Muy Señores Nuestros,

En virtud de lo previsto en el artículo 17 del Reglamento (UE) nº 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, y disposiciones concordantes, así como en la Circular 6/2018 del Mercado Alternativo Bursátil (MAB), ponemos en su conocimiento la siguiente información financiera anual del ejercicio 2018:

- Estados Financieros consolidados de EBIOSS Energy, SE a 31 de diciembre de 2018.
- Estados Financieros individuales de EBIOSS Energy, SE a 31 de diciembre de 2018.
- Informe sobre estructura organizativa y sistema de control interno.

Es relevante subrayar que las cuentas del ejercicio 2018 se han formulado en el contexto de reestructuración financiera de la Compañía, una vez concluida con éxito esta misma semana la negociación con los bonistas, y a punto de convocar la junta general de accionistas que permitirá realizar una ampliación de capital que dote de una nueva orientación estratégica de su actividad, diversificada y con importantes ventas y resultados operativos positivos desde este mismo ejercicio.

Es por ello que más del 70% del resultado operativo negativo está vinculado fundamentalmente a los deterioros relacionados con los proyectos de Karlovo y Heat Biomas en Bulgaria - parados en búsqueda de comprador - a las inversiones vinculadas a la filial portuguesa - vendida ya en otoño de 2018 - Wintecc SGPS, y a la filial italiana en liquidación Syngas Italy.

A continuación de la publicación de la presente información financiera se publicará un hecho relevante explicativo del acuerdo de reestructuración acordado por la compañía con sus bonistas, acompañado de una presentación del proyecto Akiles que supondrá la transformación de la Compañía en una corporación diversificada sectorialmente.

Sofía, a 9 de junio de 2019
D. José Óscar Leiva Méndez
Presidente de EBIOSS Energy SE

EBIOSS ENERGY SE

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

EBIOSS ENERGY SE

DIRECTOR'S REPORT

The Board of Directors presents its consolidated report on the activities of EBIOSS ENERGY SE (the Company) and its subsidiaries (the Group) for the year ended 2018.

Incorporation

Ebioss Energy SE (the" Company") is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012, the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD. The financial statements as at 31 December 2018 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

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

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

DIRECTOR'S REPORT

On 12 December 2012 Ebioss Energy OOD was 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.

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

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

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

As at 31 December 2018 the share capital of Ebioss Energy SE belongs to the following shareholders:

Basic shareholders	**Relative share %**	**Number of shares**	**Total share capital in EUR'000**
Elektra Holding AD	24.76	5,179,017	5,179
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.32	904,415	904
Origina Bulgaria OOD	1.85	387,794	388
Antigona Bulgaria EOOD	1.25	260,280	260
Minority shareholders	60.29	12,611,682	12,612
Total:	**100**	**20,918,186**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital. In 2013 and 2014 three subsequent capital increases took place. The shares are traded on the Spanish MAB (Alternative Stock Exchange Market) which is a MTF in accordance with the MiFID Directive, so the rest of the shareholders are free float.

Principal activities

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

EBIOSS ENERGY SE

DIRECTOR'S REPORT

At present the Group is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, retail sales, oil and gas, waste container production, etc. The in-kind contributions of the new business lines of activities is expected to be finalized by the end of June 2019.

As of 31 December 2018/31 December 2017, the following subsidiaries of Ebioss Energy SE were included in the consolidated financial statements of the Group:

Subsidiary	**Country of incorporation**	**% ownership 31.12.2018**	**% ownership 31.12.2017**
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	100%	100%
Energotec Eco AD	Bulgaria	43%	46.52%
Syngas Italy S.L.R.	Italy	100%	100%
Wintec World SL (former Addom SL)	Spain	100%	68%
TNL World EOOD	Bulgaria	100%	68%
TNL SL	Spain	80%	54.4%
WINTTEC SGPS SA (former TNL SGPS SA)	Portugal	-	68%
TNL SA	Portugal	-	68%
Hirdant Lda	Portugal	-	68%
Citytainer Brasil – Soluções Ambientais, Ltda	Brazil	-	68%
Citytainer Indústria, Ltda	Brazil	-	68%
Eqtec PLC	Ireland	-	50.25%
Eqtec Iberia SL	Spain	-	50.25%
Newry Biomass No. 1 Limited	Ireland	-	50.25%
React Biomass Limited	Ireland	-	50.25%
Reforce Energy Limited	Ireland	-	50.25%
Pluckanes Windfarm Limited	Ireland	-	50.25%
Grass Door Limited	United Kingdom	-	50.25%
Newry Biomass Limited	Northern Ireland	-	25.25%
Enfield Biomass Limited	United Kingdom	-	50.25%
Moneygorm Wind Turbine Limited	Ireland	-	50.25%
Eqtec No. 1 Limited	Ireland	-	50.25%
Plymouth Biomass Limited	United Kingdom	-	50.25%
Clay Cross Biomass Limited	United Kingdom	-	45.23%
Altilow Wind Turbine Limited	Ireland	-	50.25%

Control over Eqtec plc and its subsidiaries - Eqtec Iberia SL, Newry Biomass No. 1 Limited, React Biomass Limited, Reforce Energy Limited, Pluckanes Windfarm Limited, Grass Door Limited, Newry Biomass Limited, Enfield Biomass Limited, Moneygorm Wind Turbine Limited, Eqtec No. 1 Limited, Plymouth Biomass Limited, Clay Cross Biomass Limited, Altilow Wind Turbine Limited was lost on 6 August 2018 following the emission of new shares by Eqtec plc. The newly emitted shares were fully subscribed by the NCI (shareholders other than Ebioss Energy SE). Respectively those companies were consolidated till that date.

Control over Winttec SGPS SA and its subsidiaries - TNL SA, Hirdant Lda, Citytainer Brasil – Soluções Ambientais, Ltda and Citytainer Indústria, Ltda was lost on 3 October 2018. Respectively those companies were consolidated till that date.

EBIOSS ENERGY SE

DIRECTOR'S REPORT

With a resolution of the Board of Directors, dated 14 September 2018 a sale of all corporate shares owned by Ebioss Energy SE in the company Waste Intelligent Technologies SGPS (Winttec SGPS), representing 68% of the registered capital to Mr. Nuno Antonio De Silva Lopes for a price of EUR 1. As additional consideration Ebioss Energy SE acquired direct holdings in part of the former subsidiaries of Winttec SGPS, namely:

- 80% direct holding in TNL SL (previously indirect holding of 54.4%);
- 100% direct holding in Winttec World SL (previously indirect holding of 68%);
- 100% direct holding in TNL WORLD EOOD (previously indirect holding of 68%);
- 100% direct holding in WINTTEC GREECE IKE (previously indirect holding of 68%);

The transaction was officially performed on 5 October 2018 with the cancelation of the pledge, which has been imposed over the shares of WINTTEC in relation to the receivables of BTC 12 SARL amounting to 1 million Euro. The pledge in favour of BTC 12 SARL was transferred over TNL EQUIPAMENTOS AMBIENTAIS SL and WINTTEC WORLD SL.

