EBIOSS

1er Semestre 2016

Informe Financiero

En Sofía, a 31 de Octubre de 2016

Muy Señores Nuestros,

En cumplimiento de lo dispuesto en la Circular 15/2016 del Mercado Alternativo Bursátil y para su puesta a disposición del público, por la presente remitimos el informe relativo a los estados financieros intermedios individuales y consolidados de EBIOSS Energy, AD relativos al primer semestre del ejercicio 2016.

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EBIOSS Energy AD

D. José Óscar Leiva Méndez

Presidente

Informe de evolución semestral.

Antecedentes.

El primer semestre del presente ejercicio ha venido marcado por una circunstancia que se retrotrae al último trimestre del ejercicio anterior. Así, el 11 de noviembre de 2015, la Compañía había anunciado una ampliación de capital por la que EBIOSS permitiría la entrada de un socio estratégico e industrial en el capital de la Compañía. El objetivo de dicha ampliación era fundamentalmente la de incorporar un socio financiero que aportara capital con el que poder soportar una mayor cartera de proyectos para terceros como un mayor tamaño de éstos, el subsiguiente aumento de facturación sin el subsiguiente efecto colateral del incremento de gastos financieros en el caso de financiaciones de terceros, y una mayor capacidad de participar directamente en proyectos para con ello acelerar la consolidación del balance del grupo.

En este contexto, durante las negociaciones de las semanas y los meses posteriores a tal anuncio, en las reuniones celebradas con diversos inversores potenciales a nivel internacional, la Compañía optó finalmente por desestimar la opción de protagonizar una gran ampliación de capital, para evitar una excesiva dilución de los actuales accionistas que comportase al mismo tiempo una posible pérdida de control de la tecnología, en virtud del contenido de las conversaciones que se mantenían con los diversos optantes, de la posibilidad que se abría de alcanzar los mismos objetivos estratégicos de una manera más favorable.

En virtud de ello, se priorizó la opción de alcanzar un acuerdo con un socio muy relevante tanto a nivel financiero como industrial para que, por un lado, aportara recursos financieros directamente en los proyectos en forma de capital, y por otro adicionalmente facilitase el acceso a la obtención de financiación bancaria. Con ello se conseguía preservar la dilución accionarial, proteger la tecnología, y al mismo tiempo asegurar el desarrollo de la capacidad técnica y económica en la construcción del pipeline de proyectos que la Compañía viene acumulando.

Tal acuerdo se materializó finalmente con el gigante asiático Energy China, lo cual fue comunicado al mercado mediante Hecho Relevante el pasado 30 de mayo de 2016. La rúbrica de este acuerdo supuso un notable incremento del potencial de desarrollo del pipeline de la Compañía. En virtud del mismo, EBIOSS proveería sólo la ingeniería y los equipos principales de los proyectos y asigna una parte relevante del EPC a Energy China. Con ello, el volumen de facturación por proyecto se reduce (al solo facturar la parte de ingeniería y equipos principales) pero, por el contrario, aumenta el valor añadido de los servicios y la capacidad de abordar mayor volumen de proyectos y también proyectos más grandes y por tanto con mayor escala y eficiencia en costes.

La Compañía cree que el acuerdo con Energy China es mucho más beneficioso que las otras opciones en los términos que se plantearon, y que el valor que se genera para los actuales accionistas al evitar la dilución, compensa el retraso de la puesta en marcha del plan de internacionalización de la empresa.

Evolución de la actividad en el período de referencia.

Es importante subrayar que habida cuenta el tiempo que finalmente se empleó en concretar el escenario descrito en el apartado anterior, que resultó en un acuerdo con el semestre muy avanzado tras un largo proceso de due diligence tecnológico, algunas de las premisas que se había dado la Compañía para tal período se vieron también diferidas en el tiempo.

Así fue en el caso de la prospección de fuentes de financiación – subsidiario del resultado de las conversaciones que devinieron en acuerdo el 30 de mayo de 2016 y de su concreción en términos de acceso a recursos financieros – y del avance subsiguiente de la cartera de proyectos prevista para el ejercicio.

Por otra parte, la firma del acuerdo permitió a EBIOSS Energy reducir sus necesidades esperadas de capital futura para ejecutar su pipeline internacional, gracias a la fortaleza financiera y al fácil acceso a la financiación del nuevo partner Energy China.

En todo caso, tras alcanzarse el acuerdo, EBIOSS Energy ha puesto a disposición de la firma china una parte de su cartera de proyectos por valor de 258 millones de euros, la mayoría de los cuales están ubicados en el Reino Unido.

Es oportuno mencionar que el acuerdo con Energy China no es exclusivo, sino que es una línea más de internacionalización de la empresa. EBIOSS continúa por ello trabajando en otros proyectos y con otros socios paralelamente a la actividad con Energy China.

Avances en la tecnología y modelo de negocio.

Consciente de la centralidad de esta ventaja competitiva en su oferta de valor, la Compañía ha dedicado una importante inversión a la mejora de la tecnología en los últimos años, la Compañía se ha focalizado este último período en el diseño de un modelo de negocio sustentado en desarrollar proyectos de plantas de gasificación basadas en la utilización de combustible derivado de residuo urbano, denominado RDF (Residue Derived Fuel).

La tecnología de EQTEC actualmente es capaz de gasificar residuo sólido urbano mediante un pretratamiento y peletizado.

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.

Estos avances permiten a la Compañía mantener su prioridad de vanguardia tecnológica.

Expansión geográfica y oportunidades en Reino Unido.

La Compañía ha seguido reforzando su posición en el mercado británico gracias al acuerdo alcanzado con REACT Energy Plc, mediante el cual obtuvo la exclusiva para utilizar su tecnología EGT EQTEC Gasifier Technology en los proyectos de gasificación que actualmente tiene en desarrollo REACT en el Reino Unido e Irlanda.

Debido a la saturación de los vertederos en el Reino Unido, cada año se exportan 3 millones de toneladas de RDF a otros países como Alemania, Suecia y Holanda para su eliminación mediante incineración a un coste medio de 120 libras por tonelada. El coste de esta actividad supone unos 400 M€ anuales que se pueden ver reducidos a la mitad con la construcción de plantas de gasificación.

El modelo de negocio de construcción de plantas de RDF en UK de EBIOSS supone dos fuentes de ingresos para las plantas:

- Ingreso por la venta de energía a precio de mercado sin subsidio.
- Ingreso por la destrucción de RDF denominado Gate Fee.

Estas dos fuentes de ingresos estiman una rentabilidad mínima esperada del 18% sobre equity del proyecto sin necesidad de subsidios gubernamentales, lo que hace muy atractiva la inversión para potenciales inversores. Con ello, EBIOSS está en negociaciones con diferentes fondos de inversión para participar en el desarrollo del pipeline de proyectos en UK, como ha sido el caso de Ethika Capital y Kyotherm (proyecto Newry Biomass) entre otros.

De estos proyectos se ha confeccionado un grupo de los mejores proyectos en el Reino Unido que se puso a disposición de Energy China el pasado mes de junio.

- Se cerró la financiación y construcción de la planta Belisce 1 en Croacia para el cliente Intel Trade. Su facturación está reflejada en el ejercicio 2015 y 2016.
- Se ha cerrado un acuerdo para la financiación para el repowering del proyecto de Newry que repercutirá la facturación principalmente en 2017.
- Además de reforzar su posición en UK, durante los seis primeros meses de 2016 se han incrementado los proyectos en revisión a nivel mundial de los cuales se está haciendo un estudio financiero y técnico para su viabilidad.

Prioridades a corto plazo.

Actualmente, los esfuerzos se centran en concretar el último tramo de financiación para la parte de equity que se necesitan para cerrar los proyectos Ready to Build en los que EBIOSS tiene un pre-acuerdo.

A corto plazo, EBIOSS requiere de 8,2 M€ para empezar a construir:

- 3,8 M€ proyecto en Tailandia.
- 3,6 M€ proyecto en Reino Unido.
- 1 M€ dos proyectos Croacia

Sólo estos proyectos Ready to Build, a falta del cierre de la financiación por parte de EBIOSS supondrán una facturación estimada de 42 M€ para los ejercicios 2017 y 2018.

Actividad de las filiales: avances relevantes en TNL.

EQTEC Iberia y su actividad de ingeniería siguen su expansión internacional tanto a nivel de proyectos como a nivel financiero.

Por su parte, TNL sigue consolidando sus perspectivas comerciales e incrementando su cartera de pedidos con la firma de nuevos contratos.

Desde la compra en agosto de 2014 del 52,6% de TNL por un importe de 1,6M€, se han invertido en estos dos años cerca de 3 M€ en un proceso de reestructuración integral de la Compañía con el objetivo de convertirla en líder a nivel europeo en el sector de la gestión inteligente de residuos.

Dicha reestructuración ha implicado:

- Profesionalización y mejora de los sistemas.
- Ampliación de la Oficina Técnica.
- Ampliación del departamento Comercial, encargada de la consecución de proyectos internacionales.
- Reingeniería de los equipos existentes y ampliación del catálogo con nuevos productos vinculados a sistemas de telecomunicaciones con el fin de mejorar la información disponible de la recogida de los residuos urbanos en los municipios.

Hoy en día, TNL ha aumentado su pipeline de proyectos y ha firmado hasta el momento una cartera por valor de 8,1 M€ que se verán reflejados en la facturación de los ejercicios 2016 y 2017.

Acceso a financiación.

En relación a la captación de deuda, el plan de negocio publicado contemplaba una captación de capital mediante la emisión de bonos corporativos senior de 16 millones para 2015. El uso de fondos se centraba básicamente en la aportación de financiación de una parte del equity de los proyectos.

Durante 2015 se captaron 7 M€ (un 43,75% del total previsto) lo que supuso un retraso en el cierre de financiación de proyectos previstos y como consecuencia el retraso en la facturación por dichos proyectos.

El modelo de negocio en el sector de la gasificación comprende que la financiación de un proyecto se divida en:

- Financiación Bancaria. Aproximadamente entre 50% - 75%
- Equity desarrollador del proyecto (cliente). Aproximadamente entre 20% – 30%
- Equity del tecnólogo (Ebioss y/o algún fondo aportado por la Compañía). Aproximadamente entre 10-15%

El retraso en la colocación de bonos se ha traducido en una demora en el cierre de la financiación de proyectos, que ha llevado a trasladar la facturación prevista a los siguientes ejercicios.

Dicha financiación se está consiguiendo mediante los acuerdos ya firmados con fondos especializados en el sector energético y publicados mediante Hecho Relevante al mercado:

- Fondos Ethika del Reino Unido y Kyotherm en Francia para la financiación del proyecto de Newry en el Reino Unido.
- Energy China con el acuerdo global para la financiación de proyectos a nivel global y con preferencia para los proyectos en el Reino Unido.

Otra información sobre la evolución del negocio.

El volumen de negocio generado a lo largo del primer semestre provino fundamentalmente de los trabajos realizados para terceros por parte de la ingeniería, así como de la filial portuguesa TNL.

Se relacionan a continuación algunos de los hitos que han contribuido a ello y que han sido objeto de comunicación al mercado con anterioridad:

- EBIOSS llegó a un acuerdo con REACT Energy Plc, compañía desarrolladora de proyectos de energía en Reino Unido y cotizada en el AIM de Londres, mediante el cual EBIOSS obtiene la exclusiva para utilizar su tecnología EGT EQTEC Gasifier Technology en los proyectos de gasificación que actualmente tiene en desarrollo REACT en el Reino Unido.

  Adicionalmente, REACT y EBIOSS acordaron la emisión por parte de REACT de un Loan Note por valor de 750.000 euros a un año con vencimiento 7 de enero de 2017 y a un tipo de interés del 8% anual, a suscribir íntegramente por EBIOSS, para desarrollar los proyectos de gasificación que REACT tiene actualmente en el Reino Unido.

- EBIOSS Energy decidió, de común acuerdo, vender la totalidad de las participaciones sociales que tenía en la compañía CONECTA2 ENERGIA SL. Esta venta generó una plusvalía de 25.000 euros con respecto al precio pagado por las participaciones.

- El pasado 18 de abril de 2016 la Compañía, tras muchos meses de negociación tras el cambio regulatorio de la ley energética en Bulgaria, tuvo que iniciar de nuevo el proceso de readecuación técnica de la planta y la reiniciación de todos los trámites con la Administración búlgara. A día de hoy, se ha firmado un contrato final de conexión eléctrica con la Compañía Distribuidora Energética local EVN para conectar la planta de Karlovo a la Red Eléctrica Búlgara.

- El 20 de abril fueron admitidos a negociación en el Euro MTF de la Luxembourg Stock Exchange 20 bonos corporativos sénior de 100.000 € (cien mil euros) de nominal cada uno por un importe total de 2.000.000 € (dos millones de euros). Los títulos devengarán un cupón anual con un tipo de interés del 7% a partir del 20 de abril de 2016 y con vencimiento el 20 de abril de 2021 al 100% de su valor nominal.

- El pasado 26 de mayo EBIOSS Energy y China Energy Engineering Corporation Limited International Company (Energy China Group) firmaron un contrato marco de colaboración estratégica basado en la coordinación entre los dos grupos empresariales para realizar proyectos internacionales de plantas de gasificación de residuos que tengan un retorno sobre el equity de un mínimo del 15% anual. EBIOSS puso a disposición de Energy China una parte del pipeline de proyectos para su análisis conjunto por un valor aproximado de 258 millones de euros, de los cuales una parte significativa están en el Reino Unido.

Con esta operación, EBIOSS refuerza su tecnología EGT EQTEC Gasifier Technology en el mercado de la valorización energética y de manera más inmediata en el mercado del Reino Unido.

Con posterioridad al cierre semestral han tenido lugar los siguientes hitos especialmente relevantes a destacar en el presente documento:

- La filial Biomass Distribution obtuvo el acta de fin de obra y licencia de puesta en funcionamiento de su planta peletizadora en Stroevo (Bulgaria), después de haber realizado el comisionado y de haber cumplido con éxito los trámites requeridos por las Administraciones Públicas de Bulgaria. La planta tiene una capacidad de 6 toneladas por hora y ha supuesto una inversión aproximada de 3,6 millones de euros.

