 and as a result the capital of Eqtec Iberia SL Spain was increased from EUR 200,004 to EUR 211,404. This implied premium of EUR 348,600 paid for the acquisition of these shares. Through this capital increase Ebloss Energy increased its ownership of Eqtec Iberia SL Spain from 45% to 48% while the non-controlling interest was decreased from 55% to 52%.

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**13. Acquisitions of subsidiaries (continued)**

**13.4 Acquisition of additional shares in existing subsidiary (continued)**

The Group recognised:

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

**13.5 Acquisition of Syngas S.R.L., Italy**

According to Share Transfer Agreement signed between Ebloss Energy and Sorgenia S.p.A on 3 April 2014, Ebloss Energy acquired 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 3 April 2014
Consideration transferred	650
<i>Fair value of identifiable net assets:</i>	
Property, plant and equipment	3,400
Investment in group companies and associates	115
Trade and other receivables	50
Bank 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, Ebloss Energy SE acquired 51% of the shares of TNL SGPS LDA in Portugal, a company duly registered and existing under the laws of Portugal for the amount of EUR 1,550 thousand. As of the acquisition date TNL SGPS controlled the following companies:

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

TNL SGPS also held a 50% stake in the company "Citytalner Brasil Soluções Ambientais, Ltda" based in S.Paulo (Brazil). Ebloss Energy had significant influence over this Company, but did not exercise control.



**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****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	-	-	-	-
Ebloss Energy share from investments in sub-subsidiaries	-	1,350	71	3	79
Total consideration transferred	1,550	1,350	71	3	79
<i>Fair value of identifiable net assets:</i>					
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 Ebloss Energy	51%	51%	51%	17%	38.2%
Share of net assets Ebloss 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 amounted to EUR (479) thousand and was 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.

In 2016 the Group has recognized impairment of at the amount of 60% of the goodwill recognized at acquisition of Addom SL amounting to EUR 52 thousand.

**13.7 Acquisition of additional shares in existing subsidiary**

On 4 August 2014 Ebloss Energy SE 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.

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#### **13. Acquisitions of subsidiaries (continued)**

##### **13.8 Acquisition of additional shares in existing sub-subsidiaries**

In September and October 2014 TNL SGPS acquired additional shares in TNL SL and Addom SL, increasing its ownership to respectively 80% and 100%. Following the transactions, the ownership of Ebloss Energy SE 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.

##### **13.9 Acquisition of TNL World EOOD, Bulgaria by TNL SGPS, Portugal**

On 17 September 2015, according 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 EOOD will be primarily engaged in production, engineering and trading with waste containers. At the point of acquisition TNL World's net assets were zero and the consideration transferred was less than EUR 1 thousand.

##### **13.10 Increase of share capital of TNL SL**

In May 2016, the share capital of TNL SL was increased with EUR 426 thousand. The new shares were acquired by the existing shareholders – TNL SGPS acquired 80% of the new shares for the amount of EUR 341 thousand and Arrizabal Elkarteak acquired 20% of the new shares for the amount of EUR 85 thousand. As a result of the transaction the Group recognized:

- Increase in NCI amounting to EUR 85 thousand

##### **13.11 Acquisition of additional share (15.38%) in existing subsidiary – TNL SGPS**

On 3 October 2016, a decision was made to convert EUR 1,098 thousand of the loan granted by Ebloss Energy SE to TNL SGPS into supplementary capital. On the same day it was decided to convert EUR 840 thousand loan granted by the shareholder Foad Jafar into supplementary capital.

On 14 October 2016 TNL SGPS was transformed into a public limited company and renamed to Waste Intelligent Technologies SGPS SA (WINTTEC). On the same day share capital of Waste Intelligent Technologies SGPS SA (WINTTEC) was increased with EUR 470 thousand. Ebloss Energy SE subscribed new shares for the amount of EUR 395 thousand through conversion of supplementary capital into registered capital of WINTTEC SGPS SA. The rest of the shares at the amount of EUR 75 thousand were subscribed by the shareholder Nuno Lopez. Thus the participation of Ebloss Energy in the capital of WINTTEC SGPS SA was increased to 68%.

As a result of the above transactions the Group recognised:

- total increase in NCI amounting to EUR 810 thousand, comprised of:
  - EUR 731 thousand (increase of NCI) – due to conversion of loans granted to supplementary capital;
  - EUR 75 thousand (increase of NCI) – due to additional share capital subscribed by NCI;
  - EUR 29 thousand (increase of NCI) - re-distribution of retained earnings from prior periods following the decrease of the share owned by the NCI;
  - EUR (25) thousand (decrease of NCI) - re-distribution of translation reserves from prior periods following the decrease of the share owned by the NCI;
- decrease of retained earnings of EUR 29 thousand;
- increase in retained earnings of EUR 109 thousand - due to conversion of loans granted to supplementary capital.

**EBLOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****13. Acquisitions of subsidiaries (continued)****13.12 Acquisition of Eqtec plc, Ireland**

On the 7 February 2017 Ebloss Energy SE acquired 51% share stake in the company REACT Plc by means of conversion of corporate debt into equity and the corresponding capital increase and subscription of the newly emitted shares thereunder by Ebloss. As a consequence of the acquisition and the admission of Ebloss as a majority shareholder, REACT was renamed by decision of the General meeting into EQTEC Plc and Ebloss obtained the right to nominate the majority of the board members, including the Executive director (CEO).

As of the acquisition date Eqtec plc controlled the following companies:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Shareholding</b>	<b>Principal activity</b>
Newry Biomass No. 1 Limited	Republic of Ireland	100%	Investment company
React Biomass Limited	Republic of Ireland	100%	Investment company
Reforce Energy Limited	Republic of Ireland	100%	Renewable energy development company
Pluckanes Windfarm Limited	Republic of Ireland	100%	Generation of electricity through wind
Grass Door Limited	United Kingdom	100%	Developer & operator of biomass heat generating projects
Newry Biomass Limited	Northern Ireland	50.02%	Energy utility company
Enfield Biomass Limited	United Kingdom	100%	Energy utility company
Moneygorm Wind Turbine Limited	Republic of Ireland	100%	Dormant company
Eqtec No. 1 Limited (formerly React Energy No. 1 Limited)	Republic of Ireland	100%	Investment company
Plymouth Biomass Limited	United Kingdom	100%	Energy utility company
Clay Cross Biomass Limited	United Kingdom	90%	Energy utility company
Altiflow Wind Turbine Limited	Republic of Ireland	100%	Generation of electricity through wind
Kedco Group Holdings USA Inc.	USA	100%	Dormant company

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

<b>In thousand EUR</b>	<b>Eqtec plc group</b>
Consideration transferred	5,150
<i>Fair value of identifiable net assets:</i>	
Property, plant and equipment	11,145
Trade and other receivables	292
Cash and cash equivalents	185
Other non-current liabilities	(881)
Trade and other payables	(1,305)
Current borrowings	(4,668)
Total fair value of identifiable net assets:	4,768
Share of net assets Ebloss Energy SE	1,689
Non-controlling interest at proportional share of fair value of net assets	3,079
Goodwill	3,461



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#### 13. Acquisitions of subsidiaries (continued)

##### 13.13 Change in participation of Ebloss Energy SE in Eqtec plc

Subsequently on 20 February 2017 and 9 March 2017 two conversions of the loan (principal and interest) granted by Ebloss Energy SE to Eqtec Plc into equity took place. At the same time additional placement of new shares was done by Eqtec plc which together with the loan conversion resulted in decrease of the share owned by Ebloss Energy SE from 51% to 50.03%.

As a result of these transactions the Group recognized:

- total increase in NCI amounting to EUR 1,181 thousand, comprised of:
  - EUR 1,142 thousand (increase of NCI) – due to additional share capital subscribed by NCI;
  - EUR 39 thousand (increase of NCI) – re-distribution of retained earnings from prior periods following the increase of the share owned by the NCI;
- decrease of retained earnings of EUR 39 thousand;

##### 13.14 Acquisition of Citytainer Brasil Soluções Ambientais Ltda by WINTECH SGPS SA

In May 2017 Wintech SGPS SA, Portugal acquired the remaining 50% of the shares of Citytainer Brasil Soluções Ambientais Ltda (Citytainer Brasil), a Company based in S. Paulo (Brazil), for 1 BRL (0.30 EUR) thus increasing its participation in the share capital of Citytainer Brasil from 50% to 100% and obtaining control over it and its subsidiary - Citytainer Indústria e comércio de Equipamentos Industriais, Ltda (citytainer Industria).

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

In thousand EUR

	Citytainer Brasil SA Ltda and Citytainer Industria Ltda
Consideration transferred	-
Fair value of identifiable net assets:	
Non-current receivables	296
Current receivables	5
Non-current liabilities	(970)
Current liabilities	(475)
Total fair value of identifiable net assets:	(1,144)
% share of Ebloss Energy SE	68%
Share of net assets Ebloss Energy SE	(778)
Non-controlling interest at proportional share of fair value of net assets	(366)
Goodwill	778

#### 14. Investments

##### 14.1 Investments in associates

	30.06.2017 EUR'000	31.12.2016 EUR'000
Investment in Citytainer Brasil – Soluções Ambientais, LTDA, held by TNL SGPS	-	264
	-	264

Investment in associate as at 31 December 2016 represented a 50% stake in the company "Citytainer Brasil Soluções Ambientais, Ltda" based in S. Paulo (Brazil). Ebloss Energy SE exercised significant influence over this Company and following the acquisition of the remaining 50% of the shares in May 2017 gained full control.



**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****14. Investments (continued)****14.2 Financial assets available for sale**

	30.06.2017 EUR'000	31.12.2016 EUR'000
Investment in EAL COMPOST SRL, held by Syngas Italy Srl	115	115
Stocks held from Mutual Guarantee Societies	29	29
Bonds – Sense Esco Belisce D.o.o.	403	403
	<u>547</u>	<u>547</u>

**15. Trade and other receivables***Current part of trade and other receivables*

	30.06.2017 EUR'000	31.12.2016 EUR'000
Trade receivables from clients	2,125	8,412
Advance payments to suppliers	275	58
Refundable VAT	484	515
Receivables from employees	173	184
Other receivables	648	1,192
	<u>3,705</u>	<u>10,361</u>

*Non-current part of trade and other receivables*

	30.06.2017 EUR'000	31.12.2016 EUR'000
Other receivables	48	25
	<u>48</u>	<u>25</u>

**16. Assets classified as held for sale**

As at 30 June 2017 and 31 December 2016 the Group presented as an asset classified as held for sale the remaining non – current part of the idle equipment related to Karlovo Biomass EOOD of EUR 725 thousand, measured at the lower of its carrying amount and fair value less costs to sell. Management expects to sell the remaining assets during 2018.

Efforts to sell the remaining asset continue and a sale is expected in the course of 2017. The asset held for sale is part of Operating Segment 1 Construction, management and operation of biomass power plants and pelletization plants (see Note 28).

**17. Inventory**

	30.06.2017 EUR'000	31.12.2016 EUR'000
Raw materials and consumables	650	812
Goods	514	438
Work in progress	203	187
Spare parts	176	176
	<u>1,543</u>	<u>1,613</u>

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#### **18. Cash at bank and in hand**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Cash at bank	1,033	992
Cash in hand	25	31
	<u>1,058</u>	<u>1,023</u>

#### **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 parent company Ebloss Energy SE. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are reissued.

As at 31 December 2016 the Company has issued 40,912,416 ordinary shares with a nominal value of EUR 0.51 (BGN 1) each.

By decision of the extraordinary general meeting of the shareholders of Ebloss Energy SE, held on 13 February 2017, the Company was transformed into European company, as per Regulation (EC) No 2157/2001. The Bulgarian Trade Register Inscribed the relevant corporate changes on the 23 March 2017 and thereafter EBIOSSE has the legal form of "Societas Europaea" or "SE". The capital of the Company was denominated in EUR (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where 1 € = 1,95583 BGN) and the nominal value of the shares was changed into EUR 1 each, according to the rules of the Regulation.

Thus, as at 30 June 2017 the capital of the Company is denominated in EUR and amounts to EUR 20,918,186 comprised of 20,918,186 shares with a nominal value of EUR 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 2016 the Company held 349,947 own shares with nominal value EUR 0.51 (BGN 1).

As at 30 June 2017 the Company held 512,031 own shares with nominal value EUR 1 (BGN 1.96).

#### **20. Loss per share**

##### **Basic loss per share**

The calculation of basic loss per share (LPS) at 30 June 2017 (30 June 2016) is based on the loss attributable to ordinary shareholders of EUR 3,223 thousand (30 June 2016: loss of EUR 2,392 thousand), and a weighted average number of ordinary shares outstanding of 20,695 thousand (30 June 2016: 20,834 thousand), calculated as follows:

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**20. Loss per share (continued)**

**Basic loss per share (continued)**

**(i) Loss attributable to ordinary shareholders (basic)**

<i>In thousands of EUR</i>	<b>30.06.2017</b>	<b>30.06.2016</b>
Loss for the period	(3,223)	(2,392)
<b>Loss attributable to ordinary shareholders</b>	<b>(3,223)</b>	<b>(2,392)</b>

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

<i>In thousands of shares</i>	<b>30.06.2017</b>	<b>30.06.2016 Adjusted</b>	<b>30.06.2016</b>
Issued ordinary shares at 1 January	40,912	20,918	40,912
Reverse share split	(19,994)	-	-
Effect from repurchased own shares	(223)	(84)	(165)
<b>Weighted average number of ordinary shares at 30 June</b>	<b>20,695</b>	<b>20,834</b>	<b>40,747</b>
Loss per share (EUR)	(0.16)	(0.11)	(0.06)

For comparability purposes retrospective adjustment of the comparison period EPS was made. The prior period value of LPS is adjusted to take into consideration the reverse share split which took place in 2017, a transaction that resulted in adjustment of the number of shares without a corresponding change in resources.

**Diluted earnings per share**

The Group does not have dilutive potential ordinary shares in the form of bonds, convertible into shares of the parent (Ebio Energy SE) 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.

<i>In thousands of EUR</i>		<b>30.06.2017</b>	<b>31.12.2016</b>
<b>Non-current liabilities</b>			
Unsecured corporate bonds issues	21.2	15,822	12,254
Bank loans	21.1	5,446	5,618
Other loans and borrowings	21.4.1	894	-
		<b>22,162</b>	<b>17,872</b>
<b>Current liabilities</b>			
Unsecured corporate bonds issues	21.2	360	373
Bank loans	21.1	3,284	2,713
Borrowings at fair value	21.3	105	-
Other loans and borrowings	21.4.2	2,605	-
		<b>6,354</b>	<b>3,086</b>



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**21. Loans payable to third parties (continued)**

**21.1 Bank loans**

Bank loans structure as at 30 June 2017:

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 30.06.2017 EUR'000	Maturity
BBVA	150	2.55%	43	28.04.2018
Banco Popular	350	2.80%	315	13.01.2021
Banco Popular	250	2.80%	248	31.12.2017
Banco Santander	250	3.92%	210	29.12.2019
Caixbank	170	170	142	28.02.2018
UBB	5,600	3M EURIBOR +6%	4,033	30.09.2025
BBVA - overdraft	150	2.65%	150	29.01.2018
BBVA	150	2.65%	132	23.01.2020
Allied Irish Banks	1,032	4.00%	1,032	Payable on demand
Banco Popular	738	6.33%	564	14.10.2018
Santander tota	330	7.00%	143	30.04.2020
Caixa Geral de Depositos	500	3.83%	68	16.12.2017
BPI	500	3.38%	200	22.04.2019
BPI	1,500	4.81%	553	06.08.2019
BPI	320	5.49%	89	06.08.2018
Millenniumbcp	230	7.63%	103	14.02.2018
Millenniumbcp	120	7.55%	120	04.07.2017
Banco Totta – overdraft	n/a	10%	4	31.12.2017
Popular Bank	25	10.00%	25	03.11.2017
Escrow account – Banco Sabadell	50	8.05%	47	17.06.2018
Escrow account – Lacalxa Bank	100	4.62%	100	04.05.2018
BBVA Bank	35	4.00%	32	27.02.2020
Escrow account – BBVA Bank	35	4.00%	34	28.02.2018
Escrow account – Itau Bank	n/a	10%	7	31.12.2017
Confirmings - Millenniumbcp	100	6M EURIBOR	80	30.05.2018
Confirmings - Banco Popular	100	3.50%	100	23.09.2017
Factoring – Banco Popular	750	5.33%	12	20.05.2018
Promissory notes – Banco Sabadell	150	4.75%	141	19.03.2018
Credit cards	n/a	8%	3	31.12.2017
<b>TOTAL BANK LOANS</b>			<b>8,730</b>	