Energotec Eco AD is consolidated since Ebioss Energy SE exercises control over this company. Despite holding less than 50% of the voting rights, Ebioss Energy SE exercises control by nominating 3 out of the 4 board members. As at 11 April 2019 all board members of Energotec Eco are nominated by Ebioss Energy SE.

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

The Group's development to date, financial results and position are presented in the consolidated financial statements. For the period 1 January 2018 – 31 December 2018 the financial result of the Group is net loss in the amount of EUR 15 228 thousand from which EUR 1 789 thousand is attributable to Non-controlling interests. Net equity including Non-controlling interests of EUR 262 thousand is a positive value amounting to EUR 10 217. thousand. As of 31 December 2018 the earnings per share are a negative value of EUR 0,64.

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

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

Gearing ratio (total liabilities / total equity)

31.12.2018	31.12.2017
2,92	1,74

Liquidity ratio (current assets / current liabilities)

31.12.2018	31.12.2017
1,56	0,56

4. Events after the reporting period

In the first quarter of 2019 Ebioss Energy SE signed 5 preliminary contracts with 5 companies that would be incorporated in the Group. According to the contracts signed the Company will acquire 50% of the share capital of these companies against shares in Ebioss Energy SE issued at a nominal value of EUR 1. Through this transaction the Company will diversify its business lines of activity and will increase the capacity of the Group for growth respectively adding revenues and constant cash flow to the consolidated financial statements of the Group. The transaction is subject to final approval on behalf of the next General Meeting of Shareholders. On 3rd June 2019 the Group obtained 50,43% ownership in Petrolprom Bulgaria OOD.

EBIOSS ENERGY SE

DIRECTOR'S REPORT

On 19th of March 2019 EBIOSS successfully issued an emission of 5,500,000 warrants which was inscribed in the Bulgarian Central Depository for dematerialized securities (CSD). The whole emission was subscribed by GEM GLOBAL YIELD LLC SCS in conformity with undertakings set forth in Share subscription facility agreement, signed by EBIOSS and GEM on 25th of October 2018.

On 20th of March 2019 EBIOSS signed preliminary agreement for the sale of 100% of the quotas from the subsidiary companies Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. The preliminary contract provides for accomplishment of detailed Due Diligence by the buyer of the quotas and for special corporate approvals by the management bodies of the both companies as pre-conditions for finalization of the deal.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 the parent company signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss energy SE should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss energy SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss energy SE holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss energy SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss energy SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.
- The Group has committed to meet certain financial performance criteria.

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

5. Future development of the Group

At present the Group is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, retail sales, oil and gas, waste container production, etc. The in-kind contributions of the new business lines of activities is expected to be finalized by the end of June 2019.

6. Activities in the field of research and development

In 2018 a request has been made to transfer the applications for inscription of the patents from TNL SL, Spain to WINTTEC WORLD SL, Spain which was approved on 26 April 04 2019.

In 2017 TNL Equipamientos Ambientales S.L. has requested the inscription of the following patents:

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

Development costs in progress as at 31 December 2018 represent licences, contracts, permits, designs, etc. related to development phase of the following seven projects for construction and operation of plants:

- Thermal plant and pelletization plant of Tvarditsa Biomass EOOD
- Thermal plant and pelletization plant of Nova Zagora Biomass EOOD
- Thermal plant and pelletization plant of Plovdiv Biomass EOOD
- Thermal plant and pelletization plant of United Biomass EOOD
- Thermal plant and pelletization plant of Tvarditsa PV EOOD

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

As of 31.12.2017 the Company owns 74 008 own shares which represent 0,35% from share capital.

8. Existence of branches of the Group companies

The Company does not have branches in 2018 and 2017.

9. Company`s financial risk management objectives and policies

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

(a) Credit risk

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

The carrying amount of Group's financial assets represent the maximum exposure to credit risk.

(b) Liquidity risk

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

(c) Market risk

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

EBIOSS ENERGY SE

DIRECTOR'S REPORT

Currency risk

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

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

Interest rate risk

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

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.

CORPORATE GOVERNACE STATEMENT

1. Code of Corporate Governance

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

2. System of internal control and management of risks

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

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

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

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

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

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

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

As of 31 December 2018 the major shareholders in the Company are: Elektra Holding AD – 24,76%; Sofia Biomass EOOD - 7,53% and Sungroup Bulgaria EOOD – 4,32%.

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

No securities with special control rights exist.

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

No restriction of voting rights exist in articles of association.

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

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

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

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

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

As of 31.12.2018 the Group's management bodies are the following:

1. Board of Directors with the following members:

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

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

EBIOSS ENERGY SE

DIRECTOR'S REPORT

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

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

Director's responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable prudent judgements and estimates have been made in the preparation of the consolidated financial statements for the year ended 2018.

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

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

As of 31 December 2018 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

Sofia, 08.06.2019

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE
Sofia

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INDEPENDENT AUDITOR`S REPORT

To the shareholders of
Ebioss Energy SE

Address: 49 Bulgaria Blvd, Floor 11-12
Sofia 1404, Bulgaria

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Ebioss Energy SE and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Qualified Opinion

The Group lost control over its foreign subsidiary Eqtec PLC on 6 August 2018 and the Group's investment in Eqtec PLC was recognised as associate accounted for by the equity method carried at EUR 7 259 thousand on the consolidated statement of financial position as at 31 December 2018. In its consolidated financial statements, the Group has recognised revenue amounting to EUR 758 thousand and net loss amounting to EUR 2 295 thousand for the period before the date of loss of control, as well as Profit on disposal amounting to EUR 6 261 thousand. In addition, the Group's share of Eqtec PLC's net loss for the period after loss of control amounts to EUR 474 thousand and it is also included in the Group's income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the revenue and expenses, as well as the gains and losses related to the Group's investment in Eqtec PLC for the year because we were not able to obtain full access to the financial information, management and the auditors of Eqtec PLC. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The Group has not eliminated unrealised intra-group profit related to prior periods for the total amount of EUR 2 658 thousand which has led to overstatement of Assets held for sale with EUR 2 373 thousand as at 31 December 2018. If the unrealised intra-group profit was properly eliminated, the consolidated accumulated loss for the year ended 31 December 2018 would be increased by EUR 2 373 thousand and the shareholders's equity would be decreased by EUR 2 373 thousand.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss amounting to EUR 15 537 thousand during the year ended 31 December 2018 and, as of that date, the Group's accumulated loss amounts to EUR 26 505 thousand. As stated in note 2, these events and conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The future activity of the Company depends on the in-kind contributions and completing the bondholders' agreements as presented in note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of highest significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, to the matters described in the *Basis for Qualified Opinion* section and the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Crowe