- Una vez acometidos los cambios en la planta de Karlovo para adecuarla a la Ley Energética de 2015, EBIOSS ha firmado el contrato final de conexión eléctrica con la empresa eléctrica EVN, compradora de la energía producida. La Compañía ha dado inicio al comisionado para la obtención del Acta de fin de obra y licencia de puesta en funcionamiento que se estima para el último trimestre de 2016.

- La filial de EBIOSS Energy, TNL firmó un contrato de suministro y montaje de equipos soterrados para el depósito del Residuo Sólido Urbano por valor de 1,62 millones de euros con la empresa portuguesa Valorsul. Este contrato se suma a la cartera de pedidos firmados hasta el momento por la Compañía TNL, que asciende a 8.1 millones de euros y que repercutirá, fundamentalmente, en la facturación de los próximos ejercicios 2016 y 2017.

• Análisis de los Estados Financieros intermedios de EBIOSS Energy, AD a 30 de junio de 2016. Actualización de previsiones.

Análisis de los Estados Financieros intermedios.

A continuación, se presentan los estados financieros consolidados a 30 de junio de 2016, 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 2016 recogido en el Plan de Negocio de la Compañía vigente hasta la fecha:

EBIOSS Energy				
Comparison vs 2016F published on August 31st 2015 - Current BP				
Consolidated income statement (million €)	30-jun-15	30-jun-16	2016 F	% Degree of fulfillment
Revenue	1,50	2,57	55,35	5%
Other revenues	0,09	0,02	0,00	-
Work performed by the entity and capitalized	3,81	0,47	0,00	12%
Gain on a bargain purchases	0,00	0,00	0,00	-
Materials, goods for resale and expenses hired services	4,83	3,73	40,40	9%
Employee benefit expenses	1,47	1,42	6,22	23%
Depreciation and amortization	0,24	0,25	1,37	18%
Other expenses	0,48	0,72	1,90	38%
Impairments	0,00	0,00	0,06	-
Results from operating activities	**-1,60**	**-3,05**	**5,54**	**-55%**
Net finance costs	0,12	-0,39	1,76	-22%
Profit/Loss before tax	**-1,73**	**-3,44**	**3,63**	**-95%**
Income tax	0,11	0,31	1,34	23%
Net Profit/Loss	**-1,61**	**-3,13**	**2,29**	**-137%**

El retraso en la concreción del acuerdo con Energy China hasta mayo, ha abocado a que los resultados del primer semestre acumulen también un lógico retraso, tanto en la partida de ingresos como en la de gastos. Ello únicamente por el menor ritmo de acceso a recursos que ello ha comportado.

Por su parte, TNL ha seguido incrementado su pipeline, pasando de tener una cartera de proyectos por valor de 600.000 € en el año 2014 a tener firmado, hasta el momento, una cartera por valor de 8,1 M€. Este aumento se verá reflejado en la facturación de los ejercicios 2016 y 2017.

Si bien ya el ejercicio pasado el primer semestre mostró una estacionalidad que luego el segundo semestre consiguió reponer (el ejercicio pasado el nivel de ingresos por ventas era de un 15% del presupuestado, y luego se aceleró al final del ejercicio; este año está siendo a 30 de junio de 2016 de un 5%), la Compañía estima prudente revisar su presupuesto para este ejercicio y el próximo tal como se pondrá de manifiesto con posterioridad en este documento. La razón de hacerlo así es el retraso en la firma de algunos acuerdos tras la firma de la relación con Energy China, siendo probable a estas alturas del ejercicio que tanto la relación con la compañía asiática como otros desarrollos de negocio maduren más tarde de lo inicialmente previsto.

EBIOSS Energy				
Balance Sheet (milliion €)	30-jun-15	30-jun-16	2016 F	% Degree of fulfillment
Comparison vs 2016F published on August 31st 2015 - Current BP				
Assets				
Non Current Assets	41,18	44,20	58,96	75%
Current Assets	13,86	14,59	9,89	148%
Total Assets	55,04	58,79	68,85	85%
Equity and Liabilities				
Equity	36,45	34,12	38,17	89%
Non Current Liabilities	11,37	16,76	23,93	70%
Current Liabilities	7,22	7,90	6,75	117%
Total Equity and Liabilities	55,04	58,79	68,85	85%

Por su parte las magnitudes de balance registran una evolución acorde a la estimada.

Actualización de previsiones para 2016 y 2017.

Habida cuenta de los tiempos manejados con Energy China, y en desarrollos de negocio alternativos, y dado que a fecha es probable que se difieran en el tiempo respecto a las previsiones iniciales de la Compañía, el Consejo de Administración, reunido el 28 de octubre de 2016, ha aprobado por unanimidad una actualización de las previsiones de cierre para 2016 y 2017, tal como se reflejan en los términos de la tabla a continuación:

Consolidated Income statement (million €)	2016e	2017e
Revenue	9,00	38,74
Other revenues	-	-
Work performed by the entity and capitalized	0,47	-
Gain on a bargain purchases	-	-
Materials, goods for resale and expenses hired services	8,24	30,52
Employee benefit expenses	1,68	2,15
Depreciation and amortization	0,90	1,22
Other expenses	1,50	1,29
Impairments	0,32	-
Results from operating activities	**-3,16**	**3,56**

Debido al retraso de la firma de proyectos al último trimestre de 2016, motivado por el retraso hasta mayo del acuerdo final con Energy China hasta el pasado 30 de mayo, se ha trasladado parte de la facturación prevista en el 2016 al ejercicio 2017 y 2018 como es el caso de los proyectos con Energy China y Newry Biomass. Si bien a fecha sigue abierta la posibilidad de aceleración de avances en estos y otros proyectos (téngase presente que ya el pasado ejercicio fue a finales de diciembre cuando se consumaron hitos de negocio que permitieron dar cumplimiento muy aproximado al presupuesto de negocio que manejaba la Compañía), dada la altura del ejercicio y tras valorarlo conjuntamente con el Asesor Registrado, la Compañía estima prudente revisar a la baja sus previsiones para 2016 y necesariamente para 2017, de manera que de acontecer hitos de aceleración de negociación, éstos sobrevengan como *upside* sobre las hipótesis que tienen muy alta visibilidad a fecha y que son las que ahora se recogen en estas previsiones actualizadas.

Evolución histórica vs Previsiones actualizadas.

La Compañía entiende relevante observar en perspectiva su evolución, incluso con las previsiones actualizadas, para que el lector de la información pueda tener una interpretación completa de la misma de una manera fácilmente accesible. Ello en aras de que, sin soslayar la revisión de previsiones que aquí se presenta, pueda ser convenientemente apreciada la prioridad que el *management* actual de la Compañía concede a (i) la priorización de la vanguardia tecnológica que fundamenta el valor de la misma a largo plazo, y (ii) la potencia que el natural devenir de la relación trazada con Energy China y las indisociables connotaciones para la consolidación de la expansión internacional de la actividad de la Compañía – con especial mención a corto plazo para el caso del Reino Unido -, y de su modelo de negocio y acceso a recursos futuros tendrá.

Consolidated Income statement (million €)	2013	2014	2015	2016e	2017e
Revenue*	0,75	2,26	9,42	9,00	38,74
Other revenues	-	0,13	0,05	-	-
Work performed by the entity and capitalized	4,53	13,03	5,22	0,47	-
Gain on a bargain purchases	-	2,74	-	-	-
Materials, goods for resale and expenses hired services	4,19	13,11	12,17	8,24	30,52
Employee benefit expenses	0,85	1,81	2,89	1,68	2,15
Depreciation and amortization	0,04	0,23	0,52	0,90	1,22
Other expenses	0,50	0,58	1,17	1,50	1,29
Impairments	-	-	-	0,32	-
Results from operating activities	**-0,29**	**2,43**	**-2,07**	**-3,16**	**3,56**

**In 2016 it is included Revenue and Revenue from sale of non-current asset held for sale*

En el cuadro de arriba podemos observar que entre el año 2013 y el cierre estimado del 2016 el crecimiento medio anual en la partida de *revenues* es del 171%, a pesar de que el ejercicio actual pudiere cerrar en negativo debido a las inversiones continuadas que realiza la compañía y la firma de los acuerdos que han tenido lugar en el último trimestre del presente ejercicio trasladando los resultados a los dos ejercicios siguientes, sin que puedan garantizarse otros hitos de negocio en su lugar a fecha actual.

Por lo tanto, atendiendo a estas nuevas previsiones actualizadas, el resultado operativo estimado para 2016 sería aproximadamente -3,1 millones de euros y para el 2017 sería aproximadamente de 3,5 millones de euros.

Reiterar por último que, con carácter de prudencia, no se han incluido en estas previsiones otros proyectos *ready to build* en los que la Compañía está actualmente en negociaciones.

- **Informe de revisión limitada de los Estados Financieros intermedios individuales y consolidados de EBIOSS Energy AD a 30 de junio de 2016.**

EBIOSS ENERGY AD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

EBIOSS ENERGY AD

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EBIOSS ENERGY AD

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EBIOSS ENERGY AD

DIRECTOR'S REPORT

The Board of Directors presents its report and interim consolidated financial statements with limited audit review of EBIOSS ENERGY AD (the Company) and its subsidiaries (the Group) for the period 01 January 2016 – 30 June 2016.

Incorporation

Ebioss Energy AD (the"Company") is a joint stock company registered in Sofia, Bulgaria with EIC: 202356513. It was incorporated on 07 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD. The financial statements as at 30 June 2016 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities". The Group primarily is involved in the construction of biomass gasification power plants and further production and sale of electricity.

On 01 October 2012 Ebioss Energy EOOD was transformed into Ebioss Energy OOD and on the same date the share capital of Ebioss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, distributed to the following shareholders:

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

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

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

EBIOSS ENERGY AD

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Incorporation (continued)

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

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

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

As at 30 June 2016 the share capital of Ebioss Energy AD belongs to the following shareholders:

Main shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sungroup Bulgaria EOOD	5.69	2,329,900	2,330	1,191
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,065	509	260
Minority shareholders	47.27	19,337,696	19,338	9,888
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The main shareholders of Ebioss Energy AD are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders own approximately 52.73% of the share capital of Ebioss Energy AD as at 30.06.2016. The minority shareholders of Ebioss Energy AD are those who subscribed shares in the three subsequent capital increases made during 2013 and 2014 by means of initial public offering of shares on the Spanish Alternative Stock Exchange Market. These shareholders own approximately 47.27% of the share capital of Ebioss Energy as at 30.06.2016.

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.

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

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

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

1. Incorporation and principal activities (continued)

Principal activities (continued)

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

As of June 30, 2016 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 1.5 MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation by the end of 2016.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2 MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. It is estimated that the production of electricity will start by the end of 2016 and the production of pellets by the end of 2017.

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

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

1.Incorporation and principal activities (continued)

Principal activities (continued)

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

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

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

On 30 November 2012 Ebioss Energy AD has 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 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.

In December 2013 the Company participated in the incorporation of the joint-stock company Energotec-Eco AD through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorgenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L) with fiscal number 06337630963. The registered share capital of the company is EUR 120,000 comprising of 120,000 shares at nominal value EUR 1 each. The company was acquired for the price of EUR 650,000. The principal activity of the company is development of biomass power plants and its first power plant is located in municipality of Castiglione d'Orcia, Toscana region. The costruction of the plant has already been finished as of 31st March 2015 and started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operation.The plant has been put again in operation in the 2nd half of February 2016 but due to unexpected technical failure of the filter parts, it has stopped operation. The necessary repair works have been undertaken and the plant is expected to start operation and reach full capacity by the end of 2016.

1.Incorporation and principal activities (continued)

Principal activities (continued)

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% of the shares of TNL SGPS LDA in Portugal, dully registered and existing under the laws of Portugal, with VAT number 509543596. The registered share capital of the company is EUR 7,550,000. The Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies. In addition, on 4 August 2014 additional 1,62% from the share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA.

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

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above. (See note 22.2)

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

2. 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 01 January 2016 – 30 June 2016 the financial result of the Group is net loss amounting to EUR 3 129 thousand from which net loss attributable to Non-controlling interests is EUR 737 thousand and the net equity is a positive figure amounting to EUR 34 123 thousand after deducting negative non-controlling interest amounting to EUR 777 thousand. As of 30 June 2016 the earnings per share are a negative value of EUR 0,06.

3. Share capital

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

4. System of internal control and management of risks

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

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 28 of the interim consolidated financial statements.

5. Events after the reporting period

On 12th 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 12th July 2021.

As of 11th August 2016 the Bulgarian Trade Register has inscribed changes in the corporate file of EBIOSS ENERGY AD, kept with the Bulgarian registry Agency, related to the composition of the Board of Directors of the Company. Based on the latter corporate changes in the board and in conformity with the resolutions taken by the Annual Ordinary General meeting of the Company, which took place on 16.06.2016, Mrs. Alexandra Vesselinova Tcherveniakova was admitted as new member of the Board of Directors of EBIOSS ENERGY AD and the former board member Mr. Carlos Jose Vives De Arpe has been released from his duties.

On 1st September 2016 Ebioss Energy AD signed with the bank UBB additional agreement (Annex 1) for restructuring of investment loan facility No 28/02.06.2014. Based on the clauses of the said additional agreement, the parties thereto agreed to admit Heat Biomass EOOD and Biomass Distribution EOOD as new co-debtors under the loan facility and their assets to be pledged as collateral in favour of the bank.

On 15th of September 2016 the Chief Architect of the municipality Maritza, District of Plovdiv issued operation permits, as per the rules of the Bulgarian Land Development Act, to the company BIOMASS DISTRIBUTION EOOD for the Pellet plant and its auxiliary facilities. The installation for palletization of straw has production capacity of up to 6 tons per hour.