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**21. Loans payable to third parties (continued)**
**21.1 Bank loans (continued)**

30 June 2017 EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Short term loans	3,284	3,284	-	-	-
Long term loans	5,446	-	1,072	2,554	1,820
	<u>8,730</u>	<u>3,284</u>	<u>1,072</u>	<u>2,554</u>	<u>1,820</u>

**Bank loans structure as at 31 December 2016:**

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 31.12.2016 EUR'000	Maturity
CAIXABANK	32	4.60%	5	26.06.2017
BANK SABADELL	5	5.13%	1	20.07.2017
CAIXABANK	250	2.75%	53	30.04.2017
BBVA	150	2.55%	68	28.04.2018
BANCO POPULAR	250	2.80%	248	30.06.2017
BANCO POPULAR	350	2.80%	350	13.01.2021
BANCO SANTANDER	250	3.92%	250	29.12.2019
CAIXABANK	250	4.00%	216	30.04.2017
UBB	5,600	3M EURIBOR+6%	4,225	02.06.2026
Novo Banco	200	5.57%	22	12.03.2017
Banco Popular	738	6.33%	622	14.10.2018
Santandertotta	330	7.00%	158	30.04.2020
Caixa Geral de Depositos	500	3.83%	91	16.12.2017
BPI	500	3.38%	250	22.04.2019
BPI	1,500	4.81%	676	06.08.2019
BPI	320	5.49%	124	06.08.2018
Millenniumbcp	230	7.63%	128	14.02.2018
Millenniumbcp	120	7.55%	120	24.05.2016
Negative current account	n/a	5.56%	63	21.07.2017
Banco Sabadell – Escrow Account	100	5.25%	57	20.03.2016
Confirmings - Millenniumbcp	100	6M EURIBOR	95	30.05.2018
Confirmings - Banco Popular	100	3.50%	62	23.09.2017
Factoring – Banco Popular	750	5.33%	440	20.05.2018
Credit cards	n/a	8%	7	31.12.2016
<b>TOTAL BANK LOANS</b>			<u><b>8,331</b></u>	

**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****21. Loans payable to third parties (continued)****21.1 Bank loans (continued)**

<b>31 December 2016</b>	<b>Total</b>	<b>Up to 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
EUR'000					
Short term loans	2,713	2,713	-	-	-
Long term loans	5,618	-	1,024	2,504	2,090
	<u>8,331</u>	<u>2,713</u>	<u>1,024</u>	<u>2,504</u>	<u>2,090</u>

**Securities, guarantees and pledges related to bank loans**

On 2 June 2014, the subsidiary Karlovo Biomass EOOD signed loan contracts with United Bulgarian Bank for financing of first stage of construction of biomass power plant located in Karlovo for maximum amount up to EUR 5,600 thousand. In relation to the above contract 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 repayment of the whole amount under the loan contract.

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

<b>Beneficiary</b>	<b>Amount EUR'000</b>	<b>Expiration date</b>	<b>Type</b>	<b>Company</b>
BPI Bank	250	22.10.2017	PME Invest	TNL SA
Caixa Geral de Depositos	250	16.12.2017	PME Invest	TNL SA
BPI Bank	221	06.11.2017	Financial guarantee on a loan of 1,500 thousand EUR	TNL SA
Camara Municipal do Porto	210	No fixed term	Performance bond	TNL SA
BPI Bank	209	06.11.2017	Financial guarantee on a loan of 1,500 thousand EUR	TNL SA
Município de Oeiras	155	09.10.2018	Goods collection	TNL SA
BPI Bank	104	06.11.2017	Financial guarantee on a loan of 1,500 thousand EUR	TNL SA
MSF - Engenharia	16	No fixed term	Goods collection	TNL SA
Município de Mondim de Basto	8	31.12.2017	Goods collection	TNL SA
Município de Mondim de Basto	8	No fixed term	Goods collection	TNL SA
BPI Bank	5	No fixed term	Goods collection	TNL SA
Resíduos do Nordeste EM	5	No fixed term	Goods collection	TNL SA
EQUIPAV SA	<u>2</u>	No fixed term	Performance bond	TNL SA
<b>TOTAL</b>	<b><u>1,443</u></b>			



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**21. Loans payable to third parties (continued)**

**21.2 Corporate bonds**

*In thousands of EUR*

<b>Carrying amount of liability at 1 January 2016</b>	<b>6,932</b>
Proceeds from issue of bonds	5,500
Transaction costs	(57)
<b>Net proceeds</b>	<b>5,443</b>
Accrued interest	747
Paid interest	(495)
<b>Carrying amount of liability at 31 December 2016</b>	<b>12,627</b>
Proceeds from issue of bonds	3,852
Transaction costs	(252)
<b>Net proceeds</b>	<b>3,600</b>
Accrued interest	530
Paid interest	(542)
Revaluation of GBP bonds as at 30 June 2017	(33)
<b>Carrying amount of liability at 30 June 2017</b>	<b>16,182</b>

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 Ebloss Energy SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20 April 2021 and maturity dates of the coupon payments shall be as follows: 20 April 2017, 20 April 2018, 20 April 2019, 20 April 2020 and 20 April 2021.

On 12 July 2016, 35 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Ebloss Energy SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 12 July 2021 and maturity dates of the coupon payments shall be as follows: 20 April 2017, 20 April 2018, 20 April 2019, 20 April 2020 and 20 April 2021.

On 24 February 2017, 16 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Ebloss Energy SE with a par value of GBP 100 thousand each. Maturity date of the principal payment shall be 24 February 2022 and maturity dates of the coupon payments shall be as follows: 24 February 2018, 24 February 2019, 24 February 2020, 24 February 2021 and 24 February 2022.

On 2 June 2017, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Ebloss Energy SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 2 June 2022 and maturity dates of the coupon payments shall be as follows: 2 June 2018, 2 June 2019, 2 June 2020, 2 June 2021 and 2 June 2022.

## **EBIOSS ENERGY SE**

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#### **21. Loans payable to third parties (continued)**

##### **21.3 Borrowings at fair value through profit or loss**

As part of the acquisition of Reforce Energy Limited (subsidiary of Eqttec plc) and subsidiaries, the Group has taken over responsibility over 105,000 "B" Ordinary Shares of €1 each issued by Reforce Energy Limited as part of the Business Expansion Scheme in Ireland. As part of this scheme, Newry Biomass No. 1 Limited entered into a put and call option agreement, dated 20 December 2012, whereby Newry Biomass No. 1 Limited may be required to purchase the outstanding "B" Ordinary Shares in Reforce Energy Limited at a price to be agreed with between Newry Biomass No. 1 Limited and the holders of the "B" Ordinary Shares in Reforce Energy Limited. The option may be exercised on any date between 1 January 2017 and 31 March 2017. The option was not exercised in this time frame. Under the provisions of IAS 32 Financial Instruments: Presentation, these shares have been disclosed as a financial liability. Reforce Energy Limited still has a financial liability to repay regardless of option not been exercised with Newry Biomass Limited.

##### **21.4 Other loans and borrowings**

###### **21.4.1. Other non-current loans and borrowings**

Other non-current borrowings comprise of a 15% secured loan note facility (SLF), initially provided to Eqttec plc (formerly REACT Energy plc) on 15 July 2015, amounting to £1,000,000 (before expenses). EcoFinance, a group which sources finance for renewable energy projects, has provided the SLF. The SLF is at a fixed rate of 15% per annum, the interest on which will be paid monthly in arrears. The SLF is for a five-year term and the principal together with any accrued interest will be repayable by a bullet repayment at the end of the term. The SLF is secured by mortgage debentures, cross guarantees and share pledges over EQTEC and its subsidiary companies.

The carrying amount of the SLF as at 30 June 2017 is EUR 894 thousand while the face value amounts to EUR 1,138 thousand.

###### **21.4.2 Other current loans and borrowings**

Other current borrowings comprise of a 7.5% convertible secured loan note facility (CSLN), initially provided to Eqttec plc and its subsidiaries by Altair Group Investment Limited ("Altair" or "the Secured Creditor") in July 2015, amounting to £2,000,000. The facility is repayable in July 2017 and is secured by the same security package granted in favour of EcoFinance. This is governed by an inter-creditor deed under which the SLF security plus interest and costs shall rank in priority to the CSLN security plus interest and costs. Under the terms of the CSLN, the Secured Creditor has the right to convert up to £1 million into new Ordinary Shares at £0.10 of Eqttec plc.

The carrying amount of the CSLN as at 30 June 2017 is EUR 2,605 thousand while the face value, including accrued interest, amounts to EUR 2,607 thousand.

The CSLN was due for repayment on 14 July 2017. On 17 July 2017, Eqttec plc announced that it had entered into a standstill agreement with Altair whereby Altair has consented, inter alia, to extend the repayment date of the CSLN from 14 July 2017 to the earlier of three business days following the completion of the acquisition of the share capital of Eqttec Iberia SL by Eqttec plc or 31 October 2017.

During the period prior to the revised repayment date, Eqttec plc and Altair will seek to agree further changes to the terms of the CSLNs. In the event that Completion does not occur by 31 October 2017, all sums due under the CSLNs, including accrued interest, will be payable immediately, unless Altair and the Company have agreed new terms. As at the date of the approving the interim consolidated financial statements for issue the management is in the process of negotiation for new repayment terms with Altair for CSLN. The draft of the amendment document is expected to be signed.

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**22. Loans payable to related parties**

**22.1 Loans due to Elektra Holding AD**

<b>Balance at 1 January 2016</b>	-
Proceeds	406
Repayments	(279)
Interest accrued (4%)	8
<b>Balance at 31 December 2016</b>	135
Proceeds	528
Payments made directly by Elektra Holding AD on behalf of the Group	13
Repayments	(246)
<b>Net proceeds</b>	295
Accrued interest (4%)	5
<b>Balance at 30 June 2017</b>	435

The loan granted by Elektra Holding AD is due for repayment till 31 December 2017.

**22.2 Loans due to other related parties**

<b>Balance at 1 January 2016</b>	844
New proceeds	420
Debt converted into capital	(1,000)
Repayments	(258)
<b>Balance at 31 December 2016</b>	6
Repayments	(6)
<b>Balance at 30 June 2017</b>	-

**23. Taxation**

**For the six months ended 30 June**

	<b>2017</b>	<b>2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Current tax expense</b>		
Current period	(10)	(8)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	53	316
Income tax (benefit) for the period	43	308

**Reconciliation of effective tax rate:**

	<b>2017</b>	<b>2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Loss before income tax</b>	(4,267)	(3,437)
Income tax using the Company's domestic tax rate, 10%	427	344
Effect of tax rates in foreign jurisdictions*	255	284
Effect of share of profit of equity-accounted investees	(55)	-
Permanent differences	(60)	(65)
Current-year losses for which no deferred tax asset is recognized	(318)	(255)
Deferred tax asset write-off	(206)	-
<b>Income tax (benefit)</b>	43	308
<b>Effective tax rate</b>	1%	9%

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



**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****23. Taxation (continued)****Recognised deferred tax assets and liabilities**

In thousands of EUR

	<b>Assets</b>		<b>Liabilities</b>	
	<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
Assets under construction	(116)	(100)	-	-
Land and developments costs	-	-	1,116	1,116
Tax loss carry-forwards	(1,922)	(1,885)	-	-
<b>Tax (assets) liabilities</b>	<b>(2,038)</b>	<b>(1,985)</b>	<b>1,116</b>	<b>1,116</b>

Under the current provisions of Bulgarian Corporate Income 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 30 June 2017 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 limit for utilization of these losses in Spain and Italy.

**24. Trade and other payables***Current part of trade and other payables*

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Trade payables to suppliers	3,451	3,664
<b>Trade payables</b>	<b>3,451</b>	<b>3,664</b>
Payables regarding to bonds issuance	4	25
Payables to employees	196	152
Social security contributions	34	33
VAT payable	155	302
Other tax liabilities	861	491
Other payables	774	1,000
<b>Other payables</b>	<b>2,024</b>	<b>2,003</b>
<b>Total payables</b>	<b>5,475</b>	<b>5,667</b>

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

**25. Provisions**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Future demolition costs, Galina plant, Syngas Italy S.R.L.	114	114
Others	37	35
	<b>151</b>	<b>149</b>

**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****26. Finance leases**

	30.06.2017 EUR'000	31.12.2016 EUR'000
Non-current	25	39
Current	28	25
	<u>53</u>	<u>64</u>

Finance lease liabilities as at 30 June 2017 are payable as follows:

	Future minimum lease payments EUR'000	Interest	30.06.2017 Principal EUR'000
Less than one year	32	4	28
Between one and two years	27	2	25
<b>Total</b>	<u>59</u>	<u>6</u>	<u>53</u>

Finance lease liabilities as at 31 December 2016 were payable as follows:

	Future minimum lease payments EUR'000	Interest	31.12.2016 Principal EUR'000
Less than one year	30	5	25
Between one and two years	28	3	25
Between two and five years	15	1	14
<b>Total</b>	<u>73</u>	<u>9</u>	<u>64</u>

**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.

**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****27. Financial instruments (continued)****(a) Credit risk (continued)**

The carrying amount of Group's financial assets represent the maximum exposure to credit risk. As at 30 June 2017/ 31 December 2016 the carrying amounts of the financial assets are as follows:

	Note	30.06.2017 EUR'000	31.12.2016 EUR'000
Trade receivables from clients	15	2,125	8,412
Trade receivables from related parties	29	215	847
Held to maturity investments	14.3	432	432
Loans provided		-	900
Bank balances	18	1,033	992
		<u>3,805</u>	<u>11,583</u>

**(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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 30 June 2017:

	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
<b>Non-derivative financial liabilities</b>							
Bank loans	21.1	(8,730)	(10,321)	(3,726)	(1,386)	(3,120)	(2,089)
Corporate bonds	21.2	(16,182)	(20,945)	(1,142)	(1,142)	(18,661)	-
Other loans and borrowings	21.4	(3,499)	(4,301)	(2,839)	(169)	(1,293)	-
Borrowings at FVTPL	21.3	(105)	(105)	(105)	-	-	-
Loans due to related parties	29	(435)	(443)	(443)	-	-	-
Other payables to related parties	29	(135)	(135)	(135)	-	-	-
Trade and other payables	24	(3,451)	(3,451)	(3,451)	-	-	-
Finance lease	26	(53)	(59)	(32)	(27)	-	-
		<u>(32,590)</u>	<u>(39,760)</u>	<u>(11,873)</u>	<u>(2,724)</u>	<u>(23,074)</u>	<u>(2,089)</u>



**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****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 2016:

	<i>Note</i>	<b>Carrying amount EUR'000</b>	<b>Contractual cash flows EUR'000</b>	<b>up to 1 year EUR'000</b>	<b>1-2 years EUR'000</b>	<b>2-5 years EUR'000</b>	<b>More than 5 years EUR'000</b>
<b>Non-derivative financial liabilities</b>							
Bank loans	21.1	(8,331)	(10,065)	(3,145)	(1,355)	(3,142)	(2,423)
Corporate bonds	21.2	(12,627)	(16,332)	(822)	(875)	(14,635)	-
Loans due to related parties	29	(141)	(146)	(146)	-	-	-
Other payables to related parties	29	(96)	(96)	(96)	-	-	-
Trade and other payables	24	(3,689)	(3,689)	(3,689)	-	-	-
Finance lease	26	(64)	(73)	(30)	(28)	(15)	-
		<u>(24,948)</u>	<u>(30,401)</u>	<u>(7,928)</u>	<u>(2,258)</u>	<u>(17,792)</u>	<u>(2,423)</u>

**(c) Market risk**

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the 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 EUR 1 = BGN 1,95583.

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:

**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements**

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**27. Financial instruments (continued)****Interest rate risk (continued)**

<i>In thousands of EUR</i>	Nominal amount	
	30.06.2017	31.12.2016
	EUR'000	EUR'000
<b>Fixed rate instruments</b>		
Financial assets	1,465	2,283
Financial liabilities	(23,206)	(16,606)
	<u>(21,741)</u>	<u>(14,323)</u>

<i>In thousands of EUR</i>	Nominal amount	
	30.06.2017	31.12.2016
	EUR'000	EUR'000
<b>Variable rate instruments</b>		
Financial liabilities	(5,065)	(4,225)
	<u>(5,065)</u>	<u>(4,225)</u>

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the year was outstanding for the whole year. If interest rates have been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the period would increase/decrease by EUR 25 thousand.

**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 30 June 2017 and 31 December 2016 the Group has two reporting segments:



**EBIOSS ENERGY SE****30 June 2017****Notes to the interim consolidated financial statements****28. Segment Reporting (continued)**

Information related to each reportable segment is set out below.