Key Audit Matters	*How this matter was addressed during the audit*
I. Fair value less costs to sell of assets held for sale as at 31 December 2018 amounting to EUR 20 560 thousand presented in note 21 on pages 30-31 in the consolidated financial statements The Group has classified assets of investment projects of its subsidiaries - Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD, and has estimated their fair value less costs to sell as at 31 December 2018 based on valuation reports of independent valuers and has recognized impairment loss on remeasurement of assets held for sale amounting to EUR 285 thousand. We focused on the significant assumptions used in the valuations and the management judgements in determining recoverable amount due to their significance and due to the materiality of assets held for sale representing 52% of the total assets of the Group as at 31 December 2018.	During our audit, our audit procedures included, but were not limited to the following: • Assessment of the appropriateness of the key assumptions for classifying the assets as held for sale including the probability of the sale; • Review of preliminary contracts with focus on significant terms in relation to pricing, time schedules for contract execution, as well as business plans attached to the contract; • Review of fair value estimation models and identification of key assumptions used in the cash flow projections and evaluation of their appropriateness; • Comparison of fair value less cost to sell with carrying amount and calculation of the impairment loss; • Evaluation of completeness and adequacy of disclosures presented in the consolidated financial statements in relation to investments in subsidiaries.

Other Matter

The consolidated financial statements for the year ended 31 December 2017 were audited by another auditor who expressed a modified opinion on those consolidated financial statements on 30 April 2018.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared by the management in accordance with Chapter VII of the Bulgarian Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Crowe

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon unless explicitly stated in our report and to the extent stated in our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the Group audit.
- We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon", regarding annual management report we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to conclude whether the other information includes the elements and disclosures in accordance with Chapter Seven of the Bulgarian Accountancy Act and Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act, applicable in Bulgaria.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:
(a) the information in the management report for the reporting period is consistent with the consolidated financial statements for the same reporting period;
(b) the management report is prepared in accordance with the applicable legal requirements.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Group in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the corporate governance statement, being a component of the annual management report.

Crowe

Additional reporting concerning the audit of Consolidated financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of Bulgarian Public Offering of Securities Act

Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of Public Offering of Securities Act

Related party transactions are disclosed in note 24 "Related party transactions" to the consolidated financial statements. Based on the performed audit procedures on related party transactions as part of our audit of consolidated financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying consolidated financial statements for the year ended on 31 December 2018, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures". The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor's opinion on the consolidated financial statements as a whole, not for issuing a separate opinion only on related party transactions.

Statement on Article 100m, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act

Our responsibilities for audit of the consolidated financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Consolidated Financial Statements", include assessment whether the consolidated financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the consolidated financial statements for the year ended on 31 December 2018, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Group, which are material to the consolidated financial statements, were taken into consideration for the purposes of issuing an auditor's opinion on the consolidated financial statements as a whole, not for issuing a separate opinion only on the significant transactions.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Crowe Bulgaria Audit EOOD was appointed as statutory auditor of the financial statements of Ebioss Energy SE for the year ended on 31 December 2018 by the Board of Directors' meeting, held on 12.12.2018, for a period of one year.

- The audit of the consolidated financial statements of the Group for the year ended on 31 December 2018 has been made for first year.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Group in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to the Group in addition to the statutory audit, which have not been disclosed in the management report or consolidated financial statements.

For Crowe Bulgaria Audit EOOD
Audit firm
Georgi Kaloyanov
Managing Partner, Registered auditor responsible for the audit

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9 June 2019
Sofia, Bulgaria

DIRECTORS AND OTHER OFFICERS

Executive Directors:

Jose Oscar Leiva Mendez
Luis Sanchez Angrill

Registered Seat

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Address for correspondence

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Legal Consultant

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

Bank

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

Auditor

Crowe Bulgaria Audit EOOD
55 6-ti Septemvri Str.
Sofia 1142
Bulgaria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year end 31 December	Note	2018 EUR'000	2017 EUR'000 Restated
Revenue	6	2,602	2,721
Work performed by the entity and capitalized	7	-	592
Raw materials and consumables used	8	(663)	(487)
Cost of goods sold	9	(1,094)	(1,357)
Expenses for hired services	10	(1,175)	(2,418)
Employee benefit expenses	11	(2,252)	(3,284)
Depreciation and amortization	15,16	(450)	(676)
Impairment of tangible and intangible assets	15,16	(7,820)	(5,164)
Impairment loss on remeasurement of assets held for sale	21.1	(285)	-
Goodwill impairment	17	(4,687)	-
Impairment loss on trade receivables	31	(467)	(796)
Loans written-off	12	(1,709)	(59)
Other expenses	13	(1,312)	(3,385)
Loss from operating activities		**(19,312)**	**(14,313)**
Finance income	14	35	226
Finance costs	14	(2,599)	(2,146)
Net finance costs		**(2,564)**	**(1,920)**
Share of loss of equity accounted investees	18	(474)	(264)
Impairment of investment in associate	18	(2,109)	-
Gain on disposal of subsidiaries	17	9,342	-
Loss before income tax		**(15,117)**	**(16,497)**
Income tax (expense)/benefit	27	(441)	344
Loss for the year from continuing operations		**(15,558)**	**(16,153)**
Profit for the year from discontinued operations	21.2	21	15
Loss for the year		**(15,537)**	**(16,138)**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Revaluation of land, net of tax		**1**	**(6)**
		1	(6)
Items that will be reclassified to profit or loss:			
Foreign currency translation differences		**34**	**(352)**
		34	(352)
Other comprehensive loss for the year, net of tax		**35**	**(358)**
Total comprehensive loss for the year		**(15,502)**	**(16,496)**

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE

On 08/06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez): .....