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

6. 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 consolidated financial statements for the period 01 January 2016 – 30 June 2016.

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 2016 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

СОФИЯ
АД

Sofia, 28 October 2016

BAKER TILLY
20 YEARS OF EXCELLENCE

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Report on Review of consolidated interim financial information

To the shareholders of EBIOSS ENERGY AD

Introduction
We have reviewed the accompanying consolidated interim financial information, which comprise of statement of consolidated financial position of EBIOSS ENERGY AD as of 30 June 2016 and the related statement of consolidated comprehensive income, statement of consolidated changes in equity and statement of consolidated 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 fair presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review
We conducted our review in accordance with 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
As of 30 June 2016 and 31 December 2015, the Group has not eliminated unrealized intra-group profit from prior periods in Property, Plant and equipment amounting to EUR 2,568 thousand, as a result of which Property, Plant and Equipment as of 30 June 2016 and 31 December 2015 is overstated. If the unrealized intra-group profit has been properly eliminated, Property, Plant and Equipment and shareholder's equity in the attached consolidated interim financial information as of 30 June 2016 and 31 December 2015 would be decreased by EUR 2,568 thousand.

Conclusion
Based on our review, with the exception of the matter described in the preceeding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not give a true and fair view of the financial position of the entity as at 30 June, 2016, and of its financial performance and its cash flows for the six-month period then ended in accordance with IFRS as adopted by the EU.

Emphasis of matter
Without qualifying further our review report, we would like to draw attention to the following:

As indicated in Notes 12 and 13, to the accompanying consolidated interim financial information, the values of development costs are based on estimated discounted future cash flows and hence, along with goodwill are dependent on timing of the completion of the Peletization Plant Projects and commencement of the production. These values might change in case there are changes in the estimated completion of these projects.

Other matter
The consolidated interim financial information for the six-month period ended 30 June 2015 has not been audited.

Baker Tilly Klitou and Partners Ltd

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

28 October 2016
Sofia, Bulgaria

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June

	Note	2016 EUR'000	2015 EUR'000 (unaudited)
Revenue	3	2,565	1,502
Other revenue		16	93
Work performed by the entity and capitalized	4	473	3,811
Changes in inventories and work in progress		-	(40)
Loss from associated companies		(6)	(6)
Raw materials and consumables used	5	(1,484)	(304)
Cost of goods sold	6	(848)	(582)
Expenses for hired services	7	(1,393)	(3,939)
Employee benefit expenses	8	(1,415)	(1,465)
Depreciation and amortization	11,12	(246)	(244)
Other expenses	9	(709)	(429)
Result from operating activities		(3,047)	(1,603)
Finance income	10	55	-
Finance costs	10	(445)	(123)
Net finance cost		(390)	(123)
Profit/(Loss) before income tax		(3,437)	(1,726)
Income tax	24	308	114
Profit/(Loss) for the period		(3,129)	(1,612)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of land, net of tax		21	-
		21	-
Items that may be reclassified to profit or loss:			
Equity accounted investees – foreign currency translation difference		25	-
		25	-
Other comprehensive income for the year, net of tax		46	-
Total comprehensive income for the year		(3,083)	(1,612)
Profit/(Loss) attributable to:			
Owners of the parent		(2,392)	(1,488)
Non-controlling interests		(737)	(124)
Profit/(Loss) for the period		(3,129)	(1,612)
Total comprehensive income attributable to:			
Owners of the parent		(2,365)	(1,488)
Non-controlling interests		(718)	(124)
Total comprehensive income for the period		(3,083)	(1,612)
Basic earnings per share (euro)	21	(0.06)	(0.04)

The notes on pages 16 to 62 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30.06.2016 EUR'000	31.12.2015 EUR'000
Assets			
Property, plant and equipment	11	25,646	25,327
Intangible assets	12	11,455	11,201
Investments in associates	14.1	263	244
Other investments	14.2	115	615
Held to maturity investments	14.3	402	406
Trade and other receivables	15	34	37
Goodwill	13	4,736	4,736
Deferred tax assets	24	1,551	1,235
Non-current assets		44,202	43,801
Inventory	17	2,161	1,879
Trade and other receivables	15	8,901	9,279
Cash at bank and in hand	19	1,452	3,333
Trade and other receivables from related parties	30	711	698
Loans granted	18	589	-
Current tax asset	24	49	-
		13,863	15,189
Non-current assets held for sale	16	725	725
Current assets		14,588	15,914
Total assets		58,790	59,715
Equity			
Share capital	20.1	20,918	20,918
Share premium	20.2	15,949	15,934
Reserve for own shares	20.3	(42)	(41)
Revaluation surplus		160	139
Translation reserve		22	16
Retained earnings		(2,107)	285
Equity attributable to owners of the parent		34,900	37,251
Non-controlling interests		(777)	(144)
Total equity		34,123	37,107
Liabilities			
Loans payable to third parties	22	15,449	13,565
Provisions	26	144	139
Finance leases	27	51	55
Deferred tax liabilities	24	1,117	1,115
Other liabilities	25	2	-
Non-current liabilities		16,763	14,874
Loans due to related parties	23	1,252	844
Loans payable to third parties	22	2,564	2,114
Trade and other payables	25	3,959	4,560
Other payables to related parties	30	96	96
Finance leases	27	25	36
Income tax payable	24	8	84
Current liabilities		7,904	7,734
Total liabilities		24,667	22,608
Total equity and liabilities		58,790	59,715

The notes on pages 16 to 62 are an integral part of these interim consolidated financial statements.
These interim consolidated financial statements are approved on behalf of EBIOSS ENERGY AD on 28 October 2016.

Executive Director
(Jose Oscar Leiva Mendez):

EBIOSS ENERGY AD

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Retained earnings EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling interest EUR'000	Total equity EUR'000
Balance at 1 January 2015	20,918	15,351	(668)	87	2,155	37,843	346	38,189
Total comprehensive income								
Loss for the period (unaudited)	-	-	-	-	(1,488)	(1,488)	(124)	(1,612)
Total comprehensive income (unaudited)	-	-	-	-	(1,488)	(1,488)	(124)	(1,612)
Transactions with owners of the Company								
Contributions by and distributions to owners of the Company								
Own shares acquired	-	(1,232)	(1,080)	-	-	(2,312)	-	(2,312)
Own shares sold	-	1,155	1,030	-	-	2,185	-	2,185
Total transactions with owners of the Company (unaudited)	-	(77)	(50)	-	-	(127)	-	(127)
Balance at 30 June 2015 (unaudited)	20,918	15,274	(718)	87	667	36,228	222	36,450

EBIOSS ENERGY AD

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six-month period ended 30 June

	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
Balance at 1 January 2016	20,918	15,934	(41)	139	16	285	37,251	(144)	37,107
Total comprehensive income									
Loss for the period	-	-	-	-	-	(2,392)	(2,392)	(737)	(3,129)
Other comprehensive income	-	-	-	21	6	-	27	19	46
Total comprehensive income	-	-	-	21	6	(2,392)	(2,365)	(718)	(3,083)
Transactions with owners of the Company									
Contributions by and distributions to owners of the Company									
Own shares acquired	-	(644)	(457)	-	-	-	(1,101)	-	(1,101)
Own shares sold	-	659	456	-	-	-	1,115	-	1,115
Sub-subsidiary capital increase	-	-	-	-	-	-	-	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

The notes on pages 16 to 62 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June

	Note	2016 EUR'000	2015 EUR'000 (unaudited)
Profit /(Loss) before tax		(3,437)	(1,726)
Adjustments to profit:			
Depreciation and amortization		246	244
Interest expense		393	85
Other financial expense		52	38
Impairment losses		219	12
Changes in provisions		5	3
Share of loss of equity accounted investees		6	6
Loss from sale of property, plant and equipment		3	-
Interest income		(30)	-
Investment income		(25)	-
Cash flows from operations before working capital changes		(2,568)	(1,338)
Change in:			
Inventories		(366)	(604)
Trade and other payables		(457)	468
Trade and other receivables		233	779
Other cash flow from operating activities			
Interest paid		(311)	(76)
Other finance costs paid		(52)	(38)
Interest received		16	-
Income tax paid		(133)	(357)
Net cash flows from/(used in) operating activities		(3,638)	(1,166)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(460)	(3,900)
Acquisition of intangible assets		(339)	(174)
Proceeds from disposals of other financial assets		4	
Loans provided		(575)	-
Proceeds from sale of investment		525	-
Acqusition of other investments		-	(450)
Net cash flows used in investing activities		(845)	(4,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of corporate bonds		2,000	3,000
Payments related to issue of corporate bonds		(157)	(4)
Repayment of loan from related party		(87)	(27)
Proceeds on loan from related party		576	-
Proceeds from sale of own shares		1,115	2,185
Repurchase of own shares		(1,101)	(2,312)
Proceeds from bank borrowing		1,460	871
Repayment of bank borrowing		(1,184)	(600)
Transaction costs related to bank borrowings		(5)	-
Loans granted to related party		-	(16)
Payment of finance lease liabilities		(15)	(16)
Net cash flows from financing activities		2,602	3,081
Net increase/ (decrease) in cash and cash equivalents		(1,881)	(2,609)
Cash and cash equivalents at 1 January		3,333	5,713
Cash and cash equivalents at 30 June	19	1,452	3,104

The notes on pages 16 to 62 are an integral part of these interim consolidated financial statements.

1. Incorporation and principal activities

Incorporation

Ebioss Energy AD (the "Company") is a joint stock company registered in Sofia, Bulgaria with EIC: 202356513. It was incorporated on 07 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD. The financial statements as at 30 June 2016 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities". The Group primarily is involved in the construction of biomass gasification power plants and further production and sale of electricity.

On 01 October 2012 Ebioss Energy EOOD was transformed into Ebioss Energy OOD and on the same date the share capital of Ebioss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, distributed to the following shareholders:

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

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

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

1. Incorporation and principal activities (continued)

Incorporation (continued)

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

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

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

As at 31 December 2015 the share capital of Ebioss Energy AD belongs to the following shareholders:

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

As at 30 June 2016 the share capital of Ebioss Energy AD belongs to the following shareholders:

Main shareholders	**Relative share %**	**Number of shares**	**Total share capital in BGN'000**	**Total share capital in EUR'000**
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sungroup Bulgaria EOOD	5.69	2,329,900	2,330	1,191
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,065	509	260
Minority shareholders	47.27	19,337,696	19,338	9,888
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The main shareholders of Ebioss Energy AD are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders own approximately 52.73% of the share capital of Ebioss Energy AD as at 30.06.2016.

1. Incorporation and principal activities (continued)

Incorporation (continued)

The minority shareholders of Ebioss Energy AD are those who subscribed shares in the three subsequent capital increases made during 2013 and 2014 by means of initial public offering of shares on the Spanish Alternative Stock Exchange Market. These shareholders own approximately 47.27% of the share capital of Ebioss Energy as at 30.06.2016.

Principal activities

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

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

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

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

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

As of June 30, 2016 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 1.5 MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation by the end of 2016.

1. Incorporation and principal activities (continued)

Principal activities (continued)

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. It is estimated that the production of electricity will start by the end of 2016 and the production of pellets by the end of 2017.

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

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

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

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

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

1. Incorporation and principal activities (continued)

Principal activities (continued)

On 30 November 2012 Ebioss Energy AD has 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 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.

In December 2013 the Company participated in the incorporation of the joint-stock company Energotec-Eco AD through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorgenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L) with fiscal number 06337630963. The registered share capital of the company is EUR 120,000 comprising of 120,000 shares at nominal value EUR 1 each. The company was acquired for the price of EUR 650,000. The principal activity of the company is development of biomass power plants and its first power plant is located in municipality of Castiglione d'Orcia, Toscana region. The costruction of the plant has already been finished as of 31st March 2015 and started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operation. The plant has been put again in operation in the 2nd half of February 2016 but due to unexpected technical failure of the filter parts, it has stopped operation. The necessary repair works have been undertaken and the plant is expected to start operation and reach full capacity by the end of this year.

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% of the shares of TNL SGPS LDA in Portugal, dully registered and existing under the laws of Portugal, with VAT number 509543596. The registered share capital of the company is EUR 7,550,000. The Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies. In addition, on 4 August 2014 additional 1,62% from the share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA.

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

1. Incorporation and principal activities (continued)

Principal activities (continued)

As of 30 June 2016 the following entities are subsidiaries and/or sub-subsidiaries of Ebioss Energy AD and are consolidated in the interim financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 30.06.2016	% ownership 31.12.2015
Heat Biomass EOOD	Bulgaria	100%	100%
Karlovo Biomass EOOD	Bulgaria	100%	100%
Tvarditsa Biomass EOOD	Bulgaria	100%	100%
Nova Zagora Biomass EOOD	Bulgaria	100%	100%
Plovdiv Biomass EOOD	Bulgaria	100%	100%
United Biomass EOOD	Bulgaria	100%	100%
Biomass Distribution EOOD	Bulgaria	100%	100%
Brilla EOOD	Bulgaria	100%	100%
Tvardica PV EOOD	Bulgaria	100%	100%
Eqtec Bulgaria EOOD	Bulgaria	47.97%	47.97%
EQTEC Iberia S.L.	Spain	47.97%	47.97%
Energotec-Eco AD	Bulgaria	46.36%	46.36%
Syngas Italy S.P.A.	Italy	100%	100%
TNL SGPS	Portugal	52.62%	52.62%
TNL SA	Portugal	52.62%	52.62%
Hirdant	Portugal	52.62%	52.62%
TNL SL	Spain	42.10%	42.10%
Addom	Spain	52.62%	52.62%
TNL World EOOD	Bulgaria	52.62%	52.62%

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above. (See note 22.2)

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

2. Accounting policies

Basis of preparation

The interim consolidated financial statements were authorised for issue by the Board of Directors on 28 October 2016.