	<b>Segment 1</b> <b>Construction, management and operation of biomass power plants and pelletization plants</b>		<b>Segment 2</b> <b>Sale and management of waste collection systems</b>		<b>Total</b>	
<b>For the six months ended</b> <b>In thousands of EUR</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
Revenues	450	1,273	971	1,292	1,421	2,565
Other income	-	9	61	7	61	16
Share of loss of equity accounted investees	-	-	(264)	(6)	(264)	(6)
Work performed by the entity and capitalized	204	360	89	113	293	473
Raw materials and consumables used	(200)	(1,463)	(24)	(21)	(224)	(1,484)
Cost of goods sold	(26)	-	(492)	(848)	(518)	(848)
Expenses for hired services Inter segment	(841)	(1,062)	(373)	(331)	(1,214)	(1,393)
Incomes/(expenses) for hired	14	-	(14)	-	-	-
Employee benefit expenses	(1,073)	(977)	(518)	(438)	(1,591)	(1,415)
Depreciation and amortisation	(201)	(104)	(166)	(142)	(367)	(246)
Other expenses	(948)	(434)	(113)	(275)	(1,061)	(709)
<b>Loss from operating activities</b>	<b>(2,621)</b>	<b>(2,398)</b>	<b>(843)</b>	<b>(649)</b>	<b>(3,464)</b>	<b>(3,047)</b>
Finance income	203	55	-	-	203	55
Finance expenses	(815)	(334)	(191)	(111)	(1,006)	(445)
Inter-segment finance income/(expense)	21	29	(21)	(29)	-	-
<b>Net finance costs</b>	<b>(591)</b>	<b>(250)</b>	<b>(212)</b>	<b>(140)</b>	<b>(803)</b>	<b>(390)</b>
<b>Loss before income tax</b>	<b>(3,212)</b>	<b>(2,648)</b>	<b>(1,055)</b>	<b>(789)</b>	<b>(4,267)</b>	<b>(3,437)</b>
Income tax (expense)/ benefit	258	316	(215)	(8)	43	308
<b>Loss for the period</b>	<b>(2,954)</b>	<b>(2,332)</b>	<b>(1,270)</b>	<b>(797)</b>	<b>(4,224)</b>	<b>(3,129)</b>
<b>Other comprehensive income/ (loss)</b>	<b>(263)</b>	<b>27</b>	<b>-</b>	<b>19</b>	<b>(263)</b>	<b>46</b>
<b>Total comprehensive loss</b>	<b>(3,217)</b>	<b>(2,305)</b>	<b>(1,270)</b>	<b>(778)</b>	<b>(4,487)</b>	<b>(3,083)</b>



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**28. Segment Reporting (continued)**

	Segment 1 Construction and Management of Biomass Power Plants		Segment 2 Sale and management of waste collection systems		Total	
<i>In thousands of EUR</i>	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
<b>Total assets for reportable segments</b>	<b>61,129</b>	<b>52,753</b>	<b>6,424</b>	<b>7,972</b>	<b>67,553</b>	<b>60,725</b>
<b>Total liabilities for reportable segments</b>	<b>29,688</b>	<b>21,267</b>	<b>6,306</b>	<b>6,942</b>	<b>35,994</b>	<b>28,209</b>

**29. Related party transactions and balances**

Related parties are as follows:

<b>Related party</b>	<b>Relationship</b>
Southeimer LLC, Spain	Ultimate parent
Elektra Holding AD, Bulgaria	Parent of EBIOSS ENERGY SE
Citytalner Brasil Ltda, Brasil	Associate as of 31 December 2016
Citytalner Industria Ltda, Brasil	Associate as of 31 December 2016
Inava Ingeiyeria De Analisis SL, Spain	under common control
Epsilon Resorts EAD, Bulgaria	under common control
Biomass Gomo EOOD, Bulgaria	under common control
Luxur PV EOOD, Bulgaria	under common control
Bul PV EOOD, Bulgaria	under common control
Bul Biomass EOOD, Bulgaria	under common control
Luxur Biomass OOD, Bulgaria	under common control
Smolyan Biomass EOOD, Bulgaria	under common control
Titan Power OOD, Bulgaria	under common control
Eko El Invest, Bulgaria	under common control
Arrizabal Elkarte SL, Portugal	shareholder in the subsidiary TNL SL

**Directors**

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

Remuneration of key management personnel of the group for the period 01.01.2017-30.06.2017 is EUR 302 thousand (for the first six months of 2016: EUR 207 thousand).

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**29. Related party transactions and balances (continued)**

**Balances with related parties**

*In thousands of EUR*

	Balance outstanding as at			
	30.06.2017		31.12.2016	
	Receivables	Payable s	Receivable s	Payables
Arrizabal Elkarte SL	189	(116)	167	(86)
Receivables from employees	26	-	9	-
Elektra Holding AD	-	(19)	-	(10)
Citytainer Brasil	-	-	670	-
Citytainer Industria	-	-	1	-
	215	(135)	847	(96)

**Loans due to related parties**

*In thousands of EUR*

Payables to:	Balance outstanding as at	
	30.06.2017	31.12.2016
Elektra Holding AD	(435)	(135)
Arrizabal Elkarte SL	-	(6)
	(435)	(141)

**Transactions with related parties**

<i>In thousands of EUR</i>	Description	For the period ended 30.06.2017	For the period ended 30.06.2016
Arrizabal Elkarte SL	Trade	25	2
Arrizabal Elkarte SL	Cost of goods sold	(150)	(69)
Arrizabal Elkarte SL – amounts received	Loans	-	171
Arrizabal Elkarte SL – loans capitalized	Loans	-	(85)
Arrizabal Elkarte SL	Loans	(6)	-
Elektra Holding AD – amounts received and payments made on behalf of the Group	Loans	541	405
Elektra Holding AD – amounts repaid	Loans	(246)	(87)
Elektra Holding AD – interest accrued	Loans	5	4

**30. Commitments and contingent liabilities**

Ebloss Energy SE, Heat Biomass EOOD and Biomass Distribution EOOD are joint debtors in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD as well as under Annex 1 dated 1 September 2016 to the said contract up to the moment of repayment of the whole amount under the loan contract. As at 30 June 2017 (31 December 2016) the outstanding principal to this loan is EUR 4,150 thousand (EUR 4,341 thousand).

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#### **30. Commitments and contingent liabilities (continued)**

The Group has no other commitments or contingent liabilities as at 30 June 2017 and 31 December 2016.

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

##### **Update on Syngas Italy Project**

The construction of the power plant developed by Syngas Italy SRL was finalized as at 31 March 2015 at which point it started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operations. The plant has been put back in operations a few times after that point but due to unexpected technical failure of filter parts production was stopped. After a detailed check, the team of engineers found out that the persisting problem comes from error during the production process of the filter. The necessary repairs have been undertaken and the plant is expected to start operation and reach full capacity during the 4<sup>th</sup> quarter of 2017.

##### **Eqtec Iberia SL potential acquisition by Eqtec plc**

Eqtec PLC has initiated a potential procedure of reverse takeover of Eqtec Iberia SL. The new structure of Eqtec plc would be definitively established depending of the valuation of the 2 companies and the capital increase that is performed in the process of reverse takeover. In any case, Ebloss Energy SE wants to hold at least 50.01% of Eqtec plc in future after the reverse takeover and the capital increase. The shareholders of Eqtec Iberia SL will transfer to Eqtec plc their shares, against a consideration. The trading of Eqtec PLC shares on the London AIM stock market was suspended due to the ongoing potential procedure of reverse takeover on 17 July 2017.

##### **Eqtec Iberia SL new projects**

On 29 June 2017 Eqtec Iberia SL was officially selected to provide the gasification technology for 2 (two) projects in the UK through the signing of 2 contracts between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA (strategic partner of Ebloss Energy SE). The value of each contract is approx. EUR 106 million and the works should be performed within a period of 32 months.

##### **Increased participation of Ebloss Energy SE in the capital of Eqtec Iberia SL**

On 2 September 2017, the general meeting of shareholders of Eqtec Iberia SL approved capital increase of EUR 121,938 issuing 20,323 new shares of EUR 6 of nominal value each, being the total capital of the company EUR 333,342, through the conversion of loans given by Ebloss Energy SE. This capital increase has been fully subscribed by Ebloss Energy SE with share premium of EUR 990,835. As a result, Ebloss Energy increased its participation in Eqtec Iberia SL to 67%.

##### **Ebloss Energy SE acquired 100% of the registered capital of Eqtec Bulgaria EOOD**

On 13 October 2017 Ebloss Energy SE acquired 100% of the registered capital of Eqtec Bulgaria EOOD, thus becoming the new sole owner of all the issued shares. The vendor under this transaction was Eqtec Iberia SL and the price of the shares under the signed share-transfer agreement was EUR 605 thousand. This amount is offset against the loan payable of Eqtec Iberia SL to Ebloss Energy SE for the same amount.

##### **Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD**

On 13 October 2017 Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD for the selling price of EUR 1,790 (BGN 3,500). The vendor under this transaction was Eqtec Iberia SL and as a result Ebloss Energy SE increased its participation in Energotec Eco AD up to 50%.

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



# EBIOSS ENERGY SE

## CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

The Board of Directors presents its consolidated report on the activities of EBIOSS ENERGY SE (the Company) and its subsidiaries (the Group) for the interim period 1 January – 30 June 2017.

### Incorporation

Ebioss Energy SE (the "Company") is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 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 30 June 2017 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

On 1 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
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
<b>Total:</b>	<b>100</b>	<b>2,423,550</b>	<b>24,236</b>	<b>12,392</b>

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
<b>Total:</b>	<b>12,392</b>

# EBIOSS ENERGY SE

## CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Incorporation (continued)

On 12 December 2012 Ebloss Energy OOD was transformed into joint stock company Ebloss 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 Ebloss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebloss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebloss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022 thousand. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of extraordinary general meeting of the shareholders of Ebloss Energy AD, held on 13th of February 2017 the Company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOSS has the legal form of "Societas Europaea" or "SE". The capital of the Company was denominated in Euro (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where EUR 1 = BGN 1,95583) and the nominal value of the shares was changed into EUR 1 each, according to the requirements of the Regulation. All the other corporate characteristics of the Company remain unchanged.

With resolution dated 30 June 2017, the ordinary General meeting of the Company resolved to delegate explicit powers to the Board of Directors of EBIOSS ENERGY SE to perform capital increase up to 34,000,000 Euro of the registered capital and to waive the pre-emptive rights of the current shareholders to subscribe shares on a pro-rata basis in case such capital increase is accomplished.

As at 30 June 2017 the share capital of Ebloss Energy SE belongs to the following shareholders:

	Relative share %	Number of shares	Total share capital in EUR'000
<b>Basic shareholders</b>			
Elektra Holding AD	36.35	7,603,004	7,603
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.27	893,979	894
Origina Bulgaria OOD	1.89	396,322	396
Antigona Bulgaria EOOD	1.25	260,280	260
<b>Minority shareholders</b>	48.71	10,189,603	10,190
<b>Total:</b>	<b>100</b>	<b>20,918,186</b>	<b>20,918</b>

The main shareholders of Ebloss Energy SE are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders own approximately 51.29% of the share capital of Ebloss Energy SE as at 30 June 2017.

### 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.



# EBIOSS ENERGY SE

## CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Principal activities (continued)

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

According to the amended Act on 6 March 2015, the companies may produce electricity with power capacity up to MW 1,5, 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 5 MW 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 1,5 MW is fixed to 447,43 BGN/MWh.

On 24 July 2015 further changes in REA entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company and its subsidiaries in Bulgaria.

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 breeding 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 Group 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 grid signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mentioned legislative amendments, are no longer effective.

As of 30 June 2017 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 2 MW. The Company will also have 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 2018.
- **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 2 MW. The company will also have 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 will start selling electricity and producing pellets in 2018.
- **Plovdiv Biomass EOOD**, registered on 7 January 2011 with UIC 201385444 and with principal activity the development of thermal plant with capacity of 2 MW, 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 2020. Plovdiv Biomass acquired in November 2012 a 100% owned subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.



# EBIOSS ENERGY SE

## CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### 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 2 MW, 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 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 2020.
- **Tvardica Biomass EOOD**, registered on 7 January 2011 with UIC 201384926 and with principal activity the development of thermal plant with capacity of 2 MW, 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 2020. Tvardica Biomass EOOD acquired in November 2012 a 100% owned 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 2 MW, 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 Letnitsa. 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 2020.

Ebioss Energy also has the ownership of **Biomass Distribution EOOD**, registered on 12 November 2012 with UIC 201336098 and with principal activity: to provide the necessary raw materials and biomass sources to the biomass power plants of the subsidiaries of Ebioss Energy SE in Bulgaria.

On 30 November 2012 Ebioss Energy SE also acquired control over EQTEC IBERIA SL, a company registered in Spain. EQTEC IBERIA SL is an engineering company specializing in the design, complete construction, operation and maintenance of cogeneration plants for 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, Croatia and Bulgaria.

In 2013 Ebioss Energy SE 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 in accordance with IFRS. The newly incorporated company Energotec Eco AD plans to rent out a factory near the village of Kaloianovec and manufacture part of the main equipment for the biomass power plants. On the same date another entity from the Group Eqttec 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 30 June 2017 the Group has effective holding of 46.36% in Energotec Eco AD.

On 3 April 2014 according to an agreement for transfer of shares, Ebioss Energy SE 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 of 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 the municipality of Castiglione d'Orcia, Toscana region. As of 31 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 SE**

## **CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

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

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy SE acquired 51% of the shares of TNL SGPS LDA in Portugal, duly 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 SE for the amount of EUR 1,550 thousand. The main activity of the company is equity management of other companies. On 4 August 2014 additional 1,62% from the share capital of TNL SGPS LDA were acquired by Ebioss Energy SE, for the amount of EUR 50,000, 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 specialized in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

On 3 October 2016, a decision was made to convert EUR 1,098 thousand of the loan granted by Ebioss Energy SE to TNL SGPS into supplementary capital. On 14 October 2016 TNL SGPS LDA was transformed into a public liability company and renamed to Waste Intelligent Technologies (WINTTEC). Subsequently EUR 395 thousand of the supplementary capital granted by Ebioss Energy SE was converted into registered capital of WINTTEC SGPS SA. Thus the participation in the capital of WINTTEC SGPS SA was increased to 68%.

On 10 April 2014 with decision of the General meeting of EBIOSS ENERGY SE the nominal value of the shares of the Company was changed from EUR 2.56 to EUR 0.51. The numbers of the members of the Board of Directors was increased from 3 to 4 and Meriden Group SAU, Company registered in the Principality of Andorra with tax number (NRT) – A – 706620-E was appointed as a new member of the Board of Directors of the Company. The General meeting also took decision to delegate and issue an explicit statutory mandate of the Board of Directors of EBIOSS ENERGY SE with the right to increase the share capital by issuing new emission of dematerialized shares with voting rights with nominal value of EUR 0.51 up to a total amount of EUR 20,452 thousand.

By decision of the extraordinary general meeting of Ebioss Energy SE dated 13 February 2015, a resolution was approved for the 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 BGN 60,000,000 (in words: sixty million Bulgarian 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 June 2015 the ordinary annual general meeting of Ebioss Energy SE 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 BGN 20,000,000 (in words: twenty million Bulgarian 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) 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" SE has adopted for issuance, as per Minutes of the General meeting dated 13 February 2015. On the grounds of art. 194, para. 4 of the Bulgarian Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of 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" SE in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.



# EBIOSS ENERGY SE

## CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Principal activities (continued)

On 7 February 2017 Ebioss Energy SE acquired 51% of the company REACT Plc by means of conversion of corporate debt into equity and the corresponding capital increase and subscription of the newly emitted shares. The shares of the company REACT Plc were quoted for trading on the London AIM stock market and its head office is domiciled in Ireland. As a result of the acquisition and the admission of Ebioss as a majority shareholder, REACT PLC was renamed by decision of the General meeting into EQTEC Plc and Ebioss obtained the right to nominate the majority of the board members, including the Executive Director (CEO). Subsequently two conversions of the loan (principal and interest) granted by Ebioss Energy SE to Eqtec Plc into equity took place in February and March 2017. At the same time additional placement of new shares was done by Eqtec plc which together with the loan conversion resulted in decrease of the shares owned by Ebioss Energy SE from 51% to 50.03%.

In May 2017 Wintech SGPS SA, Portugal acquired the remaining 50% of the shares of Citytainer Brasil Soluções Ambientais Ltda (Citytainer Brasil), a Company based in S.Paulo (Brazil) for BRL 1 (EUR 0.30) thus increasing its participation in the share capital of Citytainer Brasil from 50% to 100% and obtaining control over it and its subsidiary, Citytainer Industria Ltda.