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 09.06.2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

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The notes on pages 10 to 66 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Note	2018 EUR'000	2017 EUR'000 Restated
Loss attributable to:			
Owners of the parent		(13,748)	(8,876)
Non-controlling interests		(1,789)	(7,262)
Loss for the year		**(15,537)**	**(16,138)**
Total comprehensive loss attributable to:			
Owners of the parent		(13,713)	(8,982)
Non-controlling interests		(1,789)	(7,514)
Total comprehensive loss for the year		**(15,502)**	**(16,496)**
Basic loss per share (EUR)	25	(0.66)	(0.43)

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

ЕБИОС ЕНЕРДЖИ ЕД
София
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Registered auditor responsible for the audit

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EBIOSS ENERGY SE

31 December 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018 EUR'000	31 December 2017 EUR'000 Restated
Assets			
Property, plant and equipment	15	3,227	30,187
Intangible assets	16	5,407	12,233
Goodwill	17	699	8,923
Investments in associates	18	7,259	-
Other investments	19	115	144
Trade and other receivables	20	62	71
Deferred tax assets	27	716	2,347
Non-current assets		**17,485**	**53,905**
Inventory	22	468	1,378
Trade and other receivables	20	940	2,179
Cash and cash equivalents	23	87	2,049
Loans provided		246	-
		1,741	5,606
Assets classified as held for sale	21	20,560	2,035
Current assets		**22,301**	**7,641**
Total assets		**39,786**	**61,546**
Equity			
Share capital	24.1	20,918	20,918
Share premium	24.2	15,614	15,662
Reserve for own shares	24.3	-	(74)
Revaluation surplus		150	149
Translation reserve		(7)	(41)
Accumulated loss		(26,505)	(12,366)
Equity attributable to owners of the parent		10,170	24,248
Non-controlling interests		(262)	(1,788)
Total equity		**9,908**	**22,460**
Liabilities			
Loans and borrowings	26	15,898	23,943
Deferred tax liabilities	27	578	1,117
Provisions	29	238	147
Trade and other payables	28	-	139
Finance leases	30	-	14
Non-current liabilities		**16,714**	**25,360**
Loans and borrowings	26	10,022	4,547
Trade and other payables	28	2,663	8,085
Contract liabilities	6	478	-
Finance leases	30	1	28
Income tax payable	27	-	19
		13,164	12,679
Liabilities directly associated with the assets held for sale	21.2	-	1,047
Current liabilities		**13,164**	**13,726**
Total liabilities		**29,878**	**39,086**
Total equity and liabilities		**39,786**	**61,546**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

Executive Director (José Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 09.06.2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

ЕБИОС ЕНЕРДЖИ ЕД
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Translation reserve EUR'000	Accumulated loss EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling interest EUR'000	Total equity EUR'000
Restated balance at 1 January 2018	**20,918**	**15,662**	**(74)**	**149**	**(41)**	**(12,366)**	**24,248**	**(1,788)**	**22,460**
Adjustment on initial application of IFRS 9	-	-	-	-	-	(10)	(10)	-	(10)
Adjusted balance at 1 January 2018	**20,918**	**15,662**	**(74)**	**149**	**(41)**	**(12,376)**	**24,238**	**(1,788)**	**22,450**
Total comprehensive loss									
Loss for the year	-	-	-	-	-	(13,748)	(13,748)	(1,789)	(15,537)
Other comprehensive loss	-	-	-	1	34	-	35	-	35
Total comprehensive loss	-	-	-	**1**	**34**	**(13,748)**	**(13,713)**	**(1,789)**	**(15,502)**
Transactions with owners of the Company									
Contributions and distributions									
Own shares acquired	-	(475)	(1,052)	-	-	-	(1,527)	-	(1,527)
Own shares sold	-	427	1,126	-	-	-	1,553	-	1,553
Subsidiary capital increase	-	-	-	-	-	-	-	543	543
Total contributions and distributions	-	**(48)**	**74**	-	-	-	**26**	**543**	**569**
Changes in ownership interests									
Disposal of subsidiaries with non-controlling interests (note 17.1 and 17.2)	-	-	-	-	-	-	-	2,391	2,391
Changes non-controlling interest without a change in control (note 17.2)	-	-	-	-	-	(381)	(381)	381	-
Total changes in ownership interests	-	-	-	-	-	(381)	(381)	2,772	2,391
Total transactions with owners of the Company	-	**(48)**	**74**	-	-	**(381)**	**(355)**	**3,315**	**2,960**
Balance at 31 December 2018	**20,918**	**15,614**	-	**150**	**(7)**	**(26,505)**	**10,170**	**(262)**	**9,908**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez)

Preparer (Sonja Mihaylova):

Audited according to the audit report dated 09.06.2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing Partner
Registered auditor responsible for the audit

ЕБИОСС ЕНЕРДЖИ ЕД
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The notes on pages 10 to 66 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Translation reserve EUR'000	Accumulated loss EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling interest EUR'000	Total equity EUR'000
Balance at 1 January 2017	**20,918**	**15,700**	**(179)**	**155**	**59**	**(3,758)**	**32,895**	**(379)**	**32,516**
Total comprehensive loss									
Loss for the year, as restated	-	-	-	-	-	(8,876)	(8,876)	(7,262)	(16,138)
Other comprehensive income	-	-	-	(6)	(100)	-	(106)	(252)	(358)
Total comprehensive loss	-	-	-	**(6)**	**(100)**	**(8,876)**	**(8,982)**	**(7,514)**	**(16,496)**
Transactions with owners of the Company									
Contributions and distributions									
Own shares acquired	-	(469)	(1,521)	-	-	-	(1,990)	-	(1,990)
Own shares sold	-	431	1,626	-	-	-	2,057	-	2,057
Total contributions and distributions	-	**(38)**	**105**	-	-	-	**67**	-	**67**
Changes in ownership interests									
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	2,713	2,713
Changes non-controlling interest without a change in control	-	-	-	-	-	268	268	3,392	3,660
Total changes in ownership interests	-	-	-	-	-	268	268	6,105	6,373
Total transactions with owners of the Company	-	**(38)**	**105**	-	-	**268**	**335**	**6,105**	**6,440**
Restated balance at 31 December 2017	**20,918**	**15,662**	**(74)**	**149**	**(41)**	**(12,366)**	**24,248**	**(1,788)**	**22,460**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

ЕБИОС ЕНЕРДЖИ ЕД
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EBIOSS ENERGY SE
Sofia

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 09.06.2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