The interim consolidated financial statements have been prepared in accordance with IFRS as adopted by 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 financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Measurement of fair values

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

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

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

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

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

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

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

- Note 11 *Property, plant and equipment*
- Note 12 *Intangible assets*
- Note 16 *Disposal group held for sale*

2. Accounting policies (continued)

Going concern basis of accounting

The interim consolidated financial statements of the Group as at 30 June 2016 have been prepared on the basis of the going concern concept. Management's opinion is that the funds secured by the shareholders are adequate to finance the future planned activities of the Group.

Basis for consolidation

(i) Business combinations

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

(ii) Non-controlling interests

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

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

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

(iii) Subsidiaries

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

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, other than unrealised profit are eliminated.

2. Accounting policies (continued)

Basis for consolidation (continued)

(vi) Acquisitions from entities under common control

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

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

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

(vii) Provisional acquisition accounting

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

Segment reporting

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

Investments in associates

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

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

2. Accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

Revenue recognition

(i) Goods sold

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

(ii) Services

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

Finance income and finance costs

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

2. Accounting policies (continued)

Finance income and finance costs (continued)

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

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

Tax

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

Deferred tax is not recognised for:

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

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

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

Assets held for sale

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

2. Accounting policies (continued)

Assets held for sale (continued)

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

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

Property, plant and equipment

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

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

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

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

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

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

Depreciation

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

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

2. Accounting policies (continued)

Property, plant and equipment (continued)

Land is not depreciated.

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

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

Subsequent costs

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

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

Intangible assets and goodwill

Goodwill

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

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

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

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.

2. Accounting policies (continued)

Intangible assets and goodwill (continued)

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

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

Amortisation

The useful lives of intangible assets are assessed as finite.

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

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

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Leases in which a significant portion of the risks and rewards are retained by the lessor re classified as operating leases.

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

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.

2. Accounting policies (continued)

Inventories

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

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

Financial instruments

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

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 amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective interest method.

Derecognition of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

Offsetting financial instruments

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

2. Accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Provisions are measured at fair value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase of the provision due to passage of time is recognized as interest expense.

Impairment of assets

(i) Non-financial assets

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

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

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

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

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.

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

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

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

(iii) Short-term employee benefits

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

The Group 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.

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.

Non-current liabilities

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

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Group.

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

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

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

IFRS 14 Regulatory Deferral Accounts
European Comission has decided not to launch endorsement process of this standard.

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

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

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

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

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

2. Accounting policies (continued)

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

Amendment to IFRS 2: Classification and Measurement of Share-based Payment Transactions
These amendments are effective for annual periods starting on or after 1 January 2018. The Group is in the process of assessing the impact of the amendments on its financial statements

Amendment to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts
These amendments are effective for annual periods starting on or after 1 January 2018. The Group is in the process of assessing the impact of the amendments on its financial statements

3. Revenue

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Rendering of services	1,486	903
Sales of goods	1,067	594
Sales of electricity	12	5
	2,565	1,502

4. Work performed by the entity and capitalized

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Project Karlovo Biomass	67	2,917
Biomass Distribution	21	838
Syngas Italy	106	56
Eqtec Iberia	166	-
TNL	113	-
	473	3,811

For the six months ended 30.06.2016 the Group has not eliminated the intragroup unrealized profit amounting to EUR 24 thousand (1.01.2015-30.06.2015: EUR 524 thousand).

5. Raw materials and consumables used

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

6. Cost of goods sold

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Waste containers	848	582
	848	582

7. Expenses for hired services

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Subcontractors services related to construction of biomass power plants	246	2,976
Professional services	411	227
Advertising expenses	77	135
Office rent	119	98
Telephone expenses	31	28
External transport services	21	9
Other expenses for hired services	488	466
	1,393	3,939

8. Employee benefit expenses

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Wages and salaries	1,206	1,247
Compulsory social security contribution	194	200
Voluntary social security contribution	-	6
Accrued expenses for unused paid leave	5	3
Other	10	9
	1,415	1,465

9. Other expenses

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Stock exchange and investors related expenses	144	113
Insurances	44	70
Impairment loss trade receivables	135	12
Impairment loss trade inventory	84	-
Other expenses	302	234
	709	429

10. Finance income and costs

For the six months ended 30 June	2016 EUR'000	2015 EUR'000 (unaudited)
Interest income	30	-
Investment income	25	-
Finance income	**55**	**-**
Interest expense	(393)	(85)
Exchange rate difference	(4)	(10)
Bank expenses	(48)	(28)
Finance costs	**(445)**	**(123)**
Net finance costs recognised in profit or loss	**(390)**	**(123)**

Notes to the interim consolidated financial statements

11. Property, plant and equipment

	Land	Power plants equipment	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
Cost								
Balance at 1 January 2015	1,103	-	1,384	59	47	111	21,616	24,320
Additions	5	-	4	14	6	117	5,419	5,564
Reclassification	-	4,511	-	-	-	-	(4,511)	-
Reclassification to assets held for sale	-	-	-	-	-	-	(4,003)	(4,003)
Revaluation	57	-	-	-	-	-	-	57
Disposals	-	-	(2)	-	(6)	(66)	-	(74)
At 31 December 2015	1,165	4,511	1,386	73	47	162	18,521	25,865
Additions	-	121	7	10	4	21	347	510
Revaluation	23	-	-	-	-	-	-	23
Disposals	-	-	-	(17)		(3)	(50)	(70)
At 30 June 2016	1,188	4,632	1,393	66	51	180	18,818	26,328
Depreciation and impairment losses								
Balance at 1 January 2015	-	-	118	31	3	78	40	270
Charge for the period	-	13	260	10	17	41	-	341
Disposals	-	-	(2)	-	(6)	(65)	-	(73)
Balance at 31 December 2015	-	13	376	41	14	54	40	538
Charge for the period	-	8	129	3	7	14	-	161
Disposals	-	-	(17)	-	-	-	-	(17)
Balance at 30 June 2016	-	21	488	44	21	68	40	682
Net book value								
At 31 December 2015	1,165	4,498	1,010	32	33	108	18,481	25,327
At 30 June 2016	1,188	4,611	905	22	30	112	18,778	25,646

11. Property, plant and equipment (continued)

Assets under construction represent capitalized expenses for project management and engineering services, as well as advance payments for delivery of main equipment in relation to the construction of different projects: the biomass gasification power plants by Heat Biomass, Karlovo Biomass, pelletization plant by Biomass Distribution etc /see Note 1 and Note 4.

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

The Group has capitalized interest expenses amounting to EUR 561 thousand directly related to construction of Karlovo Biomass gasification plant.

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

All assets of the subsidiary Karlovo Biomass EOOD are pledged as collateral under loan contract dated 02.06.2014 between subsidiary company Karlovo Biomass EOOD and United Bulgarian Bank (see Note 22).

Fair value of the land

The management of the Group determines the fair value of the land based on valuation of independent appraisers. The methods used for the estimation of the fair value are: comparative value method and residual method-rent.

The report of the appraiser shows the following amounts for the value of land as at 30 June 2016:

	Carrying amount of land	Value according to the valuation report	Excess of fair value over carrying amount
	EUR'000	EUR'000	EUR'000
Peletization plant of Heat Biomass EOOD	64	64	-
Peletization plant of Karlovo Biomass EOOD	117	117	-
Peletization plant of Tvardica Biomass EOOD	87	87	-
Peletization plant of Nova Zagora Biomass EOOD	146	146	-
Peletization plant of Plovdiv Biomass EOOD	93	93	-
Peletization plant of United Biomass EOOD	207	207	-
Tvarditsa PV EOOD	195	195	-
Brila EOOD	86	86	-
Biomass Distribution EOOD	193	193	-
Total	1,188	1,188	-

Measurement of fair value

Fair value hierarchy

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

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

12. Intangible assets

	Development costs in progress	Development costs	Patents and trade marks	Software	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Cost					
Balance at 1 January 2015	10,375	289	397	81	11,142
Additions	1	373	3	-	377
Disposlas	(38)	-	-	-	(38)
Balance at 31 December 2015	10,338	662	400	81	11,481
Additions	-	375	-	-	375
Disposlas	(36)	-	-	(20)	(56)
Balance at 30 June 2016	10,302	1,037	400	61	11,800
Amortisation					
Balance at 1 January 2015	-	42	24	35	101
Charge for the period	-	79	81	19	179
Balance at 31 December 2015	-	121	105	54	280
Charge for the period	-	38	39	8	85
Disposlas	-	-	-	(20)	(20)
Balance at 30 June 2016	-	159	144	42	345
Net book value					
At 1 January 2015	10,375	247	373	46	11,041
At 31 December 2015	10,338	541	295	27	11,201
At 30 June 2016	10,302	878	256	19	11,455

Development costs in progress as at 30 June 2016 represent licences, contracts, permits, designs, etc. related to development phase of the following seven projects for construction and operation of Peletization Plants:

	EUR'000
Peletization Plant of Heat Biomass EOOD	2,566
Peletization Plant of Karlovo Biomass EOOD	2,967
Peletization Plant of Tvarditsa Biomass EOOD	1,745
Peletization Plant of Nova Zagora Biomass EOOD	1,090
Peletization Plant of Plovdiv Biomass EOOD	1,003
Peletization Plant of United Biomass EOOD	930
Tvarditsa PV EOOD	1
	10,302

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

Development cost in progress with carrying amount EUR 2,967 thousand are pledged as collateral under loan contract dated 02.06.2014 between subsidiary company Karlovo Biomass EOOD and United Bulgarian Bank (see note 22).

12. Intangible assets (continued)

Review for impairment

The management of the Group determines the fair value of development costs in progress related to the Peletization plants based on valuation of independent appraisers. The method used for the estimation of the fair value is discounted estimated future net cash flows.

The report of the appraiser shows the following amounts for the development costs in progress as at 30 June 2016:

	Carrying amount of development costs in progress	Value according to the valuation report	Excess of fair value over carrying amount
	EUR '000	EUR '000	EUR '000
Peletization Plant of Heat Biomass EOOD	2,566	4,598	2,032
Peletization Plant of Karlovo Biomass EOOD	2,967	4,325	1,358
Peletization Plant of Tvarditsa Biomass EOOD	1,745	4,513	2,768
Peletization Plant of Nova Zagora Biomass EOOD	1,090	4,040	2,950
Peletization Plant of Plovdiv Biomass EOOD	1,003	4,062	3,059
Peletization Plant of United Biomass EOOD	930	3,930	3,000
Tvarditsa PV EOOD	1	-	
Total	10,302	25,468	15,167

Measurement of fair value

Fair value hierarchy

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

13. Acquisitions of subsidiaries

13.1 Acquisitions from entities under common control

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

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

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

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

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

13. Acquisitions of subsidiaries (continued)

13.2. Acquisition of Eqtec Iberia, SL

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

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

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

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

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

13.3 Acquisition of Energotec Eco AD

In 2013 Ebioss Energy AD acquired 215 shares with nominal value of BGN 100 (EUR 51.12), representing 43% of the registered capital of the company Energotec-Eco AD, which constitute control over financial and operating policy of the entity. The new incorporated company Energotec Eco AD plans to rent out a factory nearby village of Kaloianovec and manufacture part of the main equipment for the biomass power plants. On the same date another entity from the Group Eqtec Iberia Sl acquired 35 shares with nominal value of BGN 100 (EUR 51.12), representing 7% of the registered capital of the company Energotec-Eco AD. As at 30.06.2016 the Group has effective holding of 46.36% in Energotec-Eco AD.

13.4 Acquisition of additional shares in existing subsidiary

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

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

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

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

13.6 Acquisition of TNL SGPS, Portugal

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

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

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

13. Acquisitions of subsidiaries (continued)

13.6 Acquisition of TNL SGPS, Portugal (continued)

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

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

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

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

13.7 Acquisition of additional shares in existing subsidiary

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

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

13.8 Acquisition of additional shares in existing sub-subsidiaries

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

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

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

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

14. Investments

14.1 Investments in associates	30.06.2016 EUR'000	31.12.2015 EUR'000
Investment in Citytainer Brasil – Soluções Ambientais, LTDA, held by TNL SGPS	263	244
	263	244

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

14.2 Other investments	30.06.2016 EUR'000	31.12.2015 EUR'000
Investment in EAL COMPOST SRL, held by Syngas Italy	115	115
Investment in CONECTA2 ENERGIA S.L	-	500
	115	615

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

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

14.3 *Held to maturity investments*	30.06.2016 EUR'000	31.12.2015 EUR'000
Stocks held from Mutual Guarantee Societies	30	34
Bonds – Sense Esco Belisce D.o.o.	372	372
	402	406

15. Trade and other receivables

Current part of trade and other receivables	30.06.2016 EUR'000	31.12.2015 EUR'000
Trade receivables from clients	6,440	7,305
Advance payments to suppliers	112	110
Refundable VAT	1,204	1,495
Receivables from employees	80	1
Other receivables	1,065	368
	8,901	9,279

15. Trade and other receivables (continued)

Non- current part of trade and other receivables	30.06.2016 EUR'000	31.12.2015 EUR'000
Other receivables	34	37
	34	37

16. Non-current assets held for sale

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

As of 30 June 2016/31 December 2015 the Group has presented as non-current asset held for sale the remaining part of the idle equipment related to Karlovo Biomass of EUR 725 thousand, measured at the lower of its carrying amount and fair value less costs to sell. Efforts to sell the remaining asset continue and a sale is expected by the end of 2016. The asset held for sale is part of Operating Segment 1 *Construction and management of peletization plants* (see Note 29).

17. Inventory

	30.06.2016 EUR'000	31.12.2015 EUR'000
Work in progress	556	411
Raw materials and consumables	584	784
Spare parts	176	176
Goods	845	508
	2,161	1,879

18. Loans granted

	Currency EUR	Annual interest 8%	Amount EUR'000	Maturity
Balance at 1 January 2016			-	
New proceeds:				
- React Energy			575	07.02.2017
Loan interest accrued:				
- React Energy			14	
Balance at 30 June 2016			589	

19. Cash at bank and in hand

	30.06.2016 EUR'000	31.12.2015 EUR'000
Cash at bank	1,415	3,153
Cash in hand	37	180
	1,452	3,333

20. Capital and capital reserves

20.1. 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. The Company has issued 40,912,416 ordinary shares with a nominal value of EUR 0.51 (BGN 1) each.