### 2. Review of current position, future developments and significant risks

The Group's development to date, financial results and position are presented in the interim consolidated financial statements. For the period 1 January 2017 – 30 June 2017 the financial result of the Group is net loss in the amount of EUR 4 224 thousand from which EUR 1 001 thousand is attributable to Non-controlling interests. Net equity including Non-controlling interests of EUR 2 368 thousand is a positive value amounting to EUR 31 559 thousand. As of 30 June 2017 the earnings per share are a negative value of EUR 0,16.

### 3. Analysis of key, financial and non-financial, performance indicators relevant to the business operations of the Group

The Company management periodically review its gearing and liquidity ratios which are indicators of financial stability.

Gearing ratio (total liabilities / total equity)

30.06.2017	31.12.2016
1,14	0,87

Liquidity ratio (current assets / current liabilities)

30.06.2017	31.12.2016
0,58	1,71

### 4. Events after the reporting period

#### Update on Syngas Italy Project

The construction of the power plant developed by Syngas Italy SRL was finalized as at 31 March 2015 at which point it started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operations. The plant has been put back in operations a few times after that point but due to unexpected technical failure of filter parts production was stopped. After a detailed check, the team of engineers found out that the persisting problem comes from error during the production process of the filter. The necessary repairs have been undertaken and the plant is expected to start operation and reach full capacity during the 4<sup>th</sup> quarter of 2017.

#### Eqtec Iberia SL potential acquisition by Eqtec plc

Eqtec PLC has initiated a potential procedure of reverse takeover of Eqtec Iberia SL. The new structure of Eqtec plc would be definitively established depending of the valuation of the 2 companies and the capital increase that is



# **E BIOSS ENERGY SE**

## **CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

performed in the process of reverse takeover. In any case, Ebloss Energy SE wants to hold at least 50.01% of Eqtec plc in future after the reverse takeover and the capital increase. The shareholders of Eqtec Iberia SL will transfer to Eqtec plc their shares, against a consideration. The trading of Eqtec PLC shares on the London AIM stock market was suspended due to the ongoing potential procedure of reverse takeover on 17 July 2017.

### **Eqtec Iberia SL new projects**

On 29 June 2017 Eqtec Iberia was officially selected to provide the gasification technology for 2 (two) projects in the UK through the signing of 2 contracts between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA (strategic partner of Ebloss Energy SE). The value of each contract is approx. EUR 106 million and the works should be performed within a period of 32 months.

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### **Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD**

On 13 October 2017 Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD for the selling price of EUR 1,790 (BGN 3,500). The vendor under this transaction was Eqtec Iberia S.L. and as a result Ebloss Energy SE increased its participation in Energotec Eco AD up to 50%.

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

## **5. Future development of the Group**

The Group is committed to continue the development of its projects in the field of biomass gasification, production of pellets and waste collection management.

## **6. Activities in the field of research and development**

For the period 1 January – 30 June TNL Equipamientos Ambientales S.L. has requested the inscription of the following patents:

- "Security hinge" requested on 23.05.2017
- "System for waste management" requested on 23.05.2017
- "Volumetric sensor" requested on 23.05.2017

Development costs in progress as at 30 June 2017 represent licences, contracts, permits, designs, etc. related to development phase of the following seven projects for construction and operation of plants:

- Biomass power plant and peletization plant of Heat Biomass EOOD
- Biomass power plant and peletization plant of Karlovo Biomass EOOD
- Thermal plant and peletization plant of Tvarditsa Biomass EOOD
- Thermal plant and peletization plant of Nova Zagora Biomass EOOD
- Thermal plant and peletization plant of Plovdiv Biomass EOOD
- Thermal plant and peletization plant of United Biomass EOOD
- Thermal plant and peletization plant of Tvarditsa PV EOOD

# **EBIOSS ENERGY SE**

## **CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

In 2016 EQTEC Iberia S.L. has obtained patent for "Process and cogeneration plant through the gasification of organic solid materials" and has requested inscription of the following patents:

- "Process and reactor for gasification of organic solid materials" for Europe
- "Process for conditioning a gas stream from a gasifier, thermal cracking of tars and steam reforming and reactor used" for Europe and China.

In 2016 TNL Equipamientos Ambientales S.L. has requested the inscription of two patents:

- "Security system for underground installations for waste collection" requested on 09.08.2016
- "Underground installations for waste collection" requested on 4.09.2016

### **7. Information concerning acquisitions of own shares required under the procedure provided for in Art. 187e of the Commerce Act**

As of 30.06.2017 the Company own 512 031 own shares (2016: 349,947 own shares). As of 30 June 2017 own shares acquired by the Company represent 2,45% from share capital (2016: 0,85% from share capital).

### **8. Existence of branches of the Group companies**

The Company does not have branches in the period 1 January – 30 June 2017 and 2016.

### **9. Company`s financial risk management objectives and policies**

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

- credit risk
- liquidity risk
- market risk.

#### **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 related parties.

#### **(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.

#### **(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**

As at the reporting date the currency risk is considered as insignificant as major part of Group's transactions in foreign currency are denominated in euro, and the Bulgarian Lev is pegged to the euro.

The Group's management does not believe that the peg will change within the next 12 months and therefore no



# **EBIOSS ENERGY SE**

## **CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

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.

### **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 Group 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.

## **CORPORATE GOVERNANCE STATEMENT**

### **1. Code of Corporate Governance**

The Group has issued a Code of Corporate Governance approved by Jose Oscar Leiva Mendez. The Group strictly follows this Code of Corporate Governance. This document is published on the official website of Ebioss Energy AD.

### **2. System of internal control and management of risks**

Internal control is defined as a process integrated into the Group's activities and executed by the Board of Directors, the Audit Committee, by management and employees.

The Group has established adequate and effective internal control, which is continuous process integrated in all of the Group's activities and is designed to achieve:

- compliance with legislation
- compliance with internal rules and contracts
- reliability and completeness of financial and operational information
- economy, efficiency and effectiveness of the activities
- protection of assets and information

Everyone in the Group has a certain responsibility with regard to internal control. The Group has created adequate organizational structure to ensure segregation of duties, proper division of responsibilities and adequacy of reporting levels. The control functions of the participants in the internal control system are regulated in the job descriptions of the persons concerned. There is commitment to competence at each working place and there are strict requirements for the knowledge and skills needed for each position. The management has set the values of integrity and ethical behavior through Code of conduct.

Risks relevant to financial reporting include external and internal events, transactions, and circumstances that may arise and have a negative impact on the entity's ability to initiate, record, and process financial data. The management applies a conservative approach to identifying the business risks that are material for the preparation of the financial statements, assesses their significance and likelihood of their occurrence, and decides how to address these risks, how to manage them, and how to evaluate the results reliably.



# **E BIOSS ENERGY SE**

## **CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

### **3. Information under Article 10, Paragraph 1, Letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers;**

- **significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;**

As of 30 June 2017 the major shareholders in the Company are: Elektra Holding AD - 36,35%; Sofia Biomass EOOD - 7,53%. During the period 1 January – 30 June 2017 Sungroup Bulgaria EOOD has decreased its participation from in the share capital from 5,50% to 4,27%.

- **holders of any securities with special control rights and a description of those rights**

No securities with special control rights exist.

- **any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of 30.4.2004 EN Official Journal of the European Union L 142/19 votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities**

No restriction of voting rights exist in articles of association.

- **the rules governing the appointment and replacement of board members and the amendment of the articles of association;**

The appointment and replacement of board members and the amendment of the articles of association can be done only through decision of General Shareholders meeting.

- **the powers of board members, and in particular the power to issue or buy back shares**

With the last revision of articles of association of Ebioss Energy AD dated 13.02.2017 the Board of Directors is entrusted with the powers, within five-year term, as from the date of approval of the General meeting, acting with own discretion and having the right to specify all the parameters of the respective emission, to increase the capital of the Company up to maximum amount of EUR 50 million through issuing of new shares or through conversion of bonds into shares. The Board of Directors does not have specific rights in relation to buy back of shares.

### **4. Information regarding composition and functioning of the administrative, managerial and supervisory bodies and their committees, as well as description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender or education and professional experience**

The Group's management bodies are the following:

#### **1. Board of Directors with the following members:**

- Jose Oscar Leiva Mendez
- Luis Sanchez Angrill
- Carlos Cuervo Arango Martinez
- Alexandra Vesselinova Tcherveniakova

The Board of Directors conduct regular meetings at least once in three months to review the results of the Group, to evaluate business risks and to discuss future prospects for development of the Group.

The Group has appointed an Audit Committee to supervise the financial reporting and ensure the independence of the appointed auditors.

In respect to the members of the management/supervisory bodies the Group applies the policy of diversity regarding gender, age, education and professional background. This is to ensure that the members have been appointed based on their expertise and capacity to contribute to the achievement of the Group's objectives.

### **Director's responsibilities**

# **EBIOSS ENERGY SE**

## **CONSOLIDATED REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

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 interim consolidated financial statements for the period 1 January – 30 June 2017.

The Directors also confirm that applicable accounting standards have been followed and that the interim 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 30 June 2017 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, 30 October 2017



**EBIOSS ENERGY AD**

**DIRECTOR'S REPORT**

5.



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## REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the shareholders of  
**EBIOSS ENERGY SE**  
Sofia

### *Introduction*

We have reviewed the accompanying interim consolidated financial statements of Ebioss Energy SE and its subsidiaries (the Group), which comprise the interim statement of financial position as of 30 June 2017 and the related interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards, as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis for Qualified conclusion*

The Group has not eliminated unrealized intra-group profit of EUR 27 thousand for the period ended 30 June 2017 and a total of EUR 2,611 thousand related to prior periods, which has led to overstatement of Property, plant and equipment by EUR 2,638 thousand as of 30 June 2017. If the unrealized intra-group profit were properly eliminated, the consolidated net loss for the period ended 30 June 2017 would be increased by EUR 27 thousand, the accumulated loss would be increased by EUR 2,638 thousand and the shareholder's equity would be decreased by EUR 2,638 thousand.





As described in note 31 to the interim consolidated financial statements, the power plant developed by the subsidiary Syngas Italy SRL was not operating in 2016 and 2017 on a continuous basis due to technical failure of filter parts. Therefore, the related carrying amount of property, plant and equipment, which is EUR 4,657 thousand as of 30 June 2017, may differ from their recoverable amount. We were unable to determine whether any adjustments to these amounts were necessary.

Trade receivables amounting to EUR 734 thousand as of 30 June 2017, for which the Group has signed an agreement for rescheduling for five years, have been presented as current assets in the Group's interim consolidated statement of financial position and have not been measured at amortised cost using the effective interest method. If the trade receivables were accounted for in accordance with the requirements of IAS 39 "Financial instruments: recognition and measurement", the carrying value of these trade receivables would be EUR 581 thousand as of 30 June 2017, the loss for the period ended 30 June 2017 would be decreased by EUR 31 thousand, the accumulated loss would be increased by EUR 153 thousand and the shareholder's equity would be decreased by EUR 153 thousand.

*Qualified Conclusion*

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards, as adopted by EU and Bulgarian legislation.

**Mariy Apostolov**  
Managing partner  
Registered auditor responsible for the review

**Grant Thornton Ltd.**  
Audit Firm

31 October 2017  
Bulgaria, Sofia



**EBIOSS ENERGY SE**

**INTERIM SEPARATE FINANCIAL  
STATEMENTS**

**For the six months ended 30 June 2017**

5



## **EBIOSS ENERGY SE**

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### **INTERIM SEPARATE FINANCIAL STATEMENTS** For the six months ended 30 June 2017

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Interim separate statement of changes in equity	4
Interim separate statement of cash flows	5
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## **EBIOSS ENERGY SE**

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### **DIRECTORS AND OTHER OFFICERS**

#### **Executive Directors**

Jose Oscar Leiva Mendez  
Luis Sanchez Angrill

#### **Registered seat**

49 Bulgaria Blvd.  
Floor 11-12  
Sofia 1404

#### **Address for correspondence**

49 Bulgaria Blvd.  
Floor 11-12  
Sofia 1404

#### **Legal Consultant**

Angel Panayotov  
49 Bulgaria Blvd.  
Floor 11-12  
Sofia 1404

#### **Bank**

UniCredit Bulbank AD, Bulgaria  
United Bulgarian Bank, Bulgaria  
Raiffeisen Bank, Bulgaria  
BNP Paribas Securities Services, Spain  
Gestion de Patrimonios Mobiliarios Sociedad de Valores, S.A., Spain  
Banco de Sabadell S.A., Spain  
Banco Popular Portugal S.A.  
Banco Bilbao Vizcaya Argentaria S.A., Spain

#### **Auditor**

Grant Thornton OOD  
26 Cherni Vruh Blvd.  
Sofia 1421  
Bulgaria

## EBIOSS ENERGY SE

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

For the six months ended 30 June

	Note	Six months to 30 June 2017 EUR'000	Six months to 30 June 2016 EUR'000
Revenue from services	3	123	123
Depreciation and amortization	9,10	(12)	(13)
Expenses for hired services	4	(205)	(266)
Employee benefit expenses	5	(293)	(304)
Other expenses	6	(585)	(386)
<b>Result from operating activities</b>		<b>(972)</b>	<b>(846)</b>
Finance income	7	553	483
Finance cost	7	(562)	(315)
<b>Net finance income/ (expense)</b>		<b>(9)</b>	<b>168</b>
<b>Loss before income tax</b>		<b>(981)</b>	<b>(678)</b>
Income tax benefit	18	75	49
<b>Loss for the period</b>		<b>(906)</b>	<b>(629)</b>
<b>Total comprehensive loss for the period</b>		<b>(906)</b>	<b>(629)</b>
<b>Basic loss per share (in EUR)</b>	15	<b>(0.04)</b>	<b>(0.03)</b>

On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these interim separate financial statements for issue.

Executive Director:  
Jose Oscar Leiva Mendez

Prepared by:  
Evelina Vladimirova

Reviewed according to the review report dated 31.10.2017

Grant Thornton Ltd., Audit firm  
Mariy Apostolov, Managing partner  
Registered auditor responsible for the review





# EBIOSS ENERGY SE

## INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2017	31 December 2016
		EUR'000	EUR'000
<b>Non-current assets</b>			
Investment in subsidiaries	8	22,387	16,316
Loans provided to related parties	12.1	20,342	17,595
Deferred tax asset	18	241	166
Property, plant and equipment	9	83	93
Intangible assets	10	3	3
<b>Total non-current assets</b>		<b>43,056</b>	<b>34,173</b>
<b>Current assets</b>			
Loans provided to related parties	12.1	6,527	6,450
Trade and other receivables	13	734	5,891
Cash and cash equivalents	11	237	203
Deferred expenses		9	90
Loans provided to third parties	12.2	-	900
<b>Total current assets</b>		<b>7,507</b>	<b>13,534</b>
<b>Total assets</b>		<b>50,563</b>	<b>47,707</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14.1	20,918	20,918
Share premium		15,708	15,700
Reserve for own shares	14.2	(512)	(179)
Accumulated loss		(2,668)	(1,762)
<b>Total equity</b>		<b>33,446</b>	<b>34,677</b>
<b>Non-current liabilities</b>			
Loans and borrowings	16	15,928	12,289
<b>Total non-current liabilities</b>		<b>15,928</b>	<b>12,289</b>
<b>Current liabilities</b>			
Loans and borrowings	16	1,016	527
Trade and other payables	17	163	204
Trade and other payables to related parties	20.2	10	10
<b>Total current liabilities</b>		<b>1,189</b>	<b>741</b>
<b>Total liabilities</b>		<b>17,117</b>	<b>13,030</b>
<b>Total equity and liabilities</b>		<b>50,563</b>	<b>47,707</b>

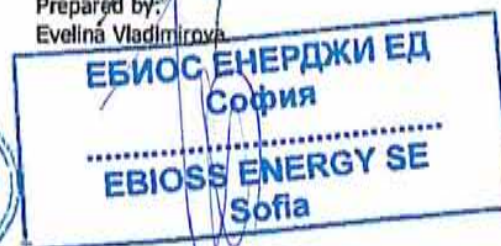
On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these interim separate financial statements for issue.