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The notes on pages 10 to 66 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2018 EUR'000	2017 EUR'000 Restated
Loss before income tax from continuing operations		**(15,117)**	**(16,497)**
Adjustments to loss:			
Depreciation and amortisation		450	676
Interest expense		2,532	2,060
Other finance costs		67	86
Share of loss of equity accounted investees		474	264
Interest income		(22)	(64)
Goodwill impairment		4,687	-
Impairment losses and write-offs		12,683	6,561
Gain on disposal of subsidiaries		(9,342)	-
Changes in provisions		91	(2)
Net exchange rate (gains)/losses		(13)	(162)
(Gain)/Loss from sale of property, plant and equipment		27	-
Other non-cash items		(2)	-
Cash flows from operations before working capital changes		**(3,485)**	**(7,078)**
Change in:			
Inventories		273	96
Trade and other receivables		(432)	3,537
Trade and other payables		(72)	(268)
Other cash flow from operating activities			
Interest paid		(852)	(952)
Other finance costs paid		(67)	(86)
Interest received		-	52
Income tax paid		(19)	(18)
Exchange rates (gains)/losses realized			49
Net cash flows used in operating activities		**(4,654)**	**(4,668)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(91)	(347)
Proceeds from sale of property, plant and equipment		3	8
Acquisition of intangible assets		(9)	(668)
Loans granted		(136)	-
Cash acquired/disposed through acquisition/disposal of subsidiaries		(544)	185
Cash attributable to disposal group at acquisition		-	(111)
Net cash flows used in investing activities		**(777)**	**(933)**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE

Executive Director (José Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 09.06.2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

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The notes on pages 10 to 66 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	2018 EUR'000	2017 EUR'000 Restated
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of capital, contributed by NCI		-	2,959
Proceeds from issue of corporate bonds		-	3,852
Payments related to issue of corporate bonds		-	(275)
Repayment of loans from related party		(83)	(298)
Proceeds on loans from related party		187	934
Proceeds from sale of own shares		1,553	2,057
Repurchase of own shares		(1,527)	(1,990)
Proceeds from bank and other third party loans		6,691	2,761
Repayment of bank and other third party loans		(3,145)	(3,267)
Transaction costs related to bank and other borrowings		(185)	(82)
Payment of finance lease liabilities		(22)	(24)
Net cash flows from financing activities		**3,469**	**6,627**
Net increase/(decrease) in cash and cash equivalents		**(1,962)**	**1,026**
Cash and cash equivalents at 1 January		2,049	1,023
Cash and cash equivalents at 31 December	23	**87**	**2,049**

ЕБИОС ЕНЕРДЖИ ЕД
София

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these consolidated financial statements for issue.

EBIOSS ENERGY SE
Sofia

Executive Director (José Oscar Leiva Mendez): Preparer (Sonia Mihaylova):

Audited according to the audit report dated 09.06.2019

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Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

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The notes on pages 10 to 66 are an integral part of these consolidated financial statements.

1. Incorporation and principal activities

Incorporation of the parent company

Ebioss Energy SE (the" Company") is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012, the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD. The financial statements as at 31 December 2018 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

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

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
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 of the parent company (continued)

On 12 December 2012 Ebioss Energy OOD was 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.

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

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

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

As at 31 December 2018 the share capital of Ebioss Energy SE belongs to the following shareholders:

Basic shareholders	Relative share %	Number of shares	Total share capital in EUR'000
Elektra Holding AD	24.76	5,179,017	5,179
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.32	904,415	904
Origina Bulgaria OOD	1.85	387,794	388
Antigona Bulgaria EOOD	1.25	260,280	260
Minority shareholders	60.29	12,611,682	12,612
Total:	**100**	**20,918,186**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital. In 2013 and 2014 three subsequent capital increases took place. The shares are traded on the Spanish MAB (Alternative Stock Exchange Market) which is a MTF in accordance with the MiFID Directive, so the rest of the shareholders are free float.

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.

1. Incorporation and principal activities (continued)

At present the Group is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially commodities trading, retail sales, waste container, real estate etc. The in-kind contributions of the new business lines of activities is expected to be finalized by the end of August 2019.

As of 31 December 2018 and 31 December 2017, the following subsidiaries of Ebioss Energy SE were included in the consolidated financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 31.12.2018	% ownership 31.12.2017
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	100%	100%
Energotec Eco AD	Bulgaria	43%	46.52%
Syngas Italy S.L.R.	Italy	100%	100%
Wintec World SL (former Addom SL)	Spain	100%	68%
TNL World EOOD	Bulgaria	100%	68%
TNL SL	Spain	80%	54.4%
WINTTEC SGPS SA (former TNL SGPS SA)	Portugal	-	68%
TNL SA	Portugal	-	68%
Hirdant Lda	Portugal	-	68%
Citytainer Brasil – Soluções Ambientais, Ltda	Brazil	-	68%
Citytainer Indústria, Ltda	Brazil	-	68%
Eqtec PLC	Ireland	-	50.25%
Eqtec Iberia SL	Spain	-	50.25%
Newry Biomass No. 1 Limited	Ireland	-	50.25%
React Biomass Limited	Ireland	-	50.25%
Reforce Energy Limited	Ireland	-	50.25%
Pluckanes Windfarm Limited	Ireland	-	50.25%
Grass Door Limited	United Kingdom	-	50.25%
Newry Biomass Limited	Northern Ireland	-	25.25%
Enfield Biomass Limited	United Kingdom	-	50.25%
Moneygorm Wind Turbine Limited	Ireland	-	50.25%
Eqtec No. 1 Limited	Ireland	-	50.25%
Plymouth Biomass Limited	United Kingdom	-	50.25%
Clay Cross Biomass Limited	United Kingdom	-	45.23%
Altilow Wind Turbine Limited	Ireland	-	50.25%

Control over Eqtec plc and its subsidiaries - Eqtec Iberia SL, Newry Biomass No. 1 Limited, React Biomass Limited, Reforce Energy Limited, Pluckanes Windfarm Limited, Grass Door Limited, Newry Biomass Limited, Enfield Biomass Limited, Moneygorm Wind Turbine Limited, Eqtec No. 1 Limited, Plymouth Biomass Limited, Clay Cross Biomass Limited, Altilow Wind Turbine Limited was lost on 6 August 2018 following the emission of new shares by Eqtec plc. The newly emitted shares were fully subscribed by the NCI (shareholders other than Ebioss Energy SE). Respectively those companies were consolidated till that date.

Control over Winttec SGPS SA and its subsidiaries - TNL SA, Hirdant Lda, Citytainer Brasil – Soluções Ambientais, Ltda and Citytainer Indústria, Ltda was lost on 3 October 2018. Respectively those companies were consolidated till that date.

1. Incorporation and principal activities (continued)

With a resolution of the Board of Directors, dated 14 September 2018 a sale of all corporate shares owned by Ebioss Energy SE in the company Waste Intelligent Technologies SGPS (Winttec SGPS), representing 68% of the registered capital to Mr. Nuno Antonio De Silva Lopes for a price of EUR 1. As additional consideration Ebioss Energy SE acquired direct holdings in part of the former subsidiaries of Winttec SGPS, namely:

- 80% direct holding in TNL SL (previously indirect holding of 54.4%);
- 100% direct holding in Winttec World SL (previously indirect holding of 68%);
- 100% direct holding in TNL WORLD EOOD (previously indirect holding of 68%);
- 100% direct holding in WINTTEC GREECE IKE (previously indirect holding of 68%);

The transaction was officially performed on 5 October 2018 with the cancelation of the pledge, which has been imposed over the shares of WINTTEC in relation to the receivables of BTC 12 SARL amounting to 1 million Euro. The pledge in favour of BTC 12 SARL was transferred over TNL EQUIPAMENTOS AMBIENTAIS SL and WINTTEC WORLD SL.