20.2. 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.

20.3. 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 2015 the Company held 80,807 own shares with nominal value EUR 0.51 (BGN 1).

As at 30 June 2016 the Company held 82,566 own shares with nominal value EUR 0.51 (BGN 1).

21. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 (30 June 2015) was based on the (loss) attributable to ordinary shareholders of EUR (2,392) thousand (30 June 2015: EUR 1,488 thousand), and a weighted average number of ordinary shares outstanding of 40,747 thousand (30 June 2015: 39,576 thousand), calculated as follows:

(i) Profit attributable to ordinary shareholders (basic)

In thousands of EUR	**30.06.2016**	**30.06.2015 (unaudited)**
Loss for the period	(2,392)	(1,488)
Loss attributable to ordinary shareholders	(2,392)	(1,488)

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

In thousands of shares	**30.06.2016**	**30.06.2015 (unaudited)**
Issued ordinary shares at 1 January	40,912	40,912
Effect from repurchased own shares	(165)	(1,336)
Weighted average number of ordinary shares at 30 June	40,747	39,576
Earnings per share (EUR)	(0.06)	(0.04)

22. 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 28.

In thousands of EUR	**30.06.2016**	**31.12.2015**
Non-current liabilities		
Unsecured corporate bonds issues	8,796	6,811
Bank loans	6,653	6,754
	15,449	13,565
Current liabilities		
Unsecured corporate bonds issues	199	121
Bank loans	2,365	1,993
	2,564	2,114

22.1 Bank loans

Bank loans structure as at 30 June 2016:

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 30.06.2016 EUR'000	Maturity
CAIXABANK	32	4.60%	10	26.06.2017
BANK SABADELL	5	5.13%	2	20.07.2017
CAIXABANK	250	2.75%	116	30.04.2017
BBVA	150	2.55%	93	28.04.2018
BANCO POPULAR	251	2.10%	251	30.06.2017
BANCO POPULAR	350	2.80%	350	13.01.2021
BANCO SANTANDER	250	1.97%	247	11.12.2016
CAIXABANK	230	4.00%	125	30.04.2017
UBB	5,600	6.31%	4,650	02.06.2026
Novo Banco	200	5.57%	83	12.03.2017
Banco Popular	738	6.33%	738	14.10.2018
Banco Popular	200	8.65%	155	03.01.2017
Santandertotta	330	7.00%	176	30.04.2020
Caixa Geral de Depositos	500	3.83%	159	16.12.2017
BPI	500	3.38%	275	22.04.2019
BPI	1,500	4.81%	798	06.08.2019
BPI	320	5.49%	160	06.08.2018
Millenniumbcp	230	7.63%	159	14.02.2018
Cashed checks	100	6.80%	5	-
Millenniumbcp	120	7.55%	120	24.05.2016
Banco Sabadell – Escrow Account	100	5.25%	48	20.03.2016
Confirmings - Millenniumbcp	-	-	100	-
Confirmings - Banco Popular	-	-	100	-
Factoring – Banco Popular	-	5.33%	92	-
Credit cards	-	-	6	-
TOTAL BANK LOANS			9,018	

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Short term loans	2,365	2,365	-	-	-
Long term loans	6,653	-	1,192	2,859	2,602
	9,018	2,365	1,192	2,859	2,602

22. Loans payable to third parties (continued)

22.1 Bank loans (continued)

Bank loans structure as at 31 December 2015:

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

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

22. Loans payable to third parties (continued)

22.1 Bank loans (continued)

Securities, guarantees and pledges related to bank loans

On 02 June 2014 subsidiary company Karlovo Biomass EOOD signed loan contracts with United Bulgarian Bank for financing of construction plant located in Karlovo for maximum amount up to 5,600 thousand EUR and loan contract for financing of VAT during construction process for maximum amount up to 100 thousand EUR. The VAT financining facility has been fully repaid to the bank as at 30 June 2015.

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

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

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

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

22. Loans payable to third parties (continued)

22.2 Corporate bonds

In thousands of EUR	
Carrying amount of liability at 1 January 2015	-
Proceeds from issue of bonds	7,000
Transaction costs	(189)
Net proceeds	6,811
Accrued interest	121
Carrying amount of liability at 31 December 2015	6,932
Proceeds from issue of bonds	2,000
Transaction costs	(15)
Net proceeds	1,985
Accrued interest	288
Paid interest	(210)
Carrying amount of liability at 30 June 2016	8,995

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

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

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

On 14th 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.

23. Loans payable to related parties

23.1 Loans due to Elektra Holding AD

Balance at 1 January 2016	-	
Proceeds	405	
Repayments	(87)	
Net proceeds	318	31.12.2016
Accrued interest (4%)	4	31.12.2016
Balance at 30 June 2016	**322**	31.12.2016

23.2 Loans due to other related parties

Balance at 1 January 2015	927	
Repayments	(83)	
Balance at 31 December 2015	844	
New proceeds	171	
Capitalized loan	(85)	
Balance at 30 June 2016	930	31.12.2016
Total loans to related parties	1,252	

24. Taxation

For the six months ended 30 June	**2016 EUR'000**	**2015 EUR'000 (unaudited)**
Current tax expense	8	52
Origination and reversal of temporary differences	(316)	(166)
Income tax expense (benefit) for the period	(308)	(114)

Reconciliation of effective tax rate:

	2016 EUR'000	**2015 EUR'000 (unaudited)**
Profit/(Loss) for the year	(3,129)	(1,612)
Total income tax (expense) / benefit	308	114
Profit /(Loss) before income tax	(3,437)	(1,726)
Income tax using the Company's domestic tax rate, 10%	(344)	(173)
Effect of tax rates in foreign jurisdictions*	(284)	(159)
Non-deductible expenses	65	75
Current-year losses for which no deferred tax asset is recognized	255	143
Income tax expense/(benefit)	(308)	(114)
Effective tax rate	(9%)	(7%)

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

Tax liability	**30.06.2016 EUR'000**	**31.12.2015 EUR'000**
Corporate income tax advance payments	(49)	-
Corporate income tax payable	8	84
	(41)	84

24. Taxation (continued)

Recognised deferred tax assets and liabilities

In thousands of EUR	Assets		Liabilities	
	30.06.2016	**31.12.2015**	**30.06.2016**	**31.12.2015**
Assets under construction	(88)	(72)	-	-
Land and developments costs revaluation	-	-	1,117	1,115
Tax loss carry-forwards	(1,463)	(1,163)	-	-
Other items		-	-	-
Tax (assets) liabilities	(1,551)	(1,235)	1,117	1,115
Net tax (assets) liabilities	(1,551)	(1,235)	1,117	1,115

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

Under applicable tax legislation as of 30 June 2016 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.

25. Trade and other payables

Current part of trade and other payables	**30.06.2016 EUR'000**	**31.12.2015 EUR'000**
Trade payables to suppliers	2,969	2,618
Payables in regards to bonds issuance	-	142
Payables to employees	275	181
Compulsory social security contributions	8	22
VAT payable	-	807
Other tax liabilities	384	228
Other payables	323	562
	3,959	4,560

Non- current part of trade and other payables	**30.06.2016 EUR'000**	**31.12.2015 EUR'000**
Other payables	2	-
	2	-
Total payables	3,961	4,560

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

26. Provisions

The amount of EUR 144 thousand (2015 EUR 139 thousand) reported as provisions in the Interim consolidated statement of financial position comprises of EUR 113 thousand (2015: EUR 113 thousand), representing estimations of the future cost of demolition and dismantling of the biomass plant of Gallina in Italy based on independent expert valuation and EUR 31 thousand - other provisions (2015: EUR 26 thousand).

27. Finance lease

	30.06.2016 EUR'000	**31.12.2015 EUR'000**
Non-current	51	55
Current	25	36
	76	91

27. Finance lease (continued)

Finance lease liabilities as at 30 June 2016 are payable as follows:

			30.06.2016
	Future minimum lease payments EUR'000	Interest	Principal EUR'000
Less than one year	32	7	25
Between one and two years	30	4	26
Between two and five years	27	2	25
Total	89	13	76

Finance lease liabilities as at 31 December 2015 were payable as follows:

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

28. 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.

28. Financial instruments (continued)

(a) Credit risk (continued)

The carrying amount of Group's financial assets represent the maximum exposure to credit risk. As at 30.06.2016/ 31.12.2015 the carrying amounts of the financial assets are as follows:

	Note	As at 30.06.2016 EUR'000	As at 31.12.2015 EUR'000
Trade receivables from clients		6,440	7,305
Trade receivables from related parties		711	698
Held to maturity investments		402	406
Loans provided		589	-
Cash and cash equivalents		1,415	3,153
		9,557	11,562

(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 2016:

	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000	More than 5 years EUR'000
Non-derivative financial liabilities						
Bank loans	9,018	(10,327)	(2,841)	(794)	(3,604)	(3,088)
Corporate bonds	8,995	(11,940)	(630)	(630)	(10,680)	-
Loans due to related parties	1,252	(1,258)	(1,258)	-	-	-
Other payables to related parties	96	(96)	(96)	-	-	-
Trade and other payables	2,969	(2,969)	(2,969)	-	-	-
Finance lease	76	(89)	(32)	(30)	(27)	-
	22,406	(26,679)	(7,826)	(1,454)	(14,311)	(3,088)

28. Financial instruments (continued)

(b) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2015:

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

(c) Market risk

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

Currency risk

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

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

28. Financial instruments (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. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Nominal amount	
In thousands of EUR	**30.06.2016**	**31.12.2015**
	EUR'000	**EUR'000**
Fixed rate instruments		
Financial assets	2,392	3,559
Financial liabilities	(14,609)	(11,712)
	(12,217)	(8,153)

	Nominal amount	
In thousands of EUR	**30.06.2016**	**31.12.2015**
	EUR'000	**EUR'000**
Variable rate instruments		
Financial liabilities	(4,650)	(4,781)
	(4,650)	(4,781)

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.

29. Segment Reporting

As at 30 June 2016 and 31 December 2015 the Group has two reporting segments:

Information related to each reportable segment is set out below.

	Segment 1 construction, management and operation of biomass power plants and peletization plants		**Segment 2 Sale and management of waste collection systems**		**Total**	
For the six months ended ***In thousands of EUR***	**30.06.2016**	**30.06.2015 (unaudited)**	**30.06.2016**	**30.06.2015 (unaudited)**	**30.06.2016**	**30.06.2015 (unaudited)**
Revenues	1,273	591	1,292	911	2,565	1,502
Other income	9	4	7	89	16	93
Changes in inventory and work in progress	-	(50)	-	10	-	(40)
Loss from associated companies	-	-	(6)	(6)	(6)	(6)
Work performed by the entity and capitalized	360	3,811	113	-	473	3,811
Raw materials and consumables used	(1,463)	(304)	(21)	-	(1,484)	(304)
Cost of goods sold	-	-	(848)	(582)	(848)	(582)
Expenses for hired services	(1,062)	(3,699)	(331)	(240)	(1,393)	(3,939)
Employee benefit expenses	(977)	(1,034)	(438)	(431)	(1,415)	(1,465)
Depreciation and amortization	(104)	(89)	(142)	(155)	(246)	(244)
Other expenses	(434)	(347)	(275)	(82)	(709)	(429)
Profit/(loss) from operating activities	**(2,398)**	**(1,117)**	**(649)**	**(486)**	**(3,047)**	**(1,603)**
Finance income	55	-	-	-	55	-
Finance expenses	(334)	(35)	(111)	(88)	(445)	(123)
Inter-segment finance income/expense	29	14	(29)	(14)	-	-
Net finance costs	**(250)**	**(21)**	**(140)**	**(102)**	**(390)**	**(123)**
Profit/(Loss) before income tax	**(2,648)**	**(1,138)**	**(789)**	**(588)**	**(3,437)**	**(1,726)**
Income tax (expense)/ benefit	316	40	(8)	74	308	114
Profit/Loss for the year	**(2,332)**	**(1,098)**	**(797)**	**(514)**	**(3,129)**	**(1,612)**
Other comprehensive income	**27**	**-**	**19**	**-**	**46**	**-**
Total comprehensive income	**(2,305)**	**(1,098)**	**(778)**	**(514)**	**(3,083)**	**(1,612)**

29. Segment Reporting (continued)

	Segment 1 Construction and Management of Biomass Power Plants		Segment 2 Sale and management of waste collection systems		Total	
In thousands of EUR	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets for reportable segments	52,024	53,097	6,766	6,618	58,790	59,715
Total assets	**52,024**	**53,097**	**6,766**	**6,618**	**58,790**	**59,715**
Liabilities for reportable segments	17,979	16,414	6,688	6,194	24,667	22,608
Total liabilities	**17,979**	**16,414**	**6,688**	**6,194**	**24,667**	**22,608**

30. Related party transactions and balances

Related parties are as follows:

Related party	**Relationship**
Southeimer LLC, Spain	Ultimate parent
Elektra Holding AD	Parent of EBIOSS ENERGY AD
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Syngas Italy S.R.L.	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia SL, Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
EQTEC Bulgaria EOOD	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
Energotec Eco AD	subsidiary, 46,36% owned and controlled by Group
Brila EOOD	subsidiary, 100% owned by Plovdiv Biomass EOOD
Tvarditsa PV EOOD	subsidiary, 100% owned by Tvarditsa Biomass EOOD
TNL SGPS, Portugal	subsidiary, 52.62% owned by Ebioss Energy AD
TNL SA, Portugal	subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy AD
Hirdant, Portugal	subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy AD
TNL SL, Spain	subsidiary of TNL SGPS, Portugal, 42,1 % effective ownership of Ebioss Energy AD

30. Related party transactions and balances (continued)

Addom, Spain	Subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy AD
TNL World, Bulgaria	Subsidiary of TNL SGPS, Portugal, 52,62 % effective ownership of Ebioss Energy AD
Inava Ingenieria De Analisis SL, Spain	under common control
Ortiz Elektra AD	under common control
Biomass Gorno EOOD	under common control
Luxur PV EOOD	under common control
Bul PV EOOD	under common control
Bul Biomass EOOD	under common control
Luxur Biomass OOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko El Invest	under common control
Citytainer Brasil, Brasil	associate company
Citytainer Industria, Brasil	under common control
Arrizabal Elkartea SL, Portugal	shareholder in TNL SL

Directors

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

Remuneration of key management personnel of the group for the period 01.01.2016-30.06.2016 is 207 thousand EUR (first six months of 2015: EUR 207 thousand).