Executive Director:  
Jose Oscar Lelva Mendez

Prepared by:  
Evelina Vladimirova

Reviewed according to the review report dated 31.10.2017

Grant Thornton Ltd., Audit firm  
Mariy Apostolov, Managing partner  
Registered auditor responsible for the review



## EBIOSS ENERGY SE

### INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Retained earnings EUR'000	Total EUR'000
<b>For the six months ended 30 June 2017</b>					
Balance at 1 January 2017	20,918	15,700	(179)	(1,762)	34,677
Total comprehensive loss					
Loss for the period	-	-	-	(906)	(906)
Total comprehensive loss	-	-	-	(906)	(906)
<b>Transactions with owners of the Company</b>					
Own shares acquired	-	(403)	(1,036)	-	(1,439)
Own shares sold	-	411	703	-	1,114
Total transactions with owners of the Company	-	8	(333)	-	(325)
Balance at 30 June 2017	20,918	15,708	(512)	(2,668)	33,446
<b>For the six months ended 30 June 2016</b>					
Balance at 1 January 2016	20,918	15,934	(41)	(747)	36,064
Total comprehensive loss					
Loss for the period	-	-	-	(629)	(629)
Total comprehensive loss	-	-	-	(629)	(629)
<b>Transactions with owners of the Company</b>					
Own shares acquired	-	(644)	(457)	-	(1,101)
Own shares sold	-	659	456	-	1,115
Total transactions with owners of the Company	-	15	(1)	-	14
Balance at 30 June 2016	20,918	15,949	(42)	(1,376)	35,449

On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these interim separate financial statements for issue.

Executive Director:  
Jose Oscar Leiva Mendez



Prepared by:  
Evelina Vladimirova

Reviewed according to the review report dated 31.10.2017

Grant Thornton Ltd., Audit firm  
Mariya Apostolov, Managing partner  
Registered auditor responsible for the review



## EBIOSS ENERGY SE

### INTERIM SEPARATE STATEMENT OF CASH FLOWS

For the six months ended 30 June

Note	Six months to 30 June 2017 EUR'000	Six months to 30 June 2016 EUR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before tax	(981)	(678)
Adjustment for:		
Depreciation expense	12	13
Loss on sale of property, plant and equipment	-	3
Interest expense	540	296
Interest income	(526)	(458)
Written-off loan balances	59	-
Other financial expenses	22	19
Net exchange rate gains	(27)	-
Investment income	-	(25)
	(901)	(830)
Changes in working capital:		
Trade and other payables	4	(629)
Trade and other receivables	7	(456)
Deferred expenses	81	6
<b>Cash used in operating activities</b>	<b>(809)</b>	<b>(1,909)</b>
Interest received	50	-
Interest paid	(547)	(214)
Other financial expenses paid	(22)	(19)
Exchange rates gains realized	(7)	-
<b>Net cash used in operating activities</b>	<b>(1,335)</b>	<b>(2,142)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans provided to related parties	(2,561)	(2,749)
Repaid loans from related parties	122	1,425
Acquisition of property, plant and equipment	-	(12)
Proceeds from sales of investments	-	525
<b>Net cash used in investing activities</b>	<b>(2,439)</b>	<b>(811)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of corporate bonds	3,852	2,000
Payments related to issue of corporate bonds	(274)	(157)
Proceeds from loans from related parties	528	405
Repayment of loans from related parties	(246)	(87)
Proceeds from bank loans	300	-
Repayment of bank loans	(18)	-
Proceeds from sale of own shares	1,114	1,115
Repurchase of own shares	(1,439)	(1,101)
Payment of finance lease liabilities	(9)	(10)
<b>Net cash from financing activities</b>	<b>3,808</b>	<b>2,165</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>34</b>	<b>(788)</b>
Cash and cash equivalents at 1 January	203	1,204
<b>Cash and cash equivalents at 30 June</b>	<b>237</b>	<b>416</b>

On 30.10.2017 the Board of Directors of EBIOSS ENERGY SE authorised these interim separate financial statements for issue.

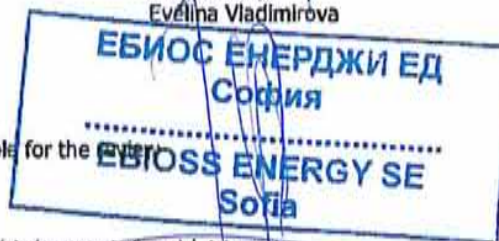
Executive Director:  
Jose Oscar Lelva Mendez

Prepared by:  
Evelina Vladimirova

Reviewed according to the review report dated 31.10.2017

Grant Thornton OOD, Audit firm  
Marry Apostolov, Managing partner, Registered auditor responsible for the review

The notes set out on pages 35 to 36 are an integral part of these interim separate financial statements.





**EBIOSS ENERGY SE**

30 June 2017

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****1. Incorporation and principal activities****Incorporation**

EBIOSS ENERGY SE (the Company) is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 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 1 October 2012 EBIOSS ENERGY EOOD was transformed into EBIOSS ENERGY OOD and on the same date the share capital 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
<b>Total:</b>	<b>100</b>	<b>2,423,550</b>	<b>24,236</b>	<b>12,392</b>

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

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

## **EBIOSS ENERGY SE**

30 June 2017

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

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

##### **Incorporation (continued)**

On 12 December 2012 EBIOS ENERGY OOD was transformed into joint stock company EBIOS 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 Ebloss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebloss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebloss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of the extraordinary general meeting of the shareholders of Ebloss Energy AD, held on 13 February 2017 the company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOS has the legal form of "Societas Europaea" or "SE". The capital of the company was denominated in Euro (the conversion of the registered capital has been made according to the official fixed exchange rate of the Bulgarian National Bank, where €1= BGN 1.95583) and the nominal value of the shares was changed into 1 EUR each, according to the rules of the Regulation. All the other corporate characteristics of the company remained unchanged.

As at 30 June 2017 the share capital of Ebloss Energy SE is owned by the following shareholders:

<b>Shareholders</b>	<b>Relative share %</b>	<b>Number of shares</b>	<b>Total share capital in EUR'000</b>
Elektra Holding AD	36.35	7,603,004	7,603
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.27	893,979	894
Origina Bulgaria OOD	1.89	396,322	396
Antigona Bulgaria EOOD	1.25	260,280	260
<b>Basic shareholders</b>	<b>51.29</b>	<b>10,728,583</b>	<b>10,728</b>
<b>Minority shareholders</b>	<b>48.71</b>	<b>10,189,603</b>	<b>10,190</b>
<b>Total:</b>	<b>100</b>	<b>20,918,186</b>	<b>20,918</b>

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon its incorporation. The minority shareholders are mainly 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.

##### **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 Bulgarian Renewable Energy Act /REA/ that entered into force in 2015 in Bulgaria the projects have been modified.

According to the amended Act on 6 March 2015, the companies may produce electricity with power capacity up to 1.5MW, 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 were no longer applicable.



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

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 BGN 447.43 per 1MWh.

On 24 July 2015, further changes in the REA entered into legal force regarding the operating conditions for renewable energy producers, which are applicable to the Company. According to the amended REA, the feed-in tariffs and the preferential prices for electricity take-off, being produced from biomass electrical plants with power output up to 1,5MW, 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 breeding 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. As a result of the changes in legislation, the contracts for connection to the national electricity grid signed between Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Bulgaria Electrozapredelenie EAD are no longer effective.

As of 30 June 2017, the projects under development in Bulgaria are carried out by the following subsidiaries:

- **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 have 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 2018.
- **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 have 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 will start selling electricity and producing pellets in 2018.
- **Plovdiv Biomass EOOD**, registered on 7 January 2011 with UIC 201385444 and with principal activity 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 2020. In November 2012 Plovdiv Biomass acquired 100% of the subsidiary **Brila EOOD** which had the same principal activity: the development of a 2MW thermal plant near the town of Plovdiv.
- **Nova Zagora Biomass EOOD**, registered on 7 January 2011 with UIC 201385519 and with principal activity 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 2020.





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

- **Tvardica Biomass EOOD**, registered on 7 January 2011 with UIC 201384926 and with principal activity 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 2020. Tvardica Biomass EOOD acquired in November 2012 100% of the subsidiary **Tvardica PV EOOD**, which has the same principal activity: the development of a 2MW thermal plant near the town of Tvarditza.
- **United Biomass EOOD**, registered on 6 January 2011 with UIC 201384562 and with principal activity 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 Letnitsa. 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 2020.

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 Ebloss Energy SE 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 Ebloss Energy SE participated in the incorporation of the joint-stock company **Energotec-Eco AD** through subscription 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. Energotec Eco AD plans to rent out a factory near the village of Kalolanovec and manufacture part of the main equipment for the biomass power plants.

On 3 April 2014, according to agreement for transfer of shares Ebloss Energy SE acquired 100% of the shares of Sorigenia Bioenergy S.p.A in Italy, which was renamed 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. In March 2015 the plant Syngas Italy in Toscana Region for 1MW was put into operation and started selling electricity.

On 10 April 2014 with decision of the General meeting of EBIOSS ENERGY SE the nominal value of the shares of the Company was changed from EUR 2.56 to EUR 0.51. The numbers of the members of the Board of Directors was increased from 3 to 4 and Meriden Group SAU, Company registered in the Principality of Andorra with tax number (NRT) – A – 706620-E was appointed as a new member of the Board of Directors of the Company. The General meeting also took decision to delegate and issue an explicit statutory mandate of the Board of Directors of EBIOSS ENERGY SE with the right to increase the share capital by issuing new emission of dematerialized shares with voting rights with nominal value of EUR 0.51 up to a total amount of EUR 20,452 thousand.



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****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, Ebloss Energy SE acquired 51% of the shares of **TNL SGPS LDA** in Portugal, duly 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 Ebloss Energy SE for the amount of EUR 1,550 thousand. The main activity of the company is equity management in other companies. On 4 August 2014 additional 1,62% from share capital of TNL SGPS LDA were acquired by Ebloss Energy SE 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.

On 3 October 2016, a decision was made to convert EUR 1,098 thousand of the loan granted by Ebloss Energy SE to TNL SGPS into supplementary capital. On the same day, it was decided to convert EUR 840 thousand loan granted by the shareholder Foad Jafal into supplementary capital.

On 14 October 2016 TNL SGPS was transformed into a public limited company and renamed to Waste Intelligent Technologies SGPS SA (WINTTEC). On the same day share capital of Waste Intelligent Technologies SGPS SA (WINTTEC) was increased with EUR 470 thousand. Ebloss Energy SE subscribed new shares for the amount of EUR 395 thousand through conversion of supplementary capital into registered capital of WINTTEC SGPS SA. The rest of the shares at the amount of EUR 75 thousand were subscribed by the shareholder Nuno Lopez. Thus, the participation of Ebloss Energy in the capital of WINTTEC SGPS SA was increased to 68%.

On 7 February 2017 Ebloss Energy SE acquired 51% of the company REACT Plc by means of conversion of corporate debt into equity and the corresponding capital increase and subscription of the newly emitted shares. The shares of the company REACT Plc are quoted for trading on the London AIM stock market and its head office is domiciled in Ireland. As a result of the acquisition and the admission of Ebloss as a majority shareholder, REACT was renamed by decision of the General meeting into **EQTEC Plc** and Ebloss obtained the right to nominate the majority of the board members, including the Executive director (CEO).

By decision of the extraordinary General Meeting of Ebloss Energy SE dated 13 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 BGN 60 million or its equivalent in Euro, according to the official fixed exchange rate of Bulgarian National Bank, with term for issuance of the emission up to 3 years and term for repayment up to 10 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 June 2015 the Ordinary Annual General meeting of Ebloss Energy SE 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 BGN 20 million or its equivalent in Euro, according to the official fixed exchange rate of Bulgarian National Bank, with term for issuance of the emission up to 3 years and term for repayment up to 10 years as from the date of placement of the respective emission. The emission of the convertible bonds, specified in this resolution, is part of the overall approved amount of debt instruments, which the General meeting of "Ebloss Energy" SE adopted for issuance, as per Minutes of the General meeting dated 13 February 2015. On the grounds of art. 194, para. 4, in conjunction with art. 215, para. 1 and art. 196, para. 3 of Bulgarian Commercial Act, the General meeting delegated to the Board of Directors explicitly to waive the pre-emptive rights of the current shareholders of Ebloss Energy SE in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.

In May 2017 WINTTEC SGPS SA, Portugal acquired the remaining 50% of the shares of Citytalner Brasil Soluções Ambientais Ltda (Citytalner Brasil), a Company based in S. Paulo (Brazil) for BRL 1 (EUR 0.30) thus increasing its participation in the share capital of Citytalner Brasil from 50% to 100% and obtaining control over it and its subsidiary, Citytalner Industria Ltda.

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies

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

#### Basis of preparation

These interim separate financial statements have been prepared in accordance with IFRS as adopted by EU.

#### Basis of measurement

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

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

The Company also prepared interim consolidated financial statements in accordance with IFRS as adopted by EU. The interim consolidated financial statements can be obtained from Ebloss Energy SE at their registered office in Sofia, 49 Bulgaria Blvd.

Users of these interim separate financial statements of the parent company should read them together with the interim consolidated financial statements of the Company and its subsidiaries as at and for the period ended 30 June 2017 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 interim separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Going concern basis of accounting

The interim separate financial statements of Ebloss Energy SE as at 30 June 2017 have been prepared on the basis of the going concern concept despite the fact that for the period ended 30 June 2017 the Company reported net loss amounting to EUR 906 thousand.

At present the Management actively works and prepares new capital increase for the amount of up to EUR 9 million and is in negotiation process for new bond emission on the Luxembourg stock exchange for the amount of up to GBP 3 million.

On 29 June 2017, the subsidiary Eqtac Iberia was officially selected to provide the gasification technology for 2 (two) projects in the UK through the signing of 2 contracts between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA (strategic partner of Ebloss Energy SE). The value of each contract is approx. EUR 106 million and the works should be performed within a period of 32 months.

Based on the funds that will be attracted through the capital increase bond emission and also the revenue from the 2 projects in the UK signed, the management believes that the funds are adequate to finance the future activities of the Ebloss Energy SE. Based on the business plans and financial forecasts of Ebloss Energy SE, repayment of the facilities will occur as required.



## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### Going concern basis of accounting (continued)

The Board of directors have prepared business plans based on their best estimation of the cashflows of the Company in the short and medium term. Such forecasts inherently contain management judgments and estimates in respect of future trading conditions, the timing of receipts and payments and other relevant matters. The main management judgments, estimates and assumptions used in the prepared business plans are that the management will be successful in the planned capital increase and the new bond emission on the Luxembourg stock exchange; and the subsidiary Eqtac Iberia will receive timely notice to proceed with the provisions of the gasification technology, which is subject to the contracts signed between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA.

Having considered the business plans, the directors have a reasonable expectation that Ebloss Energy SE has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the interim separate financial statements.

#### Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement at 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.

#### Foreign currency translation

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

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

##### (ii) Transactions and balances

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

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

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### Revenue recognition

##### (I) Goods sold

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

##### (II) Services

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

#### Finance income and finance costs

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

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

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

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

#### Tax

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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.



## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### Tax (continued)

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.

#### 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.



## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### **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
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#### **Investments in subsidiaries**

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

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's 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.

#### 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 quoted market price.

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### (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.



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****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. The Company's obligation in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted. The calculation is performed based on the projected unit credit method.

The Company determines the net interest expense on the net defined benefit liability for the period by applying a market discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

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

**(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.



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

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

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

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

**(ii) Financial assets**

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

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

**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.

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 2. Accounting policies (continued)

#### (iii) Lease payments (continued)

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.

#### Non-current liabilities

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

### 3. Revenue from services

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Revenue from services	123	123
	<u>123</u>	<u>123</u>

The recognised revenue is related to contracts for consultancy services, concluded with Karlovo Biomass EOOD, Biomass Distribution EOOD, Heat Biomass EOOD and Syngas Italy Srl (see also note 20.5).

### 4. Expenses for hired services

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Consultancy fees	61	60
Advertising and exhibits	37	32
Equipment dismantling	36	94
Office rent	23	24
Audit services	18	14
Other	30	42
	<u>205</u>	<u>266</u>

### 5. Employee benefit expenses

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Wages and salaries	268	280
Social security contributions	25	24
	<u>293</u>	<u>304</u>

### 6. Other expenses

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Stock exchange and investors related expenses	301	144
Vehicles related	26	26
Loans written off	59	-
Other expenses	199	216
	<u>585</u>	<u>386</u>



# EBLOSS ENERGY SE

30 June 2017

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 7. Finance income and costs

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Interest Income	526	458
Investment Income	-	25
Net exchange rate differences	27	-
	<u>553</u>	<u>483</u>
Interest expense	(540)	(296)
Net exchange rate differences	-	(4)
Bank expenses	(22)	(15)
<b>Finance costs</b>	<u>(562)</u>	<u>(315)</u>
<b>Net finance income/(expense) recognized in profit or loss</b>	<u>(9)</u>	<u>168</u>

### 8. Investment in subsidiaries

	30.06.2017 EUR'000	31.12.2016 EUR'000
Balance at 1 January	16,316	15,218
New Investments	6,071	1,098
<b>Balance at the end of the period</b>	<u>22,387</u>	<u>16,316</u>

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 value by certified licensed valuers as at the date of the in-kind contribution, based on discounted estimated future net cash flows to be generated by the companies. Their values are dependent on the estimated timing of completion of the Biomass Power Plants and commencement of electricity production.