Energotec Eco AD is consolidated since Ebioss Energy SE exercises control over this company. Despite holding less than 50% of the voting rights, Ebioss Energy SE exercises control by nominating 3 out of the 4 board members. As at 11 April 2019 all board members of Energotec Eco are nominated by Ebioss Energy SE.

2. Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. Details of the Company's accounting policies are included in Note 38.

Going concern basis of accounting

The consolidated financial statements of Ebioss Energy SE as at 31 December 2018 have been prepared on the basis of the going concern concept. The Group's financial result for the year ending 31 December 2018 is a loss amounting to EUR 15,537 thousand, the accumulated loss attributable to the parent as at 31 December 2018 amounts to EUR 26,505 thousand. During the year the Group was not able to make due interest and loan repayments EUR 1,031 thousand in relation to its unsecured corporate bonds. The management believes that the current and future planned activities of the Group as well as the funds to be secured will enable the Group to continue its operations and settle its obligations in the ordinary course of business and has taken the below listed actions to improve the financial position and performance of the Company.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 the parent company signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss energy SE should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss energy SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss energy SE holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss energy SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss energy SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.

- The Group has committed to meet certain financial performance criteria.

At present the Group is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, retail sales, oil and gas, waste container production, etc. The in-kind contributions of the new business lines of activities is expected to be finalized by the end of August 2019.

The management is currently negotiating the sale of the power plants of Karlovo Biomass EOOD and Heat Biomass EOOD as well as the pelletizing installation of Biomass Distribution EOOD.

The Board of directors have prepared business plans based on their best estimation of the cash flows of the Company in the short and medium term. Such forecasts inherently contain management judgments and estimates in respect of future trading conditions, the timing of receipts and payments and other relevant matters. The main management judgments, estimates and assumptions used in the prepared business plans are that the management will be successful in the planned capital increase.

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

3. Functional and presentation currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency at the exchange rate of EUR to BGN of 1/1.95583, as the Bulgarian lev (BGN) is pegged to the euro (EUR).

4. Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income

4. Use of estimates and judgments (continued)

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 15 *Property, plant and equipment*
- Note 16 *Intangible assets*
- Note 17 *Acquisition and disposal of subsidiaries*
- Note 21 *Assets classified as held for sale and discontinued operations*
- Note 31 *Financial instruments*

5. Changes in significant accounting policies

A. IFRS 15 *Revenue from Contracts with Customers*

(i) Transition

The Group has initially applied IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized directly in equity at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

For additional information about the Group's accounting policies relating to revenue recognition, see Note 6.

5. Changes in significant accounting policies (continued)

B. IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements,* which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The impact of transition to IFRS 9 on the retained earnings amounts to EUR 10 thousand.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of EUR 10 thousand in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

In thousands of EUR	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial assets				
Equity securities	Available-for-sale	FVOCI – equity instrument	115	115
Corporate debt securities	Available-for-sale	FVOCI –debt instrument	29	29
Trade and other receivables	Loans and receivables	Amortised cost	602	592
Trade and other receivables from related parties	Loans and receivables	Amortised cost	503	503
Cash and cash equivalents	Loans and receivables	Amortised cost	2,031	2,031
Total financial assets			**3,280**	**3,270**

5. Changes in significant accounting policies (continued)

B. IFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

In thousands of EUR	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial liabilities				
Loans and borrowings	Other financial liabilities	Other financial liabilities	28,490	28,490
Trade payables	Other financial liabilities	Other financial liabilities	5,828	5,828
Trade payables to related parties	Other financial liabilities	Other financial liabilities	288	288
Finance lease liabilities	Other financial liabilities	Other financial liabilities	42	42
Total financial liabilities			**34,648**	**34,648**

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected	
Loss allowance at 31 December 2017 under IAS 39	-
Additional impairment recognised at 1 January 2018 on:	-
Trade and other receivables as at 31 December 2017	10
Loss allowance at 1 January 2018 under IFRS 9	**10**

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

— The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

— The assessment and determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

6. Revenue

The effect of initially applying IFRS 15 on the Group revenue from contracts with customers is described in Note 5. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

A. Revenue streams

The Group revenue primarily relates to sale of goods (waste containers and other related equipment) and engineering, design and construction services.

	Continuing operations		Discontinued operation (see Note 21.2)		Total	
	2018	2017	2018	2017	2018	2017
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue from contracts with customers	2,452	2,638	106	155	2,558	2,793
Other revenue	150	83	-	-	150	83
Total revenue	**2,602**	**2,721**	**106**	**155**	**2,708**	**2,876**

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major business lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Construction and Management of Biomass Power Plants		Sale and management of waste collection systems		Total	
	2018 EUR'000	2017 EUR'000	2018 EUR'000	2017 EUR'000	2018 EUR'000	2017 EUR'000
Major business lines						
Sales of goods	4	117	1,567	1,406	1,571	1,523
Rendering of services	617	601	264	514	881	1,115
	621	**718**	**1,831**	**1,920**	**2,452**	**2,638**

C. Contract balances

The following table provides information about contract liabilities from contracts with customers.

In thousands of EUR	31 December 2018	1 January 2018
Contract liabilities	(478)	-
	(478)	-

The contract liabilities primarily relate to advanced consideration received for contracts of the Spanish subsidiaries of the Group where revenue is recognised over time.

6. Revenue (continued)

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	**Revenue recognition under IFRS 15 (applicable from 1 January 2018)**	**Revenue recognition under IAS 18 (applicable before 1 January 2018)**
Sale of goods	Revenue is recognised at the point in time when sale is accomplished.	Revenue is recognised at the point in time when sale is accomplished.
Engineering and construction services	Revenue is recognised over time as the services are provided. The stage of completion is determined by analysing the completed work.	Revenue was recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by analysing the completed work.

7. Work performed by the entity and capitalized

For the year ended 31 December	**2018 EUR'000**	**2017 EUR'000**
Eqtec Iberia SL	-	255
TNL	-	200
Project Newry Biomass	-	121
Project Karlovo Biomass	-	16
	-	**592**

For 2017 the Group has not eliminated intragroup unrealized profit amounting to EUR 46 thousand.