Balances with related parties

In thousands of EUR	**Balance outstanding as at**			
	30.06.2016		**31.12.2015**	
	Receivables	Payables	Receivables	Payables
Citytainer Brasil	656	-	263	-
Citytainer Industria	1	-	383	-
Arrizabal Elkartea SL	39	(86)	39	(86)
Elektra Holding AD	-	(10)	-	(10)
Receivable from employees	15	-	13	-
	711	(96)	698	(96)

Loans payable to/receivable from related parties

In thousands of EUR	**Balance outstanding as at**			
	30.06.2016		**31.12.2015**	
	Receivables	Payables	Receivables	Payables
Mr. Foad Jafal	-	(840)	-	(840)
Arrizabal Elkartea SL	-	(90)	-	(4)
Elektra Holding AD	-	(322)	-	-
	-	(1,252)	-	(844)

30. Related party transactions and balances (continued)

Transactions with related parties

In thousands of EUR	**Description**	**For the period ended 30.06.2016**	**For the period ended 30.06.2015 (unaudited)**
Citytainer Brasil	Trade	-	-
Arrizabal Elkartea SL	Trade	2	189
Arrizabal Elkartea SL	Trade	(69)	-
Arrizabal Elkartea SL – amounts received	Loans	171	-
Arrizabal Elkartea SL – loans capitalized	Loans	(85)	-
Elektra Holding AD	Trade	-	(110)
Elektra Holding AD – finance lease	Trade	-	(30)
Receivable from employees	Trade	5	4
Arrizabal Elkartea SL	Loans	-	(27)
Elektra Holding AD – amounts received	Loans	405	-
Elektra Holding AD – amounts repaid	Loans	(87)	-
Elektra Holding AD – interest accrued	Loans	4	-

31. Commitments and contingent liabilities

Ebioss Energy AD is a joint debtor in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD for the amount of EUR 5,600 thousand until the time of commissioning of plant property of Karlovo Biomass EOOD. As of 30 June 2016 (31 December 2015) the outstanding principal to this loan is EUR 4,786 thousand (EUR 4,912 thousand).

32. Events after the reporting period end

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.

As of 11th August 2016 the Bulgarian Trade Register has inscribed changes in the corporate file of EBIOSS ENERGY AD, kept with the Bulgarian registry Agency, related to the composition of the Board of Directors of the Company. Based on the latter corporate changes in the board and in conformity with the resolutions taken by the Annual Ordinary General meeting of the Company, which took place on 16.06.2016, Mrs. Alexandra Vesselinova Tcherveniakova was admitted as new member of the Board of Directors of EBIOSS ENERGY AD and the former board member Mr. Carlos Jose Vives De Arpe has been released from his duties.

On 1st September 2016 Ebioss Energy AD signed with the bank UBB additional agreement (Annex 1) for restructuring of investment loan facility No 28/02.06.2014. Based on the clauses of the said additional agreement, the parties thereto agreed to admit Heat Biomass EOOD and Biomass Distribution EOOD as new co-debtors under the loan facility and their assets to be pledged as collateral in favour of the bank.

On 15th of September 2016 the Chief Architect of the municipality Maritza, District of Plovdiv issued operation permits, as per the rules of the Bulgarian Land Development Act, to the company BIOMASS DISTRIBUTION EOOD for the Pellet plant and its auxiliary facilities. The installation for palletization of straw has production capacity of up to 6 tons per hour.

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

EBIOSS ENERGY AD

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EBIOSS ENERGY AD

INTERIM SEPARATE FINANCIAL STATEMENTS
For the six months ended 30 June 2016

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

Auditor

Baker Tilly Klitou and Partners OOD
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EBIOSS ENERGY AD

DIRECTOR'S REPORT

The Board of Directors presents its report and interim separate financial statements with limited audit review of EBIOSS ENERGY AD (the Company) for the period 01 January 2016 – 30 June 2016.

Incorporation

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

On 01 October 2012 Ebioss Energy EOOD was transformed into Ebioss Energy OOD and on the same date the share capital of Ebioss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, distributed to the following shareholders:

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

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

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

1. Incorporation and principal activities (continued)

Incorporation (continued)

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

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

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

As at 30 June 2016 the share capital of Ebioss Energy AD belongs to the following shareholders:

Main shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sungroup Bulgaria EOOD	5.69	2,329,900	2,330	1,191
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,065	509	260
Minority shareholders	47.27	19,337,696	19,338	9,888
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The main shareholders of Ebioss Energy AD are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders own approximately 52.73% of the share capital of Ebioss Energy AD as at 30.06.2016. The minority shareholders of Ebioss Energy AD are those who subscribed shares in the three subsequent capital increases made during 2013 and 2014 by means of initial public offering of shares on the Spanish Alternative Stock Exchange Market. These shareholders own approximately 47.27% of the share capital of Ebioss Energy as at 30.06.2016.

Principal activities

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

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

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

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

1.Incorporation and principal activities (continued)

Principal activities (continued)

According to the amended REA, the feed-in tariffs and the preferential prices for electricity takeoff, being produced from biomass electrical plants with power output up to 1,5 MW, shall apply only for energy facilities working with combined cycle and indirect use of biomass of which overall weight not less than 60 per cent is to be animal manure. Furthermore, these incentives can be used only if the respective producer of electricity from renewable sources can prove to own authorized animal breading farm minimum three years before the date of submission of application for connection to the electrical grid and if the respective producer of electricity owns certain number of authorized animals with the purpose to prove the origin of the manure which is to be used as feedstock for the plant.

Following the above mentioned changes in the legislation, the Company has started to reorganize and redesign further its existing power production facilities of Karlovo Biomass Power Plant and construction in progress of Heat Biomass Power Plant. The contracts for connection to the National Electricity signed between – Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Company, considering the above mention legislative amendments, are no longer effective.

As of June 30, 2016 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 1.5 MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation by the end of 2016.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2 MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. It is estimated that the production of electricity will start by the end of 2016 and the production of pellets by the end of 2017.

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

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

1.Incorporation and principal activities (continued)

Principal activities (continued)

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

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

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

On 30 November 2012 The Company has 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 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.

In December 2013 the Company participated in the incorporation of the joint-stock company Energotec-Eco AD through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorgenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L) with fiscal number 06337630963. The registered share capital of the company is EUR 120,000 comprising of 120,000 shares at nominal value EUR 1 each. The company was acquired for the price of EUR 650,000. The principal activity of the company is development of biomass power plants and its first power plant is located in municipality of Castiglione d'Orcia, Toscana region. The costruction of the plant has already been finished as of 31st March 2015 and started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operation.The plant has been put again in operation in the 2nd half of February 2016 but due to unexpected technical failure of the filter parts, it has stopped operation. The necessary repair works have been undertaken and the plant is expected to start operation and reach full capacity by the end of this year.

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% of the shares of TNL SGPS LDA in Portugal, dully registered and existing under the laws of Portugal, with VAT number 509543596. The registered share capital of the company is EUR 7,550,000. The Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies. In addition, on 4 August 2014 additional 1,62% from the share capital of TNL SGPS LDA have been acquired by Ebioss Energy AD, for the amount 50,000 euro, consequently reaching in total 52,62% of the shares of TNL SGPS LDA.

1.Incorporation and principal activities (continued)

Principal activities (continued)

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

By decision of the extraordinary General Meeting of Ebioss Energy AD dated 13th of February 2015, a resolution was approved for the issuance of emission of freely transferable, interest-bearing, bonds, convertible or non-convertible, or any other debt instrument under the following parameters: overall nominal and emission value of the debt instruments: up to 60,000,000 BGN (in words: sixty million leva) or its equivalent in Euro, according to the official fixed exchange rate of the Bulgarian National Bank, with term for issuance of the emission up to 3 (three) and term for repayment up to 10 (ten) years as from the date of placement of the respective emission. The bond loan (or any other debt instrument) may be issued within several emissions of bonds or in one single emission, up to the amount specified above. (See note 17)

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

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

The Company's development to date, financial results and position are presented in the interim separate financial statements. For the period 01 January 2016 – 30 June 2016 the financial result of the Company is net loss in the amount of EUR 629 thousand and the net equity is a positive value amounting to EUR 35 449 thousand. As of 30 June 2016 the earnings per share are a negative value of EUR 0,02.

3. Share capital

There are no changes in the share capital of the Company during the period.

4. System of internal control and management of risks

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

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 20 of the interim separate financial statements.

5. Events after the reporting period

On 12th 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 12th July 2021.

As of 11th August 2016 the Bulgarian Trade Register has inscribed changes in the corporate file of EBIOSS ENERGY AD, kept with the Bulgarian registry Agency, related to the composition of the Board of Directors of the Company. Based on the latter corporate changes in the board and in conformity with the resolutions taken by the Annual Ordinary General meeting of the Company, which took place on 16.06.2016, Mrs. Alexandra Vesselinova Tcherveniakova was admitted as new member of the Board of Directors of EBIOSS ENERGY AD and the former board member Mr. Carlos Jose Vives De Arpe has been released from his duties.

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

6. 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 01 January 2016 – 30 June 2016.

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.

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 2016 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

СОФИЯ
АД

Sofia, 28 October 2016

BAKER TILLY
20 YEARS OF EXCELLENCE

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Report on Review of interim financial information

To the shareholders of EBIOSS ENERGY AD

Introduction
We have reviewed the accompanying separate interim financial information, which comprise of statement of financial position of EBIOSS ENERGY AD as of 30 June 2016 and the related statement of comprehensive income, statement of changes in equity and 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 fair presentation of this separate interim financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Our responsibility is to express a conclusion on this separate interim financial information based on our review.

Scope of Review
We conducted our review in accordance with 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 separate interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2016, and of its financial performance and its cash flows for the six-month period then ended in accordance with IFRS, as adopted by the EU.

Other matters
We have reported separately on 28 October 2016 on the consolidated interim financial information of the Group as of and for the six-month period ended 30 June 2016. The conclusion in that report is qualified with regard to inclusion of unrealized intra-group profit from prior periods in "Property plant and Equipment" amounting to EUR 2,568 thousand. We have also included an emphasis of matter paragraph with regard to the fact that the values of development costs are based on estimated discounted future cash flows and along with goodwill are dependent on timing of completion of Peletization Plant Projects and commencement of the production. We have also included other matters paragraph that the consolidated interim financial information for the six-months period ended 30 June 2015 has not been audited.

The separate interim financial information for the six-month period ended 30 June 2015 has not been audited.

Baker Tilly Klitou and Partners Ltd

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

28 October 2016
Sofia, Bulgaria

INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	Note	2016 EUR'000	2015 EUR'000 (unaudited)
Revenue from services	3	123	92
Depreciation and amortization	10,11	(13)	(6)
Expenses for hired services	4	(266)	(228)
Employee benefit expenses	5	(304)	(289)
Other expenses	6	(386)	(300)
Results from operating activities		(846)	(731)
Finance income	7	483	350
Finance cost	7	(315)	(21)
Net finance income		168	329
Loss before income tax		(678)	(402)
Income tax benefit	19	49	28
Loss for the period		(629)	(374)
Other comprehensive income		-	-
Total comprehensive income for the period		(629)	(374)
Basic earnings per share (in EUR)	16	(0.02)	(0.01)

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30.06.2016 EUR'000	31.12.2015 EUR'000
Non-current assets			
Investment in subsidiaries	8	15,218	15,218
Other investments	9	-	500
Loans provided to related parties	13.1	19,397	22,861
Deferred tax asset	19	129	80
Property, plant and equipment	10	107	110
Intangible assets	11	3	4
Total non-current assets		34,854	38,773
Current assets			
Cash and cash equivalents	12	416	1,204
Loans provided to related parties	13.1	2,871	2,225
Loans provided to third parties	13.2	589	-
Trade and other receivables	14	6,413	5,897
Deferred expenses		2	8
Total current assets		10,291	9,334
Total assets		45,145	48,107
EQUITY AND LIABILITIES			
Equity			
Share capital	15.1	20,918	20,918
Share premium		15,949	15,934
Reserve for own shares	15.2	(42)	(41)
Retained earnings/(Accumulated losses)		(1,376)	(747)
Total equity		35,449	36,064
Non-current liabilities			
Loans and borrowings	17	8,841	6,866
Total non-current liabilities		8,841	6,866
Current liabilities			
Trade and other payables	18	305	221
Other payables to related parties	21.2	10	4,816
Loans and borrowings	17	540	140
Total current liabilities		855	5,177
Total liabilities		9,696	12,043
Total equity and liabilities		45,145	48,107

On 28 October 2016 the Board of Directors of EBIOSS ENERGY AD authorised these interim separate financial statements for issue.