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

In December 2013 Ebloss 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 Ebloss Energy SE 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 Ebloss Energy SE acquired 51% of the capital of TNL SGPS LDA, Portuguese company for the total amount of EUR 1,550 thousand. On 4 August 2014 Ebloss Energy SE acquired in addition 1.62% for the amount of EUR 50 thousand. Thus, the participation in the capital of TNL SGPS LDA was increased to 52.62%.

On 3 October 2016, a decision was made to convert EUR 1,098 thousand of the loan granted by Ebloss Energy SE to TNL SGPS into supplementary capital. On 14 October 2016 TNL SGPS was transformed into a public limited company and renamed to Waste Intelligent Technologies SGPS SA (WINTTEC). Subsequently EUR 395 thousand of the supplementary capital granted by Ebloss Energy was converted into registered capital of WINTTEC SGPS SA. Thus the participation in the capital of WINTTEC SGPS SA was increased to 68%.

On the 7 February 2017 Ebloss Energy SE acquired 51% share stake in the company REACT Plc by means of conversion of corporate debt into equity and the corresponding capital increase and subscription of the newly emitted shares thereunder by Ebloss. As a consequence of the acquisition and the admission of Ebloss as a majority shareholder, REACT was renamed by decision of the General meeting into EQTEC Plc and Ebloss obtained the right to nominate the majority of the board members, including the Executive director (CEO). Subsequently two conversions of the loan (principal and interest) granted by Ebloss Energy SE to Eqtec Plc into equity took place in February and March 2017. At the same time additional placement of new shares was done by Eqtec Plc which together with the loan conversion resulted in decrease of the share owned by Ebloss Energy ED from 51% to 50.03%.



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****8. Investment in subsidiaries (continued)**

The investment in subsidiaries as at 30 June 2017 and 31 December 2016 are presented below:

Subsidiary	Country of incorporation	% ownership 30.06.2017	Investment amount in EUR'000 30.06.2017	% ownership 31.12.2016	Investment amount in EUR '000 31.12.2016
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
Eqtac 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
WINTTEC SGPS SA (former TNL SGPS)	Portugal	68%	2,698	68%	2,698
Eqtac Plc (former React Energy)	Ireland	50.03%	6,071	-	-
<b>Total investment</b>			<b>22,387</b>		<b>16,316</b>

All shares from the investment in Karlovo Biomass EOOD are pledged in favor of United Bulgarian Bank in relation to loan contract dated 2 June 2014 between Karlovo Biomass EOOD as a borrower, United Bulgarian Bank as a lender and Ebloss Energy as a joint debtor for the amount of EUR 5,600 thousand. As at 30 June 2017 the principal to be repaid by Karlovo Biomass EOOD to United Bulgarian Bank amounts to EUR 4,150 thousand.

**9. Property, plant and equipment**

	Computers and equipment EUR'000	Vehicles EUR'000	Total EUR'000
<b>Cost</b>			
Balance at 1 January 2016	11	119	130
Additions	4	8	12
Disposals	-	(3)	(3)
<b>Balance at 31 December 2016</b>	<b>15</b>	<b>124</b>	<b>139</b>
<b>Balance at 1 January 2017</b>	<b>15</b>	<b>124</b>	<b>139</b>
Additions	2	-	2
<b>Balance at 30 June 2017</b>	<b>17</b>	<b>124</b>	<b>141</b>
<b>Depreciation</b>			
Balance at 1 January 2016	5	15	20
Charge for the year	6	20	26
<b>Balance at 31 December 2016</b>	<b>11</b>	<b>35</b>	<b>46</b>
Charge for the period	2	10	12
<b>Balance at 30 June 2017</b>	<b>13</b>	<b>45</b>	<b>58</b>
<b>Carrying amounts</b>			
At 1 January 2016	6	104	110
At 31 December 2016	4	89	93
<b>At 30 June 2017</b>	<b>4</b>	<b>79</b>	<b>83</b>

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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****10. Intangible assets**

	Software EUR'000
<b>Cost</b>	
Balance at 1 January 2016	6
Balance at 31 December 2016	6
Balance at 30 June 2017	6
<b>Amortisation and impairment losses</b>	
Balance at 1 January 2016	2
Charge for the year	1
Balance at 31 December 2016	3
Balance at 30 June 2017	3
<b>Carrying amounts</b>	
At 1 January 2016	4
At 31 December 2016	3
At 30 June 2017	3

**11. Cash and cash equivalents**

	30.06.2017 EUR'000	31.12.2016 EUR'000
Cash at bank	219	179
Cash in hand	18	24
<b>Cash and cash equivalents</b>	<b>237</b>	<b>203</b>

	30.06.2017 EUR'000	31.12.2016 EUR'000
Cash and cash equivalents are denominated in following currencies:		
BGN	19	167
EUR	218	36
	<b>237</b>	<b>203</b>

**12.1 Loans provided to related parties**

	Currency EUR	Annual Interest 4/5%	Amount EUR'000	Maturity
<b>Balance at 1 January 2017</b>			24,045	
New proceeds:				
- Eqtac Iberia S.L.			830	31.12.2017
- TNL SL			382	31.12.2017
- Karlovo Biomass EOOD			376	31.12.2018
- Biomass Distribution EOOD			296	31.12.2018
- Syngas Italy S.R.L.			240	31.12.2017
- WINTTEC SGPS SA			203	31.12.2017
- TNL SA			141	31.12.2017
- Company employees			21	31.12.2017
- United Biomass EOOD			2	31.12.2018
- Plovdiv Biomass EOOD			1	31.12.2018
- Nova Zagora Biomass EOOD			1	31.12.2018
- Heat Biomass EOOD			1	31.12.2018
Reclassified from loans to related parties following the acquisition of React Plc group				
- Newry Biomass - principal			57	
- Newry Biomass - interest			2	



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****12.1 Loans provided to related parties (continued)**

Loans repaid:	
- Biomass Distribution EOOD	(42)
- TNL SL	(40)
- Karlovo Biomass EOOD	(36)
- Heat Biomass EOOD	(4)
Loans off-set against remunerations payable	
- Company employees	(7)
- Directors	(3)
Loans remitted:	
- Newry Biomass - principal	(57)
- Newry Biomass - interest	(2)
Loan interest accrued:	
- Karlovo Biomass EOOD	197
- Biomass Distribution EOOD	99
- Syngas Italy S.R.L.	60
- Heat Biomass EOOD	52
- Eqttec Iberia S.L.	32
- TNL SL	10
- TNL SA	6
- WINTTEC SGPS SA (former TNL SGPS)	5
- United Biomass EOOD	1
<b>Balance at 30 June 2017</b>	<b>26,869</b>

<b>Balance at 30 June 2017</b>	<b>Total</b>	<b>Up to 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
<b>EUR'000</b>				
<b>Loans</b>	<u>26,869</u>	<u>6,527</u>	<u>20,339</u>	<u>3</u>
	26,869	6,527	20,339	3

	<b>Currency EUR</b>	<b>Annual interest 4/5%</b>	<b>Amount EUR'000</b>	<b>Maturity</b>
<b>Balance at 1 January 2016</b>			25,086	
New proceeds:				
- Heat Biomass EOOD			354	31.12.2018
- Karlovo Biomass EOOD			1,619	31.12.2018
- Eqttec Iberia SL			860	30.04.2017
- WINTTEC SGPS SA (former TNL SGPS SA) (cession agreement)			647	31.12.2017
- Syngas Italy S.R.L.			608	31.12.2017
- Biomass Distribution EOOD			485	31.12.2018
- TNL SA			362	31.12.2017
- TNL SL			325	31.12.2017
- TNL SL (cession agreement)			17	31.12.2017
- WINTTEC SGPS SA (former TNL SGPS SA)			5	31.12.2017
- Company employee			5	10.05.2017
- Plovdiv Biomass EOOD			1	31.12.2018
- Brila EOOD			1	31.12.2018
- Tvardica Biomass EOOD			1	31.12.2018
- United Biomass EOOD			1	31.12.2018
Loans repaid:				
- Karlovo Biomass EOOD – amount off-set			(4,005)	
- TNL SGPS – debt converted to capital			(1,098)	
- Karlovo Biomass EOOD			(1,079)	
- TNL SL (cession agreement)			(419)	
- Heat Biomass EOOD			(311)	



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

- TNL SA (cession agreement)	(228)	
<b>12.1 Loans provided to related parties (continued)</b>		
- Biomass Distribution EOOD	(37)	
- Addom SL (cession agreement)	(17)	
- Company employees	(8)	
- Directors	(6)	
- Plovdiv Biomass EOOD	(1)	
- Brila EOOD	(1)	
Loan Interest accrued:		
- Karlovo Biomass EOOD	416	
- Biomass Distribution EOOD	185	
- Syngas Italy S.R.L.	106	
- Heat Biomass EOOD	103	
- WINTTEC SGPS SA (former TNL SGPS SA)	32	
- TNL SL	15	
- WINTTEC SA (former TNL SGPS SA) (cession agreement)	13	
- Eqttec Iberla S.L.	9	
- TNL SA	6	
- Nova Zagora Biomass EOOD	2	
- United Biomass EOOD	1	
- Plovdiv Biomass EOOD	1	
- TNL World	1	
- Tvardica Biomass EOOD	1	
- Brila EOOD	1	
- Addom SL (cession agreement)	(1)	
- TNL SA (cession agreement)	(3)	
- TNL SL (cession agreement)	(10)	
<b>Balance at 31 December 2016</b>	<b>24,045</b>	

<b>Balance at 31 December 2016</b>	<b>Total</b>	<b>Up to 1 year</b>	<b>1-2 years</b>
<b>EUR'000</b>			
<b>Loans</b>	<u>24,045</u>	<u>6,450</u>	<u>17,595</u>
	24,045	6,450	17,595

During 2016, the following cession agreements were concluded:

- On 24 May 2016 an Agreement for substitution of a party under a corporate loan was signed between Ebloss Energy SE ("Lender"), Addom SL ("Borrower") and TNL SL ("Substituent") where Ebloss Energy and TNL SL agreed that TNL SL would undertake the obligations of Addom SL to Ebloss arising from a previously signed loan agreement, for the amount of EUR 18 thousand, formed as follows: principal - EUR 17 thousand and interest EUR 1 thousand. All other terms and conditions of the loan agreement remain unchanged;
- On 31 May 2016 an Agreement for substitution of a party under a corporate loan was signed between Ebloss Energy SE ("Lender"), TNL SL ("Borrower") and TNL SGPS ("Substituent") where Ebloss Energy and TNL SGPS agreed that TNL SGPS would undertake the obligations of TNL SL to Ebloss arising from a previously signed loan agreement, for the amount of EUR 428 thousand, formed as follows: principal - EUR 419 thousand and interest EUR 9 thousand. All other terms and conditions of the loan agreement remain unchanged;
- On 2 June 2016 an Agreement for substitution of a party under a corporate loan was signed between Ebloss Energy SE ("Lender"), TNL SA ("Borrower") and TNL SGPS ("Substituent") where Ebloss Energy and TNL SGPS agreed that TNL SGPS would undertake the obligations of TNL SA to Ebloss arising from a previously signed loan agreement, for the amount of EUR 231 thousand, formed as follows: principal - EUR 228 thousand and interest EUR 3 thousand. All other terms and conditions of the loan agreement remain unchanged.



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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

#### 12.2 Loans provided to third parties

##### Balance at 1 January 2016

###### New proceeds:

- React Energy	859	07.02.2017
- React Energy (cession agreement to Newry Biomass)	(57)	
- Newry Biomass (cession agreement with React Energy)	57	31.12.2017

###### Loan interest:

- Interest accrued - React Energy	41
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##### Balance at 31 December 2016

900

###### New proceeds:

- Eqtec Plc (previous React Energy)	68
- Eqtec Plc (previous React Energy) – debt converted to capital	(870)

###### Loan interest:

- Interest accrued - React Energy	10
- Interest accrued – Newry Biomass	2
- Interest converted to capital- React Energy	(51)

##### Reclassified as loans to related parties

- Outstanding principal – Newry Biomass	(57)
- Outstanding interest – Newry Biomass	(2)

##### Balance at 30 June 2017

-

On 25 November 2016, a settlement agreement was signed between Ebloss Energy, React Energy and Newry Biomass where the Parties agree that Newry will substitute React in all its obligations for repayment of the loan amounting to EUR 57 thousand and will repay the amount directly to the bank account of Ebloss Energy.

On 20 February 2017 and 9 March 2017, the following conversions of the loan (principal and interest) granted by Ebloss Energy SE to Eqtec Plc into equity took place respectively:

- EUR 585 thousand - principal;
- EUR 336 thousand – split as follows: EUR 285 thousands principal and EUR 51 thousands interest

At the same time additional placement of new shares has been done by Eqtec plc which together with the loan conversion resulted in decrease of the share owned by Ebloss Energy SE from 51% to 50.03%.

Following the acquisition of the Eqtec plc group (Eqtec Plc and its subsidiaries, including Newry Biomass), the loans outstanding are reclassified as "Loans to related parties". Subsequently Ebloss Energy SE granted forgiveness on the loan receivables from Newry Biomass.

#### 13. Trade and other receivables

	Note	30.06.2017 EUR'000	31.12.2016 EUR'000
Trade receivables		-	5,150
Trade receivables due from related parties	20.6	209	123
Prepaid amounts to suppliers		-	50
Receivables from employees		167	172
Refundable VAT		127	128
Other receivables		231	268
		<u>734</u>	<u>5,891</u>

On 7 February 2017 trade receivable from Eqtec Plc (former React Energy) amounting to EUR 5,150 thousand were converted into equity resulting in acquisition of the majority of the shares Eqtec Plc by Ebloss Energy SE.

The trade and other receivables are not considered overdue or impaired.

## EBIOSS ENERGY SE

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

#### 14. Capital and capital reserves

##### 14.1. 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.

As at 31 December 2016 the Company has issued 40,912,416 ordinary shares with a nominal value of EUR 0.51 (BGN 1) each.

By decision of extraordinary general meeting of the shareholders of Ebloss Energy AD, held on 13th of February 2017 the company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on the 23 March 2017 and thereafter EBIOSS has the legal form of "Societas Europaea" or "SE". The capital of the company was denominated in Euro (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where 1 € = 1,95583 BGN) and the nominal value of the shares was changed into EUR 1 each, according to the rules of the Regulation. Thus as at 30 June 2017 the capital of the Company is denominated in EUR and amounts to EUR 20,918,186.

##### 14.2. 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 2016 the Company held 349,947 own shares with nominal value EUR 0.51 (BGN 1) at total amount of EUR 179 thousand.

As at 30 June 2017 the Company held 512,031 own shares with nominal value EUR 1 at total amount of EUR 512 thousand.

#### 15. Earnings per share

##### Basic earnings per share

The calculation of basic earnings per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of EUR 906 thousand (30 June 2016: loss of EUR 629 thousand), and a weighted average number of ordinary shares outstanding of 20,695 thousand (30 June 2016: 20,834 thousand), calculated as follows:

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

In thousands of EUR

	30.06.2017	30.06.2016
Loss for the period	(906)	(629)
Loss attributable to ordinary shareholders	(906)	(629)

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

In thousands of shares

	30.06.2017	30.06.2016	30.06.2016
		Adjusted	
Issued ordinary shares at 1 January	40,912	20,918	40,912
Reverse share split	(19,994)	-	-
Effect from repurchased own shares	(223)	(84)	(165)
Weighted average number of ordinary shares at 30 June	20,695	20,834	40,747
Earnings per share (EUR)	(0.04)	(0.03)	(0.02)

For comparability purposes retrospective adjustment of the comparison period EPS was made. The prior period value of EPS is adjusted to take into consideration the reverse share split which took place in 2017 – a transaction that resulted in adjustment of the number of shares without a corresponding change in resources.



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****16. 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 19.

*In thousands of EUR***30.06.2017    31.12.2016****Non-current liabilities**

Unsecured corporate bonds issues	(a)	15,822	12,254
Bank loans	(d)	81	-
Finance lease liabilities	(b)	25	35
		<b>15,928</b>	<b>12,289</b>

**Current liabilities**

Unsecured corporate bonds issues	(a)	360	373
Finance lease liabilities	(b)	20	19
Bank loans	(d)	51	-
Overdraft		150	-
Loans payable to related parties	(c)	435	135
		<b>1,016</b>	<b>527</b>

**(a) Corporate bonds issue***In thousands of EUR*

<b>Carrying amount of liability at 1 January 2016</b>	6,932
Proceeds from issue of bonds	5,500
Transaction costs	(57)
<b>Net proceeds</b>	<b>5,443</b>
Accrued interest	747
Paid interest	(495)
<b>Carrying amount of liability at 31 December 2016</b>	<b>12,627</b>
Proceeds from issue of bonds	3,852
Transaction costs	(252)
<b>Net proceeds</b>	<b>3,600</b>
Accrued interest	530
Paid interest	(542)
Revaluation of GBP bonds as at 30 June 2017	(33)
<b>Carrying amount of liability at 30 June 2017</b>	<b>16,182</b>

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.