8. Raw materials and consumables used

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

9. Cost of goods sold

For the year ended 31 December	**2018 EUR'000**	**2017 EUR'000**
Waste containers	1,090	1,057
Materials sold	4	300
	1,094	**1,357**

10. Expenses for hired services

For the year ended 31 December	2018 EUR'000	2017 EUR'000
Professional services	505	1,150
Rents and utilities	197	603
Telephone expenses	47	58
Advertising expenses	19	99
External transport services	18	44
Subcontractors services related to construction of biomass power plants	-	10
Other expenses for hired services	389	454
	1,175	**2,418**

11. Employee benefit expenses

For the year ended 31 December	2018 EUR'000	2017 EUR'000
Wages and salaries	1,909	2,638
Compulsory social security contributions	321	461
Accrued expenses for unused paid leave	11	19
Others	11	166
	2,252	**3,284**

12. Loans written-off

Following the disposal of Winttec SGPS on 3 October 2018, the Company and its subsidiaries entered into liquidation. Respectively the management does not consider the loans granted to Winttec SGPS and TNL SA repayable and has made a decision to write the amounts off.

	2018 EUR'000	2017 EUR'000
TNL SA	1,032	-
WINTTEC SGPS SA (former TNL SGPS)	677	-
Newry Biomass	-	59
	1,709	**59**

13. Other expenses

For the year ended 31 December	2018 EUR'000	2017 EUR'000
Stock exchange and investors related expenses	464	1,727
Other impairments	293	542
Insurance	60	62
Loss on sale of assets	32	-
Others	463	1,054
	1,312	**3,385**

14. Finance income and costs

For the year ended 31 December	2018 EUR'000	2017 EUR'000
Interest income	22	64
Net exchange rate differences	13	162
Finance income	**35**	**226**
Interest expense	(2,532)	(2,060)
Bank expenses	(67)	(86)
Finance costs	**(2,599)**	**(2,146)**
Net finance costs recognised in profit or loss	**(2,564)**	**(1,920)**

15. Property, plant and equipment

	Land EUR'000	Buildings EUR'000	Power plants & production facilities EUR'000	Other equipment EUR'000	Furniture EUR'000	Computers EUR'000	Vehicles EUR'000	Assets under construction EUR'000	Total EUR'000
Cost									
At 1 January 2017	**1,182**	**1,027**	**7,116**	**1,401**	**69**	**54**	**180**	**15,683**	**26,712**
Additions	-	-	1	33	-	6	5	286	331
Acquisition through business combination	-	-	1,233	-	-	-	-	9,912	11,145
Revaluation	(6)	-	-	-	-	-	-	-	(6)
Disposals	-	(3)	-	(64)	(18)	(29)	-	(3)	(117)
Reclassification to assets held for sale	-	-	(1,234)	-	-	-	-	-	(1,234)
Effect of movements in exchange rates	-	-	-	-	-	-	-	(505)	(505)
At 31 December 2017	**1,176**	**1,024**	**7,116**	**1,370**	**51**	**31**	**185**	**25,373**	**36,326**
Additions	-	-	-	1	-	8	-	-	9
Revaluation	1	-	-	-	-	-	-	-	1
Disposals	-	-	-	-	-	(15)	(151)	(15)	(181)
Reclassification to assets held for sale	(365)	(1,024)	(2,429)	(287)	(3)	-	-	(15,871)	(19,979)
Effect of movements in exchange rates	-	-	-	-	-	-	-	(52)	(52)
Disposal of subsidiaries	-	-	-	(1,074)	(47)	(17)	(31)	(9,404)	(10,573)
At 31 December 2018	**812**	**-**	**4,687**	**10**	**1**	**7**	**3**	**31**	**5,551**
Balance at 1 January 2017	-	10	30	629	31	27	83	40	850
Depreciation for the year	-	41	94	239	6	10	29	-	419
Disposals	-	-	-	(64)	(18)	(29)	-	-	(111)
Reclassification to assets held for sale	-	-	(67)	-	-	-	-	-	(67)
Impairment loss	-	-	-	-	-	-	-	5,164	5,164
Effect of movements in exchange rates	-	-	-	-	-	-	-	(116)	(116)
Balance at 31 December 2017	**-**	**51**	**57**	**804**	**19**	**8**	**112**	**5,088**	**6,139**
Depreciation for the year	-	41	-	174	-	6	19	-	240
Disposals	-	-	-	(5)	-	(14)	(91)	(36)	(146)
Disposal of subsidiaries	-	-	-	(805)	(19)	-	(40)	(5,052)	(5,916)
Reclassification to assets held for sale	-	(92)	(20)	(168)	-	-	-	-	(280)
Impairment loss	-	-	2,287	-	-	-	-	-	2,287
Balance at 31 December 2018	**-**	**-**	**2,324**	**-**	**-**	**-**	**-**	**-**	**2,324**
Net book value									
At 31 December 2017 - restated	**1,176**	**973**	**7,059**	**566**	**32**	**23**	**73**	**20,285**	**30,187**
At 31 December 2018	**812**	**-**	**2,363**	**10**	**1**	**7**	**3**	**31**	**3,227**

15. 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 assets under construction are attributable to the following projects:

	Assets under construction EUR'000 31.12.2018	Assets under construction EUR'000 31.12.2017 Restated
Karlovo Biomass EOOD	-	13,648
Eqtec PLC	-	4,368
Heat Biomass EOOD	-	2,223
Brila EOOD	-	15
Plovdiv Biomass EOOD	14	14
Tvardica Biomass EOOD	9	9
Nova Zagora Biomass EOOD	8	8
	31	**20,285**

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

Fair value of the land

The management of the Group determines the fair value of the land based on valuation of independent appraisers. The methods used for the estimation of the fair value are market comparison technique and residual technique of valuation.

The valuation report of the appraiser shows the following amounts for the value of land as at 31 December 2018:

	Value according to the valuation report EUR'000
Tvardica Biomass EOOD	87
Nova Zagora Biomass EOOD	147
Plovdiv Biomass EOOD	88
United Biomass EOOD	207
Tvarditsa PV EOOD	195
Brila EOOD	88
	812

15. Property, plant and equipment (continued)

Measurement of fair value

Fair value hierarchy

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

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

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison technique and residual technique of valuation: The Group considers both approaches, and reconciles and weighs the estimated under each approach based on its assessment of the judgment that market participants would apply. The market comparison technique is based on the market price of plots of land of similar intended use, location and other specific factors. The residual method of valuation calculates the residual land value, which is the value of the land after development has been completed, minus the cost of purchase, plus developing, maintaining, or reselling the land.	• Coefficient reflecting the value of the difference between the plots owned and those used for comparison purposes (1.3-1.9).	The estimated fair value would increase (decrease) if: • The estimated coefficient reflecting the differences was higher (lower);

The land was initially acquired as part of a business combination which took place in November 2012. Carrying amount of the land that would have been included in the financial statements had it been carried at cost less impairment losses would have come to EUR 775 thousand.