ЕБИОСС ЕНЕРДЖИ АД СОФИЯ

Executive Director
Jose Oscar Leiva Mendez

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Retained earnings EUR'000	Total EUR'000
For the six months ended 30 June 2015 (Unaudited)					
Balance at 1 January 2015	20,918	15,351	(668)	(859)	34,742
Total comprehensive income					
Loss for the period	-	-	-	(374)	(374)
Total comprehensive income	-	-	-	(374)	(374)
Transactions with owners of the Company					
Own shares acquired	-	(1,232)	(1,080)	-	(2,312)
Own shares sold	-	1,155	1,030	-	2,185
Total transactions with owners of the Company	-	(77)	(50)	-	(127)
Balance at 30 June 2015 (unaudited)	20,918	15,274	(718)	(1,233)	34,241
For the six months ended 30 June 2016					
Balance at 1 January 2016	20,918	15,934	(41)	(747)	36,064
Total comprehensive income					
Loss for the period	-	-	-	(629)	(629)
Total comprehensive income	-	-	-	(629)	(629)
Transactions with owners of the Company					
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

INTERIM SEPARATE STATEMENT OF CASH FLOWS

For the six months ended 30 June

	Note	2016 EUR'000	2015 EUR'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before tax		(678)	(402)
Adjustment for:			
Depreciation expense		13	6
Loss on sale of property, plant and equipment		3	-
Interest expense		296	9
Interest income		(458)	(350)
Other financial expenses		19	12
Investment income		(25)	-
		(830)	(725)
Changes in working capital:			
Trade and other payables		(629)	(52)
Trade and other receivables		(456)	13
Deferred expenses		6	24
Cash used in operating activities		(1,909)	(740)
Interest paid		(214)	-
Other financial expenses paid		(19)	(11)
Net cash used in operating activities		(2,142)	(751)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans provided to related parties		(2,174)	(3,597)
Repaid loans from related parties		1,425	280
Loans provided to third parties		(575)	-
Acqusition of other investments		-	(100)
Acquisition of property, plant and equipment		(12)	(4)
Proceeds from sales of investments		525	-
Net cash used in investing activities		(811)	(3,421)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of corporate bonds		2,000	3,000
Payments related to issue of corporate bonds		(157)	(4)
Proceeds from loans from related parties		405	-
Repayment of loans from related parties		(87)	-
Proceeds from sale of own shares		1,115	2,185
Repurchase of own shares		(1,101)	(2,312)
Payment of finance lease liabilities		(10)	(4)
Net cash from financing activities		2,165	2,865
Net increase/(decrease) in cash and cash equivalents		(788)	(1,307)
Cash and cash equivalents at 1 January		1,204	2,457
Cash and cash equivalents at 30 June	12	416	1,150

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities

Incorporation

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

On 01 October 2012 EBIOSS ENERGY EOOD was transformed into EBIOSS ENERGY OOD and on the same date the share capital of EBIOSS ENERGY OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, divided between the following shareholders:

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

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

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

1. Incorporation and principal activities (continued)

Incorporation (continued)

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

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

During 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022). During 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand (see note 15.1)

As at 30 June 2016 the share capital of Ebioss Energy AD is owned by the following shareholders:

Basic shareholders	**Relative share %**	**Number of shares**	**Total share capital in BGN'000**	**Total share capital in EUR'000**
Elektra Holding AD	36.37	14,880,185	14,880	7,608
Sofia Biomass EOOD	7.53	3,080,430	3,080	1,575
Sun Group Bulgaria EOOD	5.69	2,329,900	2,330	1,191
Origina Bulgaria OOD	1.89	775,140	775	396
Antigona Bulgaria EOOD	1.25	509,065	509	260
Minority shareholders	47.27	19,337,696	19,338	9,888
Total:	**100**	**40,912,416**	**40,912**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital, upon the incorporation. These shareholders owned approximately 52.73% of the share capital of the Company as at 30.06.2016.

The minority shareholders are those who subscribed shares in two subsequent capital increases made in 2013 and 2014 by means of public offering of shares on the Spanish Alternative Stock Exchange Market – MAB. These shareholders own 47.27% of the share capital of the Company as at 30.06.2016.

Principal activities

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

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Principal activities (continued)

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

As of June 30, 2016 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 1.5 MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for straw. Upon commissioning of the Plant the Company will fully own and operate the whole facility, which will be completed and put in operation by the end of 2016.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: production of pellets from wood chips using power from constructed biomass gasification power plant with a capacity of 2MW. The Company will also has the ability to sell electricity from the power plant, which is not used for production of pellets. In addition, the Company will develop dryer facility for wood chips. It is estimated that the production of electricity will start by the end of 2016 and the production of pellets by the end of 2017.

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Principal activities (continued)

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

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

On 30 November 2012 Ebioss Energy AD has acquired control over **EQTEC IBERIA S.L.,** a Company registered in Spain. EQTEC IBERIA S.L. is an engineering company specializing in the design, complete construction, operation and maintenance of cogeneration plants heat and electricity power, gasification power plants and renewable energy, with experience in the market for more than 15 years. Since its founding, the company has implemented over 60 plant projects of production of electricity and / or heat, with capacities ranging from 60 kW to 10,000 kW.

In December 2013 the Company participated in the incorporation of the joint-stock company Energotec-Eco AD through subscribtion and acquisition of 215 shares with nominal value of EUR 51.12, representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEO`s and appoints 3 members of the Board of Directors out of 4 in total.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorgenia Bioenergy S.P.A in Italy (renamed at present to Syngas Italy S.R.L) with fiscal number 06337630963. The registered share capital of the company is EUR 120,000 comprising of 120,000 shares at nominal value EUR 1 each. The company was acquired for the price of EUR 650,000. The principal activity of the company is development of biomass power plants and its first power plant is located in municipality of Castiglione d'Orcia, Toscana region. The costruction of the plant has already been finished as of 31st March 2015 and started to sell electricity. However, some plant devices needed extraordinary maintenance which led to suspension of its operation.The plant has been put again in operation in the 2nd half of February 2016 but due to unexpected technical failure of the filter parts, it has stopped operation. The necessary repair works have been undertaken and the plant is expected to start operation and reach full capacity by the end of this year.

On 1 August 2014 according to the Agreement for acquisition of quotas from the capital and subsequent capital increase, Ebioss Energy AD acquired 51% of the shares of TNL SGPS LDA in Portugal, dully registered and existing under the laws of Portugal, with VAT number 509543596. The registered share capital of the company is EUR 7,550,000. The Company's shares were acquired by Ebioss Energy AD for the amount of EUR 1,550 thousand. The main activity of the Company is equity management in other companies.

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Principal activities (continued)

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

2. Accounting policies

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

Basis of preparation

(a) Statement of compliance

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

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

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

Users of these interim separate financial statements of the parent company should read them together with the interim consolidated financial statements of the Company and its subsidiaries as at and for the period ended 30 June 2016 prepared in EUR 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 the Company as at 30 June 2016 have been prepared on the basis of the going concern concept. Management is of the opinion that the funds secured by the shareholders are adequate to finance the future planned activities of the Company.

2. Accounting policies (continued)

Interim separate non-consolidated financial statements

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

Measurement of fair values

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

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

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

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

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

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

- Note 20 – Financial instruments

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.

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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Revenue recognition (continued)

(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.

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.

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 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 determi ned as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

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 quated market price.

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.

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.

2. Accounting policies (continued)

Employee benefits (continued)

(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.

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)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Impairment (continued)

(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.

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.

2. Accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

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

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

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

IFRS 14 Regulatory Deferral Accounts
European Comission has decided not to launch endorsement process of this standard.

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

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

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

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

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

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

Amendment to IFRS 2: Classification and Measurement of Share-based Payment Transactions
These amendments are effective for annual periods starting on or after 1 January 2018. The Company is in the process of assessing the impact of the amendments on its financial statements

Amendment to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts
These amendments are effective for annual periods starting on or after 1 January 2018. The Company is in the process of assessing the impact of the amendments on its financial statements

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

3. Revenue from services

For the six months ended 30 June

	2016 EUR'000	2015 EUR'000 (unaudited)
Revenue from services	123	92
	123	92

The recognised revenue is related to contracts for consultancy services, concluded with Karlovo Biomass EOOD, Biomass Distribution EOOD, Heat Biomass EOOD and Syngas Italy (see also note 21.5).

4. Expenses for hired services

For the six months ended 30 June

	2016 EUR'000	2015 EUR'000 (unaudited)
Consultancy fees	60	46
Audit services	14	27
Office rent	24	25
Equipment dismantling	94	-
Other	74	130
	266	228

Other expenses for hired services in 2016 include expenses at the amount of EUR 32 thousand, related to advertising and presentation of the Company and participation in exhibitions (2015: EUR 85 thousand).

5. Employee benefit expenses

For the six months ended 30 June

	2016 EUR'000	2015 EUR'000 (unaudited)
Wages and salaries	280	264
Compulsory social security contribution	24	25
	304	289

6. Other expenses

For the six months ended 30 June

	2016 EUR'000	2015 EUR'000 (unaudited)
Stock exchange and investors related expenses	144	113
Other expenses	242	187
	386	300

7. Finance income and costs

For the six months ended 30 June

	2016 EUR'000	2015 EUR'000 (unaudited)
Interest income	458	350
Investment income	25	-
	483	350
Interest expense	(296)	(9)
Exchange rate difference	(4)	(6)
Bank expenses	(15)	(6)
Finance costs	(315)	(21)
Net finance income recognized in profit or loss	168	329

8. Investment in subsidiaries

	30.06.2016 EUR'000	31.12.2015 EUR'000
Balance at 1 January	15,218	15,218
Balance at the end of the period	15,218	15,218

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

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

In December 2013 Ebioss acquired 43% of newly established company Energotec-Eco AD and control over its operating and financing activities.

On 3 April 2014 according to agreement for transfer of shares Ebioss Energy AD acquired 100% of the shares of Sorgenia Bioenergy S.P.A in Italy (renamed subsequently to Syngas Italy S.R.L) for the price of EUR 650 thousand.

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

8. Investment in subsidiaries (continued)

The investment in subsidiaries as at 30 June 2016 and 31 December 2015 are presented below:

Subsidiary	Country of incorporation	% ownership 30.06.2016	Investment amount in EUR'000 30.06.2016	% ownership 31.12.2015	Investment amount in EUR '000 31.12.2015
Heat Biomass EOOD	Bulgaria	100%	3,500	100%	3,500
Karlovo Biomass EOOD	Bulgaria	100%	3,500	100%	3,500
Tvardica Biomass EOOD	Bulgaria	100%	2,045	100%	2,045
Nova Zagora Biomass EOOD	Bulgaria	100%	1,278	100%	1,278
Plovdiv Biomass EOOD	Bulgaria	100%	979	100%	979
United Biomass EOOD	Bulgaria	100%	1,090	100%	1,090
Eqtec Iberia S.L.	Spain	47.97%	565	47.97%	565
Energotec-Eco AD	Bulgaria	43%	10	43%	10
Biomass Distribution EOOD	Bulgaria	100%	1	100%	1
Syngas Italy S.R.L.	Italy	100%	650	100%	650
TNL SGPS	Portugal	52.62%	1,600	52.62%	1,600
Total investment			**15,218**		**15,218**

All shares from the investment in Karlovo Biomass OOD are pledged in favour of United Bulgarian Bank in relation to loan contracts dated 02.06.2014 between Karlovo Biomass EOOD as a borrower, United Bulgarian Bank as a lender and Ebioss Energy as a joint debtor for the amount of EUR 5,600 thousand. As at 30 June 2016 the principal to be repaid by Karlovo Biomass OOD to United Bulgarian Bank amounts to EUR 4,786 thousand.

9. Other investments

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

10. Property, plant and equipment

	Computers and equipment EUR'000	Vehicles EUR'000	Total EUR'000
Cost			
Balance at 1 January 2015	6	2	8
Additions	5	117	122
Balance at 31 December 2015	11	119	130
Balance at 1 January 2016	11	119	130
Additions	4	8	12
Disposals	-	(3)	(3)
Balance at 30 June 2016	15	124	139
Depreciation and impairment losses			
Balance at 1 January 2015	1	-	1
Charge for the year	4	15	19
Balance at 31 December 2015	5	15	20
Charge for the period	2	10	12
Balance at 30 June 2016	7	25	32
Carrying amounts			
At 1 January 2015	5	2	7
At 31 December 2015	6	104	110
At 30 June 2016	8	99	107

11. Intangible assets

	Software EUR'000
Cost	
Balance at 1 January 2015	6
Balance at 31 December 2015	6
Balance at 30 June 2016	6
Amortisation and impairment losses	
Balance at 1 January 2015	1
Charge for the year	1
Balance at 31 December 2015	2
Charge for the period	1
Balance at 30 June 2016	3
Carrying amounts	
At 1 January 2015	5
At 31 December 2015	4
At 30 June 2016	3

12. Cash and cash equivalents

	30.06.2016 EUR'000	31.12.2015 EUR'000
Cash at bank	388	1,036
Cash in hand	28	168
	416	1,204

Cash and cash equivalents are denominated in following currencies:	30.06.2016 EUR'000	31.12.2015 EUR'000
BGN	49	80
EUR	367	1,124
	416	1,204

13.1. Loans provided to related parties

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Balance at 1 January 2016			**25,086**	
New proceeds:				
- Heat Biomass EOOD			309	31.12.2018
- Karlovo Biomass EOOD			1,058	31.12.2018
- Plovdiv Biomass EOOD			1	31.12.2018
- Biomass Distribution EOOD			54	31.12.2018
- Syngas Italy S.R.L.			440	31.12.2017
- TNL SGPS			5	31.12.2016
- TNL SGPS (cession agreement)			647	31.12.2016
- TNL SL			157	31.12.2017
- TNL SL (cession agreement)			17	31.12.2016
- TNL SA			145	31.12.2016
- Company employees			5	10.05.2017
Loans repaid:				
- Heat Biomass EOOD			(307)	
- Karlovo Biomass EOOD			(1,079)	
- Karlovo Biomass EOOD – amount off-set			(4,005)	
- Plovdiv Biomass EOOD			(1)	
- Biomass Distribution EOOD			(37)	
- Brila EOOD			(1)	
- Addom (cession agreement)			(17)	
- TNL SL (cession agreement)			(419)	
- TNL SA (cession agreement)			(228)	
- Company employees			(3)	
- Directors			(3)	
Loan interest accrued:				
- Heat Biomass EOOD			50	
- Karlovo Biomass EOOD			225	
- United Biomass EOOD			1	
- Plovdiv Biomass EOOD			1	
- Biomass Distribution EOOD			90	
- Addom (cession agreement)			(1)	
- Syngas Italy S.R.L.			49	
- TNL SGPS			16	
- TNL SGPS (cession agreement)			13	
- TNL SL			9	
- TNL SL (cession agreement)			(9)	
- TNL SA			2	
- TNL SA (cession agreement)			(3)	
- Nova Zagora Biomass EOOD			1	
Balance at 30 June 2016			22,268	

13.1. Loans provided to related parties (continued)

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Loans	22,268	2,871	2,840	16,557	-
	22,268	2,871	2,840	16,557	-

During the first six months of 2016, the following cession arrangements have been concluded:

- On 24 May 2016 an Agreement for substitution of a party under a corporate loan was signed between Ebioss Energy AD ("Lender"), Addom ("Borrower") and TNL SL ("Substituent") where Ebioss Energy and TNL SL agreed that TNL SL would undertake the obigations of Addom to Ebioss 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 Ebioss Energy AD ("Lender"), TNL SL ("Borrower") and TNL SGPS ("Substituent") where Ebioss Energy and TNL SGPS agreed that TNL SGPS would undertake the obigations of TNL SL to Ebioss 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 Ebioss Energy AD ("Lender"), TNL SA ("Borrower") and TNL SGPS ("Substituent") where Ebioss Energy and TNL SGPS agreed that TNL SGPS would undertake the obigations of TNL SA to Ebioss 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.