On 12 July 2016, 35 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 12th July 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.

On 24 February 2017, 16 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 GBP 100 thousand each. Maturity date of the principal payment shall be 24th February 2022 and maturity dates of the coupon payments shall be as follows: 24th February 2018, 24th February 2019, 24th February 2020, 24th February 2021 and 24th February 2022.

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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****16. Loans and borrowings (continued)****(a) Corporate bonds issue (continued)**

On 2 June 2017, 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 2 June 2022 and maturity dates of the coupon payments shall be as follows: 2 June 2018, 2 June 2019, 2 June 2020, 2 June 2021 and 2 June 2022.

**(b) Finance lease**

Finance lease liabilities as at 30 June 2017 are payable as follows:

<i>In thousands of EUR</i>	<b>Future minimum lease payments</b>	<b>Future interest payments 4.15%</b>	<b>Principal</b>
Less than one year	24	4	20
Between one and two years	27	2	25
<b>Total</b>	<b>51</b>	<b>6</b>	<b>45</b>

Finance lease liabilities as at 31 December 2016 are payable as follows:

<i>In thousands of EUR</i>	<b>Future minimum lease payments</b>	<b>Future interest payments 4.15%</b>	<b>Principal</b>
Less than one year	24	5	19
Between one and two years	24	3	21
Between two and five years	15	1	14
<b>Total</b>	<b>63</b>	<b>9</b>	<b>54</b>

**(c) Loans payable to related parties – Elektra Holding AD**

*In thousands of EUR*

<b>Carrying amount of liability at 1 January 2016</b>	-
Proceeds	406
Repayments	(279)
<b>Net proceeds</b>	<b>127</b>
Accrued interest (4%)	8
<b>Carrying amount of liability at 31 December 2016/1 January 2017</b>	<b>135</b>
Proceeds	528
Payments made directly by Elektra Holding on behalf of Ebloss Energy	13
Repayments	(246)
<b>Net proceeds</b>	<b>295</b>
Accrued interest (4%)	5
<b>Carrying amount of liability at 30 June 2017</b>	<b>435</b>

The loan granted by Elektra Holding AD is due for repayment till 31 December 2017.

**(d) Bank loans**

On 23 January 2017 the Company was granted a bank loan for the amount of EUR 150,000. The interest rate on the loan is 2.65% and the loan shall be fully repaid till 23 January 2020. Repayment installments are due monthly following a schedule agreed between the parties upon concluding the contract.

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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****17. Trade and other payables****Trade payables**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Payables to suppliers	116	135
	<u>116</u>	<u>135</u>

**Other payables**

Payables in regards to bonds issue	4	25
Accruals for unused paid leave	34	35
Tax liabilities	9	9

	<u>47</u>	<u>69</u>
<b>Trade and other payables</b>	<b>163</b>	<b>204</b>

**18. Taxation**

For the six months ended 30 June

**Income tax recognised in profit or loss**

	<b>2017</b>	<b>2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Deferred tax benefit	75	49
<b>Income tax benefit for the period</b>	<b>75</b>	<b>49</b>

**Reconciliation of the effective income tax rate:**

For the six months ended 30 June

	<b>2017</b>	<b>2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Loss for the period	(906)	(629)
Total income tax benefit	<u>(75)</u>	<u>(49)</u>
<b>Loss excluding income tax</b>	<b>(981)</b>	<b>(678)</b>
Income tax benefit at the statutory income tax rate of 10%	<u>(98)</u>	<u>(68)</u>
Non-deductible expenses	<u>23</u>	<u>19</u>
<b>Income tax benefit</b>	<b>75</b>	<b>49</b>
<b>Effective tax rate</b>	<b>8%</b>	<b>7%</b>

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

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



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**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****18. Taxation (continued)****Recognised deferred tax assets**

Deferred tax assets are attributable to the following:

	<b>Assets</b>	
	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Tax loss carry-forwards	241	166
<b>Tax assets</b>	<b>241</b>	<b>166</b>

**Movement in deferred tax balances**

<i>In thousands of EUR</i>	<b>Balance 1 January 2016</b>	<b>Recognized in profit or loss</b>	<b>Balance 31 December 2016</b>	<b>Recognized in profit or loss</b>	<b>Balance 30 June 2017</b>
Tax loss carry-forwards	80	86	166	75	241
	80	86	166	75	241

**19. 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:

	<b>Note</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
		<b>EUR'000</b>	<b>EUR'000</b>
Loans provided to related parties	20.1	26,869	24,045
Loans provided to third parties	12.2	-	900
Trade receivables	13	-	5,150
Trade receivables from related parties	20.6	209	123
Bank balances (cash on hand excluded)	11	219	179
		<b>27,297</b>	<b>30,397</b>

No amounts of loans and receivables are considered overdue or impaired.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**
**19. 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 30 June 2017:

<i>In thousands of EUR</i>		<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>
<b>Non-derivative financial liabilities</b>						
Corporate bonds issued	16	(16,182)	(20,945)	(1,142)	(1,142)	(18,661)
Finance lease liabilities	16	(45)	(51)	(24)	(27)	-
Other payables to related parties	20.2	(10)	(10)	(10)	-	-
Trade and other payables to suppliers	17	(120)	(120)	(120)	-	-
Loans payable to related parties	16	(435)	(443)	(443)	-	-
Bank loans and overdrafts	16	(282)	(290)	(208)	(52)	(30)
		<u>(17,074)</u>	<u>(21,859)</u>	<u>(1,947)</u>	<u>(1,221)</u>	<u>(18,691)</u>

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2016:

<i>In thousands of EUR</i>		<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>
<b>Non-derivative financial liabilities</b>						
Corporate bonds issued	16	(12,627)	(16,332)	(822)	(875)	(14,635)
Finance lease liabilities	16	(54)	(63)	(24)	(24)	(15)
Trade and other payables to related parties	20.2	(10)	(10)	(10)	-	-
Loans payable to related parties		(135)	(140)	(140)	-	-
Trade and other payables to suppliers	17	(160)	(160)	(160)	-	-
		<u>(12,986)</u>	<u>(16,705)</u>	<u>(1,156)</u>	<u>(899)</u>	<u>(14,650)</u>

**(c) Market risk**

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

**Currency risk**

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.

## EBIOSS ENERGY SE

30 June 2017

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

#### 19. Financial Instruments (continued)

##### Risk management framework (continued)

##### (c) Market risk (continued)

##### Interest rate risk

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

##### Profile

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

<i>In thousands of EUR</i>	Nominal amount	
	30.06.2017	31.12.2016
<b>Fixed rate instruments</b>		
Financial assets	24,536	22,826
Financial liabilities	(17,069)	(12,681)
	<u>7,467</u>	<u>10,145</u>

The Company has no variable rate instruments as at 30 June 2017 and 31 December 2016.

##### 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.

#### 20. 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 SE
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Tvardica PV EOOD	subsidiary, 100% owned by Tvardica Biomass EOOD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
EQTEC Iberia S.L., Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY SE
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 SE
Brila EOOD	subsidiary, 100% owned by Plovdiv Biomass EOOD
Syngas Italy S.R.L.	subsidiary, 100% owned by EBIOSS ENERGY SE
WINTTEC SGPS SA (former TNL SGPS), Portugal	subsidiary, 52,62% owned and controlled by EBIOSS ENERGY SE
TNL SA, Portugal	subsidiary, 100% owned and controlled by WINTTEC SGPS SA
Hirdant, Portugal	subsidiary, 100% owned and controlled by WINTTEC SGPS SA
Addom SL, Spain	subsidiary, 100% owned and controlled by WINTTEC SGPS SA
TNL SL, Spain	subsidiary, 80% owned and controlled by WINTTEC SGPS SA
TNL World, Bulgaria	subsidiary, 100% owned and controlled by WINTTEC SGPS SA



**EBIOSS ENERGY SE**

30 June 2017

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS****20. Related party transactions and balances (continued)**

EQTEC plc (former REACT Energy plc), Ireland	subsidiary, 50.03% owned and controlled by Ebloss Energy (since 7.02.2017)
Newry Biomass No. 1 Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
React Biomass Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Reforce Energy Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Pluckanes Windfarm Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Grass Door Limited, UK	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Newry Biomass Limited, Northern Ireland	subsidiary, 50.02 % owned and controlled by Eqtec plc (since 7.02.2017)
Enfield Biomass Limited, UK	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Moneygorm Wind Turbine Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Eqtec No. 1 Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Plymouth Biomass Limited, UK	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Clay Cross Biomass Limited, UK	subsidiary, 90% owned and controlled by Eqtec plc (since 7.02.2017)
Altlow Wind Turbine Limited, Ireland	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Kedco Group Holdings USA Inc., USA	subsidiary, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Citytainer Brasil, Brasil	Subsidiary of WINTTEC SGPS SA (since 30 April 2017)
Citytainer Industria, Brasil	Subsidiary 100% owned and controlled by Citytainer Brasil
Inava Ingelyleria 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 EI Invest	under common control

**Directors**

The Executive Directors of EBIOS ENERGY SE are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

The remuneration to the key management personnel for the first six months of 2017 amounts to EUR 62 thousand (first six months of 2016: EUR 62 thousand).

**20.1 Loans provided to related parties**

	30.06.2017 EUR'000	31.12.2016 EUR'000
Heat Biomass EOOD		
- principal	2,625	2,628
- interest	306	254
Karlovo Biomass EOOD		
- principal	10,224	9,884
- interest	1,360	1,163
United Biomass EOOD		
- principal	37	35
- interest	5	4
Nova Zagora Biomass EOOD		
- principal	25	24
- interest	5	5
Tvardica Biomass EOOD		
- principal	20	20
- interest	3	3
Plovdiv Biomass EOOD		
- principal	26	25
- interest	4	4

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

**20. Related party transactions and balances (continued)**

**20.1 Loans provided to related parties (continued)**

Tvardica PV EOOD		
- principal	9	9
- interest	1	1
Biomass Distribution		
- principal	5,205	4,951
- interest	457	358
Brila EOOD		
- principal	17	17
- interest	3	3
Syngas Italy S.R.L.		
- principal	3,129	2,889
- interest	251	191
WINTTEC SGPS SA (former TNL SGPS)		
- principal	294	91
- interest	78	73
TNL SL		
- principal	620	278
- interest	25	15
TNL SA		
- principal	358	217
- interest	11	5
TNL Word		
- principal	13	13
- interest	1	1
Eqtec Iberia		
- principal	1,690	860
- interest	41	9
Company employees		
- principal	23	9
Directors		
- principal	3	6
	<u>26,869</u>	<u>24,045</u>

**20.2 Other payables to related parties**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Elektra Holding AD	<u>10</u>	<u>10</u>
	<u>10</u>	<u>10</u>

**20.3 Loans received from related parties**

The amount under a loan facility granted by Elektra Holding AD to Ebloss Energy SE as at 30 June 2017 comes to EUR 435 thousand (31 December 2016: EUR 135 thousand). (See also note 16).

**20.4 Services received from related parties**

	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>EUR'000</b>	<b>EUR'000</b>
Eqtec Bulgaria EOOD – transportation of equipment	-	3
Eqtec Iberia SL - transportation of equipment	-	7
	<u>-</u>	<u>10</u>

## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 20. Related party transactions and balances (continued)

#### 20.5 Services provided to related parties

For the six months ended 30 June

	2017 EUR'000	2016 EUR'000
Karlovo Biomass EOOD	31	31
Biomass Distribution EOOD	30	31
Heat Biomass EOOD	31	30
Syngas Italy S.r.l.	31	31
	<u>123</u>	<u>123</u>

#### 20.6 Trade receivables from related parties

	30.06.2017 EUR'000	31.12.2016 EUR'000
Syngas Italy S.r.l.	92	61
Karlovo Biomass EOOD	62	25
Heat Biomass EOOD	49	12
Biomass Distribution EOOD	6	25
	<u>209</u>	<u>123</u>

### 21. Commitments and contingent liabilities

Ebloss Energy SE, Heat Biomass EOOD and Biomass Distribution EOOD are joint debtors in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD as well as under Annex 1 dated 1 September 2016 to the said contract up to the moment of repayment of the whole amount under the loan contract. As at 30 June 2017 (31 December 2016) the outstanding principal to this loan is EUR 4,150 thousand (EUR 4,341 thousand).

### 22. Events after the reporting period

#### Update on Syngas Italy Project

The construction of the power plant developed by Syngas Italy SRL was finalized as at 31 March 2015 at which point it started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operations. The plant has been put back in operations a few times after that point but due to unexpected technical failure of filter parts production was stopped. After a detailed check, the team of engineers found out that the persisting problem comes from error during the production process of the filter. The necessary repairs have been undertaken and the plant is expected to start operation and reach full capacity during the 4<sup>th</sup> quarter of 2017.

#### Eqtec Iberia SL potential acquisition by Eqtec plc

Eqtec PLC has initiated a potential procedure of reverse takeover of Eqtec Iberia SL. The new structure of Eqtec plc would be definitively established depending of the valuation of the 2 companies and the capital increase that is performed in the process of reverse takeover. In any case, Ebloss Energy SE wants to hold at least 50.01% of Eqtec plc in future after the reverse takeover and the capital increase. The shareholders of Eqtec Iberia SL will transfer to Eqtec plc their shares, against a consideration. The trading of Eqtec PLC shares on the London AIM stock market was suspended due to the ongoing potential procedure of reverse takeover on 17 July 2017.

#### Eqtec Iberia SL new projects

On 29 June 2017 Eqtec Iberia was officially selected to provide the gasification technology for 2 (two) projects in the UK through the signing of 2 contracts between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA (strategic partner of Ebloss Energy SE). The value of each contract is approx. EUR 106 million and the works should be performed within a period of 32 months.



## **EBLOSS ENERGY SE**

30 June 2017

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

#### **22. Events after the reporting period (continued)**

##### **Increased participation of Ebloss Energy SE in the capital of Eqtec Iberia SL**

On 2 September 2017, the general meeting of shareholders of Eqtec Iberia approved capital increase of EUR 121,938 issuing 20,323 new shares of EUR 6 of nominal value each, being the total capital of the company EUR 333,342, through the conversion of loans given by Ebloss Energy SE. This capital increase has been fully subscribed by Ebloss Energy SE with share premium of EUR 990,835. As a result Ebloss Energy increased its participation in Eqtec Iberia SL to 67%.

##### **Ebloss Energy SE acquired 100% of the registered capital of Eqtec Bulgaria EOOD**

On 13 October 2017 Ebloss Energy SE acquired 100% of the registered capital of Eqtec Bulgaria EOOD, thus becoming the new sole owner of all the issued shares. The vendor under this transaction was Eqtec Iberia S.L. and the price of the shares under the signed share-transfer agreement was EUR 605 thousand. This amount is offset against the loan payable of EQTEC Iberia S.L. to Ebloss Energy SE for the same amount.

#### **31. Events after the reporting period end (continued)**

##### **Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD**

On 13 October 2017 Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD for the selling price of EUR 1,790 (BGN 3,500). The vendor under this transaction was Eqtec Iberia S.L. and as a result Ebloss Energy SE increased its participation in Energotec Eco AD up to 50%.

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

# EBIOSS ENERGY SE

## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

The Board of Directors presents their separate report on activities of EBIOSS ENERGY SE (the Company) for the interim period 1 January – 30 June 2017.

### Incorporation

Ebloss Energy SE (the "Company") is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 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 30 June 2017 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

On 1 October 2012 Ebloss Energy EOOD was transformed into Ebloss Energy OOD and on the same date the share capital of Ebloss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of 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
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
<b>Total:</b>	<b>100</b>	<b>2,423,550</b>	<b>24,236</b>	<b>12,392</b>

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

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

# EBIOSS ENERGY SE

## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Incorporation (continued)

On 12 December 2012 Ebloss Energy OOD was transformed into joint stock company Ebloss 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 Ebloss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebloss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebloss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022 thousand. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of extraordinary general meeting of the shareholders of Ebloss Energy AD, held on 13th of February 2017 the Company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOSS has the legal form of "Societas Europaea" or "SE". The capital of the Company was denominated in Euro (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where EUR 1= BGN 1,95583) and the nominal value of the shares was changed into EUR 1 each, according to the requirements of the Regulation. All the other corporate characteristics of the Company remain unchanged.

With resolution dated 30 June 2017, the ordinary General meeting of the Company resolved to delegate explicit powers to the Board of Directors of EBIOSS ENERGY SE to perform capital increase up to 34,000,000 Euro of the registered capital and to waive the pre-emptive rights of the current shareholders to subscribe shares on a pro-rata basis in case such capital increase is accomplished.

As at 30 June 2017 the share capital of Ebloss Energy SE belongs to the following shareholders:

	Relative share %	Number of shares	Total share capital in EUR'000
<b>Basic shareholders</b>			
Elektra Holding AD	36.35	7,603,004	7,603
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.27	893,979	894
Origina Bulgaria OOD	1.89	396,322	396
Antigona Bulgaria EOOD	1.25	260,280	260
<b>Minority shareholders</b>	48.71	10,189,603	10,190
<b>Total:</b>	<b>100</b>	<b>20,918,186</b>	<b>20,918</b>

The main shareholders of Ebloss Energy SE are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders own approximately 51.29% of the share capital of Ebloss Energy SE as at 30 June 2017.

### Principal activities

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



## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Principal activities (continued)

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

According to the amended Act on 6 March 2015, the companies may produce electricity with power capacity up to MW 1,5, 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 5 MW 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 1,5 MW is fixed to 447,43 BGN/MWh.

On 24 July 2015 further changes in REA entered into legal force regarding the operating conditions related to renewable energy producers, which are applicable to the Company and its subsidiaries in Bulgaria.

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 breeding 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 Group 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 grid signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mentioned legislative amendments, are no longer effective.

As of 30 June 2017 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 2 MW. The Company will also have 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 2018.
- **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 2 MW. The company will also have 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 will start selling electricity and producing pallets in 2018.
- **Plovdiv Biomass EOOD**, registered on 7 January 2011 with UIC 201385444 and with principal activity the development of thermal plant with capacity of 2 MW, 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 2020. Plovdiv Biomass acquired in November 2012 a 100% owned subsidiary **Brila EOOD** which has the same principal activity: the development of a 2 MW thermal plant near the town of Plovdiv.





# EBIOSS ENERGY SE

## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### 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 2 MW, 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 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 2020.
- **Tvardica Biomass EOOD**, registered on 7 January 2011 with UIC 201384926 and with principal activity the development of thermal plant with capacity of 2 MW, 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 2020. Tvardica Biomass EOOD acquired in November 2012 a 100% owned 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 2 MW, 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 Letnitsa. 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 2020.

Ebloss Energy also has the ownership of **Biomass Distribution EOOD**, registered on 12 November 2012 with UIC 201336098 and with principal activity: to provide the necessary raw materials and biomass sources to the biomass power plants of the subsidiaries of Ebloss Energy SE in Bulgaria.

On 30 November 2012 Ebloss Energy SE also acquired control over EQTEC IBERIA SL, a company registered in Spain. EQTEC IBERIA SL is an engineering company specializing in the design, complete construction, operation and maintenance of cogeneration plants for 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, Croatia and Bulgaria.

In 2013 Ebloss Energy SE 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 in accordance with IFRS. The newly incorporated company Energotec Eco AD plans to rent out a factory near the 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 30 June 2017 the Group has effective holding of 46.36% in Energotec Eco AD.

On 3 April 2014 according to an agreement for transfer of shares, Ebloss Energy SE 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 of 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 the municipality of Castiglione d'Orcia, Toscana region. As of 31 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 SE

## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Principal activities (continued)

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy SE 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 SE for the amount of EUR 1,550 thousand. The main activity of the company is equity management of other companies. On 4 August 2014 additional 1,62% from the share capital of TNL SGPS LDA were acquired by Ebioss Energy SE, for the amount of EUR 50,000, 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 specialized in the development of technological solutions for comprehensive management of household waste, separate waste collection systems, and waste storage facilities.

On 3 October 2016, a decision was made to convert EUR 1,098 thousand of the loan granted by Ebioss Energy SE to TNL SGPS into supplementary capital. On 14 October 2016 TNL SGPS LDA was transformed into a public liability company and renamed to Waste Intelligent Technologies (WINTTEC). Subsequently EUR 395 thousand of the supplementary capital granted by Ebioss Energy SE was converted into registered capital of WINTTEC SGPS SA. Thus the participation in the capital of WINTTEC SGPS SA was increased to 68%.

On 10 April 2014 with decision of the General meeting of EBIOSS ENERGY SE the nominal value of the shares of the Company was changed from EUR 2.56 to EUR 0.51. The numbers of the members of the Board of Directors was increased from 3 to 4 and Meriden Group SAU, Company registered in the Principality of Andorra with tax number (NRT) – A – 706620-E was appointed as a new member of the Board of Directors of the Company. The General meeting also took decision to delegate and issue an explicit statutory mandate of the Board of Directors of EBIOSS ENERGY SE with the right to increase the share capital by issuing new emission of dematerialized shares with voting rights with nominal value of EUR 0.51 up to a total amount of EUR 20,452 thousand.

By decision of the extraordinary general meeting of Ebioss Energy SE dated 13 February 2015, a resolution was approved for the 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 BGN 60,000,000 (in words: sixty million Bulgarian 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 June 2015 the ordinary annual general meeting of Ebioss Energy SE 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 BGN 20,000,000 (in words: twenty million Bulgarian 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) 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" SE has adopted for issuance, as per Minutes of the General meeting dated 13 February 2015. On the grounds of art. 194, para. 4 of the Bulgarian Commercial Act, in conjunction with art. 215, para. 1 and art. 196, para. 3 of 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" SE in respect to acquisition part of the emission convertible bonds, which corresponds to their share-stake in the capital of the Company.



# EBIOSS ENERGY SE

## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

### Principal activities (continued)

On 7 February 2017 Ebioss Energy SE acquired 51% of the company REACT Plc by means of conversion of corporate debt into equity and the corresponding capital increase and subscription of the newly emitted shares. The shares of the company REACT Plc were quoted for trading on the London AIM stock market and its head office is domiciled in Ireland. As a result of the acquisition and the admission of Ebioss as a majority shareholder, REACT PLC was renamed by decision of the General meeting into EQTEC Plc and Ebioss obtained the right to nominate the majority of the board members, including the Executive Director (CEO). Subsequently two conversions of the loan (principal and interest) granted by Ebioss Energy SE to Eqtec Plc into equity took place in February and March 2017. At the same time additional placement of new shares was done by Eqtec plc which together with the loan conversion resulted in decrease of the shares owned by Ebioss Energy SE from 51% to 50.03%.

In May 2017 Wintech SGPS SA, Portugal acquired the remaining 50% of the shares of Citytainer Brasil Soluções Ambientais Ltda (Citytainer Brasil), a Company based in S.Paulo (Brazil) for BRL 1 (EUR 0.30) thus increasing its participation in the share capital of Citytainer Brasil from 50% to 100% and obtaining control over it and its subsidiary, Citytainer Industria Ltda.

### 2. Review of performance of the Company and its current position.

The Company's development to date, financial results and position are presented in the interim separate financial statements. For the period 1 January – June 2017 the financial result of the Company is net loss in the amount of EUR 906 thousand and the net equity is a positive value amounting to EUR 33 446 thousand. As of 30 June 2017 the earnings per share are a negative value of EUR 0,04.

### 3. Analysis of key, financial and non-financial, performance indicators relevant to the business operations of the entity

The Company management periodically reviews its gearing and liquidity ratios which are indicators of financial stability.

Gearing ratio (total liabilities / total equity)

30.06.2017	31.12.2016
0,51	0,38

Liquidity ratio (current assets / current liabilities)

30.06.2017	31.12.2016
6,31	18,26

### 4. Events after the reporting period

#### Update on Syngas Italy Project

The construction of the power plant developed by Syngas Italy SRL was finalized as at 31 March 2015 at which point it started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operations. The plant has been put back in operations a few times after that point but due to unexpected technical failure of filter parts production was stopped. After a detailed check, the team of engineers found out that the persisting problem comes from error during the production process of the filter. The necessary repairs have been undertaken and the plant is expected to start operation and reach full capacity during the 4<sup>th</sup> quarter of 2017.

#### Eqtec Iberia SL potential acquisition by Eqtec plc

Eqtec plc has initiated a potential procedure of reverse takeover of Eqtec Iberia SL. The new structure of Eqtec plc would be definitively established depending of the valuation of the 2 companies and the capital increase that is performed in the process of reverse takeover. In any case, Ebioss Energy SE wants to hold at least 50.01% of Eqtec plc in future after the reverse takeover and the capital increase. The shareholders of Eqtec Iberia SL will transfer to Eqtec plc their shares, against a consideration. The trading of EQTEC PLC shares on the London AIM stock market was suspended due to the ongoing potential procedure of reverse takeover on 17 July 2017.

# **EBIOSS ENERGY SE**

## **SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

### **Eqttec Iberia SL new projects**

On 29 June 2017 Eqttec Iberia was officially selected to provide the gasification technology for 2 (two) projects in the UK through the signing of 2 contracts between RELIABLE ENERGY SOLUTIONS Ltd and ENERGY CHINA (strategic partner of Ebloss Energy SE). The value of each contract is approx. EUR 106 million and the works should be performed within a period of 32 months.

### **Increased participation of Ebloss Energy SE in the capital of Eqttec Iberia SL**

On 2 September 2017, the general meeting of shareholders of Eqttec Iberia approved capital increase of EUR 121,938 issuing 20,323 new shares of EUR 6 of nominal value each, being the total capital of the company EUR 333,342, through the conversion of loans given by Ebloss Energy SE. This capital increase has been fully subscribed by Ebloss Energy SE with share premium of EUR 990,835. As a result Ebloss Energy increased its participation in Eqttec Iberia SL to 67%.

### **Ebloss Energy SE acquired 100% of the registered capital of Eqttec Bulgaria EOOD**

On 13 October 2017 Ebloss Energy SE acquired 100% of the registered capital of Eqttec Bulgaria EOOD, thus becoming the new sole owner of all the issued shares. The vendor under this transaction was Eqttec Iberia S.L. and the price of the shares under the signed share-transfer agreement was EUR 605 thousand. This amount is offset against the loan payable of EQTEC Iberia S.L. to Ebloss Energy SE for the same amount.

### **Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD**

On 13 October 2017 Ebloss Energy SE acquired 7% of the registered capital of Energotec Eco AD for the selling price of EUR 1,790 (BGN 3,500). The vendor under this transaction was Eqttec Iberia S.L. and as a result Ebloss Energy SE increased its participation in Energotec Eco AD up to 50%.

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

## **5. Future development of the Company**

The Company is committed to support its subsidiary companies, which are engaged in development of projects in the field of biomass gasification, production of pellets and waste collection management.

## **6. Activities in the field of research and development**

The company was not involved in research and development activities for the period 1 January – 30 June 2017 and in 2016.

## **7. Information concerning acquisitions of own shares required under the procedure provided for in Art. 187e of the Commerce Act**

As of 30.06.2017 the Company own 512 031 own shares (2016: 349,947 own shares). As of 30 June 2017 own





# **EBIOSS ENERGY SE**

## **SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

shares acquired by the Company represent 2,45% from share capital (2016: 0,85% from share capital).

### **8. Existence of branches of the Company**

The Company does not have branches in the period 1 January – 30 June 2017 and 2016.

### **9. Company`s financial risk management objectives and policies**

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

- credit risk
- liquidity risk
- market risk.

#### **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.

#### **(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.

#### **(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.

#### **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.



# **EBIOSS ENERGY SE**

## **SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**

### **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.

## **CORPORATE GOVERNANCE STATEMENT**

### **1. Code of Corporate Governance**

The Company has issued a Code of Corporate Governance approved by Jose Oscar Leiva Mendez. The Company strictly follows this Code of Corporate Governance. This document is published on the official website of the Company.

### **2. System of internal control and management of risks**

Internal control is defined as a process integrated into the Company's activities and executed by the Board of Directors, the Audit Committee, by management and employees.

The Company has established adequate and effective internal control, which is continuous process integrated in all of the Company's activities and is designed to achieve:

- compliance with legislation
- compliance with internal rules and contracts
- reliability and completeness of financial and operational information
- economy, efficiency and effectiveness of the activities
- protection of assets and information

Everyone in the Company has a certain responsibility with regard to internal control. The Company has created adequate organizational structure to ensure segregation of duties, proper division of responsibilities and adequacy of reporting levels. The control functions of the participants in the internal control system are regulated in the job descriptions of the persons concerned. There is commitment to competence at each working place and there are strict requirements for the knowledge and skills needed for each position. The management has set the values of integrity and ethical behavior through Code of conduct.

Risks relevant to financial reporting include external and internal events, transactions, and circumstances that may arise and have a negative impact on the entity's ability to initiate, record, and process financial data. The management applies a conservative approach to identifying the business risks that are material for the preparation of the financial statements, assesses their significance and likelihood of their occurrence, and decides how to address these risks, how to manage them, and how to evaluate the results reliably.

### **3. Information under Article 10, Paragraph 1, Letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers;**

- **significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;**

As of 30 June 2017 the major shareholders in the Company are: Elektra Holding AD - 36,35%; Sofia Biomass EOOD - 7,53%. During the period 1 January – 30 June 2017 Sungroup Bulgaria EOOD has decreased its participation from in the share capital from 5,50% to 4,27%.

- **holders of any securities with special control rights and a description of those rights**

No securities with special control rights exist.

# EBIOSS ENERGY SE

## SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017

- **any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of 30.4.2004 EN Official Journal of the European Union L 142/19 votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities**

No restriction of voting rights exist in articles of association.

- **the rules governing the appointment and replacement of board members and the amendment of the articles of association;**

The appointment and replacement of board members and the amendment of the articles of association can be done only through decision of General Shareholders meeting.

- **the powers of board members, and in particular the power to issue or buy back shares**

With the last revision of Company's articles of association dated 13.02.2017 the Board of Directors is entrusted with the powers, within five-year term, as from the date of approval of the General meeting, acting with own discretion and having the right to specify all the parameters of the respective emission, to increase the capital of the Company up to maximum amount of EUR 50 million through issuing of new shares or through conversion of bonds into shares. The Board of Directors does not have specific rights in relation to buy back of shares.

#### **4. Information regarding composition and functioning of the administrative, managerial and supervisory bodies and their committees, as well as description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender or education and professional experience**

The Company's management bodies are the following:

1. Board of Directors with the following members:

- Jose Oscar Leiva Mendez
- Luis Sanchez Angrill
- Carlos Cuervo Arango Martinez
- Alexandra Vesselinova Tcherveniakova

The Board of Directors conduct regular meetings at least once in three months to review the results of the Company, to evaluate business risks and to discuss future prospects for development of the Company.

The Company has appointed an Audit Committee to supervise the financial reporting and ensure the independence of the appointed auditors.

In respect to the members of the management/supervisory bodies the Company applies the policy of diversity regarding gender, age, education and professional background. This is to ensure that the members have been appointed based on their expertise and capacity to contribute to the achievement of the Company's objectives.

#### **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 interim separate financial statements for the period 1 January – 30 June 2017.

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

# **EBIOSS ENERGY SE**

## **SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**


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 30 June 2017 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, 30 October 2017





# **EBIOSS ENERGY SE**

**SEPARATE REPORT ON ACTIVITIES FOR THE PERIOD 1 JANUARY – 30 JUNE 2017**



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## REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the shareholders of  
**EBIOSS ENERGY SE**  
Sofia

### *Introduction*

We have reviewed the accompanying interim separate financial statements of Ebioss Energy SE, which comprise the interim separate statement of financial position as of 30 June 2017 and the related interim separate statement of profit or loss and other comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards, as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards, as adopted by EU and Bulgarian legislation.

### *Emphasis of matter*

The Company carries out its annual test for impairment of assets, including investment in subsidiaries and loans provided to related parties as at 31 December 2017. For this reason, the carrying amount in the interim separate financial statements as at 30 June 2017 may differ from



their recoverable amount. Our conclusion is not modified in respect of this matter.

*Other matters*

We have reported separately on 31 October 2017 on the interim consolidated financial statements of Ebioss Energy SE and its subsidiaries for the period ended 30 June 2017. The conclusion in that review report is qualified with regard to inclusion as of 30 June 2017 of unrealized intra-group profit of EUR 2,638 thousand in property, plant and equipment. The conclusion is also qualified with regard to possible overstatement of property, plant and equipment with carrying amount of EUR 4,657 and overstatement of trade receivables by EUR 153 thousand as of 30 June 2017.

**Mariy Apostolov**  
**Managing partner**  
**Registered auditor responsible for the review**

**Grant Thornton Ltd.**  
**Audit Firm**

31 October 2017  
Bulgaria, Sofia