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

13.1. Loans provided to related parties (continued)

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

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

13.2. Loans provided to third parties

	Currency EUR	Annual interest 8%	Amount EUR'000	Maturity
Balance at 1 January 2016			-	
New proceeds:				
- React Energy			575	07.02.2017
Loan interest accrued:				
- React Energy			14	
Balance at 30 June 2016			589	

14. Trade and other receivables

	Note	30.06.2016 EUR'000	31.12.2015 EUR'000
Trade receivables		5,093	4,964
Trade receivables due from related parties	21.6	104	48
Prepaid amounts to suppliers		62	58
Receivables from employee		72	1
Refundable VAT		849	810
Other receivables		233	16
		6,413	5,897

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

15. Capital and capital reserves

15.1. 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. The Company has issued 40,912,416 ordinary shares with a nominal value of EUR 0.51 (BGN 1) each.

15.2. 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 2015 the Company held 80,807 own shares with nominal value EUR 0.51 (BGN 1).

As at 30 June 2016 the Company held 82,566 own shares with nominal value EUR 0.51 (BGN 1).

16. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the (loss) attributable to ordinary shareholders of EUR (629) thousand (30 June 2015: EUR (374) thousand), and a weighted average number of ordinary shares outstanding of 40,747 thousand (30 June 2015: 39,576 thousand), calculated as follows:

(i) Profit attributable to ordinary shareholders (basic)

In thousands of EUR	30.06.2016	30.06.2015 (unaudited)
Loss for the year	(629)	(374)
Loss attributable to ordinary shareholders	(629)	(374)

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

In thousands of shares	30.06.2016	30.06.2015 (unaudited)
Issued ordinary shares	40,912	40,912
Effect from repurchased own shares	(165)	(1,336)
Weighted average number of ordinary shares at 30 June	40,747	39,576
Earnings per share (EUR)	(0.02)	(0.01)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

17. 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 20.

In thousands of EUR	**30.06.2016**	**31.12.2015**
Non-current liabilities		
Unsecured corporate bonds issues	8,796	6,811
Finance lease liabilities	45	55
	8,841	6,866
Current liabilities		
Unsecured corporate bonds issues	199	121
Finance lease liabilities	19	19
Loans payable to related parties	322	-
	540	140

(a) Corporate bonds issue

In thousands of EUR	
Carrying amount of liability at 1 January 2015	-
Proceeds from issue of bonds	7,000
Transaction costs	(189)
Net proceeds	6,811
Accrued interest	121
Carrying amount of liability at 31 December 2015	6,932
Proceeds from issue of bonds	2,000
Transaction costs	(15)
Net proceeds	1,985
Accrued interest	288
Paid interest	(210)
Carrying amount of liability at 30 June 2016	8,995

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

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

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

On 14th 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.

17. Loans and borrowings (continued)

(b) Finance lease

Finance lease liabilities as at 30 June 2016 are payable as follows:

In thousands of EUR	**Future minimum lease payments**	**Future interest payments 4.15%**	**Principal**
Less than one year	25	6	19
Between one and two years	24	4	20
Between two and five years	27	2	25
Total	76	12	64

Finance lease liabilities as at 31 December 2015 are payable as follows:

In thousands of EUR	**Future minimum lease payments**	**Future interest payments 4.15%**	**Principal**
Less than one year	26	7	19
Between one and two years	25	5	20
Between two and five years	39	4	35
Total	90	16	74

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

In thousands of EUR		**Maturity**
Carrying amount of liability at 1 January 2016	-	
Proceeds	405	
Repayments	(87)	
Net proceeds	318	31.12.2016
Accrued interest (4%)	4	31.12.2016
Carrying amount of liability at 30 June 2016	322	31.12.2016

18. Trade and other payables

Trade payables	**30.06.2016 EUR'000**	**31.12.2015 EUR'000**
Payables to suppliers	245	44
	245	44
Other payables		
Payables in regards to bonds issue	-	142
Payables to employees	23	-
Accruals for unused paid leave	25	25
Other tax liabilities	12	10
	60	177
Trade and other payables	305	221

19. Taxation

For the six months ended 30 June

Income tax recognised in profit or loss	**2016 EUR'000**	**2015 EUR'000 (unaudited)**
Deferred tax expense (benefit)	(49)	(28)
Income tax expense for the period	(49)	(28)

Reconciliation of the effective income tax rate:

For the six months ended 30 June

	2016 EUR'000	**2015 EUR'000 (unaudited)**
Loss for the period	(629)	(374)
Total income tax expense (benefit)	(49)	(28)
Profit/(Loss) excluding income tax	(678)	(402)
Income tax expense at the statutory income tax rate of 10%	(68)	(40)
Non-deductible expenses	19	12
Income tax expense/(benefit)	(49)	(28)
Effective tax rate	7%	7%

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

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

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		**Liabilities**		**Net**	
	30.06.2016 EUR'000	**31.12.2015 EUR'000**	**2016 EUR'000**	**2015 EUR'000**	**30.06.2016 EUR'000**	**31.12.2015 EUR'000**
Tax loss carry-forwards	(129)	(80)	-	-	(129)	(80)
Tax (assets) liabilities	(129)	(80)	-	-	(129)	(80)
Net tax (assets) liabilities	(129)	(80)	-	-	(129)	(80)

Movement in deferred tax balances

In thousand of EUR	**Balance 1 January 2015**	**Recognized in profit or loss**	**Balance 31 December 2015**	**Recognized in profit or loss**	**Balance 30 June 2016**
Tax loss carry-forwards	(120)	40	(80)	(49)	(129)
	(120)	40	(80)	(49)	(129)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

20. 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:

	30.06.2016 EUR'000	31.12.2015 EUR'000
Loans provided to related parties	22,268	25,086
Loans provided to third parties	589	-
Trade receivables	5,093	4,964
Trade receivables from related parties	104	48
Bank balances	388	1,036
	28,442	31,134

(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 2016:

In thousands of EUR	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years
Non-derivative financial liabilities					
Corporate bonds issued	8,995	(11,940)	(630)	(630)	(10,680)
Finance lease liabilities	64	(76)	(25)	(24)	(27)
Other payables to related parties	10	(10)	(10)	-	-
Trade and other payables to suppliers	245	(245)	(245)	-	-
Loans payable to reated parties	322	(328)	(328)	-	-
	9,636	(12,599)	(1,238)	(654)	(10,707)

20. Financial instruments (continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2015:

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

(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.

Profile

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

	Nominal amount	
In thousands of EUR	**30.06.2016**	**31.12.2015**
Fixed rate instruments		
Financial assets	21,166	23,876
Financial liabilities	(9,381)	(7,074)
	11,785	16,802

The Company has no variable rate instruments as at 30 June 2016 and 31 December 2015.

Capital management

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

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

Fair value of financial assets and liabilities

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

21. Related party transactions and balances

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

Related parties are as follows:

Related party	Relationship
Elektra Holding AD	Parent of EBIOSS ENERGY AD
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica PV EOOD	subsidiary, 100% owned by Tvardica Biomass EOOD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia S.L., Spain	subsidiary, 48% owned and controlled by EBIOSS ENERGY AD
Eqtec Bulgaria EOOD	subsidiary, 100% owned and controlled by EQTEC Iberia S.L., Spain
Energotec Eco AD	subsidiary, 43% owned and controlled by EBIOSS ENERGY AD
Brila EOOD	subsidiary, 100% owned by Plovdiv Biomass EOOD
Syngas Italy S.R.L.	subsidiary, 100% owned by EBIOSS ENERGY AD
TNL SGPS, Portugal	subsidiary, 52,62% owned and controlled by EBIOSS ENERGY AD
TNL SA, Portugal	subsidiary,100% owned and controlled by TNL SGPS
TNL World EOOD, Bulgaria	subsidiary,100% owned and controlled by TNL SGPS
Hirdant, Portugal	subsidiary,100% owned and controlled by TNL SGPS
Addom, Spain	subsidiary,100% owned and controlled by TNL SGPS
TNL SL, Spain	subsidiary, 80% owned and controlled by TNL SGPS
Citytainer Brasil, Brasil	associate of TNL SGPS
Citytainer Industria, Brasil	subsidiary 100% owned and controlled by Citytainer Brasil
Inava Ingenieria De Analisis SL	under common control
Ortiz Elektra AD	under common control
Biomass Gorno EOOD	under common control
Luxur PV EOOD	under common control
Bul PV EOOD	under common control
Bul Biomass EOOD	under common control
Luxur Biomass OOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko El Invest	under common control

Directors

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

The remuneration to the key management personnel in 2016 amounts to EUR 62 thousand (first six months of 2015: EUR 62 thousand).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

21. Related party transactions and balances (continued)

21.1 Loans provided to related parties

	30.06.2016 EUR'000	31.12.2015 EUR'000
Heat Biomass EOOD		
- principal	2,587	2,585
- interest	201	151
Karlovo Biomass EOOD		
- principal	9,323	13,349
- interest	972	747
United Biomass EOOD		
- principal	34	34
- interest	4	3
Nova Zagora Biomass EOOD		
- principal	24	24
- interest	4	3
Tvardica Biomass EOOD		
- principal	19	19
- interest	2	2
Plovdiv Biomass EOOD		
- principal	25	25
- interest	4	3
Tvarditsa PV EOOD		
- principal	9	9
- interest	1	1
Biomass Distribution		
- principal	4,520	4,503
- interest	263	173
Brila EOOD		
- principal	16	17
- interest	2	2
Syngas Italy S.R.L.		
- principal	2,721	2,281
- interest	134	85
TNL SGPS		
- principal	1,189	537
- interest	57	28
Addom		
- principal	-	17
- interest	-	1
TNL SL		
- principal	110	355
- interest	9	9
TNL SA		
- principal	-	83
- interest	1	2
TNL Word		
- principal	13	13
Company employees		
- principal	15	13
Directors		
- principal	9	12
	22,268	25,086

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

21. Related party transactions and balances (continued)

21.2 Trade and other payables to related parties

	30.06.2016 EUR'000	31.12.2015 EUR'000
Karlovo Biomass EOOD	-	4,806
Elektra Holding AD	10	10
	10	4,816

The amount payable ot Karlovo Biomass EOOD as at 31 December 2015 is in relation to equipment purchased. In 2016 the amount of EUR 4,005 thousand, payable to Karlovo Biomass EOOD has been off-set against liabilities of Karlovo Biomass to Ebioss Energy under the credit line granted (See also note 13).

21.3 Loans received from related parties

The amount of EUR 322 thousand has been granted by Elektra Holding AD under credit line agreement. (See also note 17).

21.4 Services received from related parties

	30.06.2016 EUR'000	30.06.2015 EUR'000 (unaudited)
Eqtec Iberia – transportation of equipment	7	-
Eqtec Bulgaria EOOD – transportation of equipment	3	-
	10	-

21.5 Services provided to related parties

	30.06.2016 EUR'000	30.06.2015 EUR'000 (unaudited)
Karlovo Biomass EOOD	31	31
Biomass Distribution EOOD	31	20
Heat Biomass EOOD	30	20
Syngas Italy S.r.l.	31	21
	123	92

21.6 Trade receivables from related parties

	30.06.2016 EUR'000	31.12.2015 EUR'000
Karlovo Biomass EOOD	31	12
Biomass Distribution EOOD	24	-
Heat Biomass EOOD	18	-
Syngas Italy S.r.l.	31	36
	104	48

22. Commitments and contingent liabilities

Ebioss Energy AD is a joint debtor in relation to Loan contracts dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD for the amount of EUR 5,600 thousand until the time of commissioning of biomass power plant property of Karlovo Biomass EOOD. The timing of commissioning will be confirmed by use permit issued by Directorate for National Construction Supervision.

23. Events after the reporting period

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.

As of 11th August 2016 the Bulgarian Trade Register has inscribed changes in the corporate file of EBIOSS ENERGY AD, kept with the Bulgarian registry Agency, related to the composition of the Board of Directors of the Company. Based on the latter corporate changes in the board and in conformity with the resolutions taken by the Annual Ordinary General meeting of the Company, which took place on 16.06.2016, Mrs. Alexandra Vesselinova Tcherveniakova was admitted as new member of the Board of Directors of EBIOSS ENERGY AD and the former board member Mr. Carlos Jose Vives De Arpe has been released from his duties.

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