16. Intangible assets

	Development costs in progress EUR 000	Development costs EUR 000	Patents and trade marks EUR 000	Software EUR 000	Total EUR 000
Cost					
Balance at 1 January 2017	**10,302**	**1,066**	**911**	**47**	**12,326**
Additions	-	665	-	-	665
Disposals	-	(6)	-	(37)	(43)
Balance at 31 December 2017	**10,302**	**1,725**	**911**	**10**	**12,948**
Additions	-	-	-	9	9
Reclassification to assets held for sale	-	(421)	-	-	(421)
Disposal of subsidiaries	-	(1,294)	(289)	-	(1,583)
Balance at 31 December 2018	**10,302**	**10**	**622**	**19**	**10,953**
Amortisation					
Balance at 1 January 2017	-	**206**	**201**	**30**	**437**
Charge for the year	-	136	181	7	324
Disposals	-	(6)	(3)	(37)	(46)
Balance at 31 December 2017	-	**336**	**379**	**-**	**715**
Charge for the year		55	154	1	210
Impairment loss	5,533	-	-	-	5,533
Disposal of subsidiaries	-	(381)	(531)	-	(912)
Balance at 31 December 2018	**5,533**	**10**	**2**	**1**	**5,546**
Net book value					
At 1 January 2017	**10,302**	**860**	**710**	**17**	**11,889**
At 31 December 2017	**10,302**	**1,389**	**532**	**10**	**12,233**
At 31 December 2018	**4,769**	**-**	**620**	**18**	**5,407**

Development costs in progress as at 31 December 2018/31 December 2017 represent licenses, contracts, permits, designs, etc. related to development phase of the following projects for construction and operation of palletisation plants:

	Development costs in progress EUR'000 31.12.2018	Development costs in progress EUR'000 31.12.2017
Biomass power plant and pelletization plant of Heat Biomass EOOD	-	2,566
Biomass power plant and pelletization plant of Karlovo Biomass EOOD	-	2,967
Thermal plant and pelletization plant of Tvarditsa Biomass EOOD	1,745	1,745
Thermal plant and pelletization plant of Nova Zagora Biomass EOOD	1,090	1,090
Thermal plant and pelletization plant of Plovdiv Biomass EOOD	1,003	1,003
Thermal plant and pelletization plant of United Biomass EOOD	930	930
Thermal plant and pelletization plant of Tvarditsa PV EOOD	1	1
	4,769	**10,302**

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

Development cost in progress with carrying amount EUR 5,533 thousand related to the subsidiaries Karlovo Biomass EOOD and Heat Biomass EOOD have been fully impaired during the reporting period. The management has decided to discontinue the development of these two investment projects and is currently negotiating the sale of the equipment.

16. Intangible assets (continued)

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	Thermal and peletization plant of Tvarditsa Biomass	Thermal and peletization plant of Nova Zagora Biomass	Thermal and peletization plant of Plovdiv Biomass	Thermal and peletization plant of United Biomass	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Land	87	147	88	207	529
Assets under construction	9	8	14	-	31
Intangible assets	1,745	1,090	1,003	930	4,768
Goodwill	411	185	-	103	699
Carrying amount	2,252	1,430	1,105	1,240	6,027
Value as per valuation report	3,548	3,432	3,563	3,469	14,012
Excess of fair value over carrying amount	1,296	2,002	2,458	2,229	7,985

The recoverable amount of the CGUs was based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The fair value was determined by an external independent valuer, having appropriate recognized professional qualification. The carrying amount of the CGUs was determined to be lower than their recoverable amount and no impairment loss was recognised.

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The Group considers both approaches, and reconciles and weighs the estimated under each approach based on its assessment of the judgment that market participants would apply. The market comparison technique is based on the market price of plots of land of similar intended use, location and other specific factors. The residual method of valuation calculates the residual land value, which is the value of the land after development has been completed, minus the cost of purchase, plus developing, maintaining, or reselling the land.	• Risk adjusted discount rate (9.21%); • Sales prices growth rate (1%); • Estimated prices for straw and animal waste per tonne (2020 – EUR 57.80; weighted average 2020-2039- EUR 63.61); • Estimated water prices per m3 (2020 – EUR 0.99; weighted average 2020-2039 - EUR 1.092); • Expected variable maintenance costs per MWh (2020 – EUR 17; weighted average 2020-2039 - EUR 18,7)	The estimated fair value would increase (decrease) if: • The risk adjusted discount rate was lower (higher); • The sales prices growth rate was higher (lower); • The expected prices for straw and animal waste are lower (higher); • The expected prices for water were lower (higher); • The expected maintenance costs were lower (higher);

Twenty years cash flows were included in the discounted cash flow model.

17. Acquisitions and disposals of subsidiaries

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

In thousands of EUR	**Acquisition date**	**Goodwill recognized at acquisition**	**Goodwill as at 31 December 2017**	**Goodwill impairment**	**Goodwill derecognised at loss of control**	**Goodwill as at 31 December 2018**
Heat Biomass EOOD	30 November 2012	1,221	1,221	(1,221)	-	-
Karlovo Biomass EOOD	30 November 2012	825	825	(825)	-	-
Nova Zagora Biomass EOOD	30 November 2012	185	185	-	-	185
United Biomass EOOD	30 November 2012	103	103	-	-	103
Tvartica Biomass EOOD	30 November 2012	411	411	-	-	411
Eqtec Iberia SL	30 November 2012	76	76	-	(76)	-
WINTTEC SGPS SA (former TNL SGPS)	1 August 2014	1,915	1,863	(1,863)	-	-
Eqtec plc	7 February 2017	3,461	3,461	-	(3,461)	-
Citytainer Brasil Soluções Ambientais Ltda	3 May 2017	778	778	(778)	-	-
Total		**8,975**	**8,923**	**(4,687)**	**(3,537)**	**699**

Impairment loss of EUR 2,641 thousand was recognized in respect of the goodwill that had arisen upon acquisition of the group of Winttec and the subsequent acquisition of its subsidiary – Citytainer Brasil Soluções Ambientais Ltda during the first half of 2018.

Impairment loss of EUR 2,046 thousand was recognized in respect of the goodwill that had arisen upon acquisition of Karlovo Biomass EOOD and Heat Biomass EOOD due to the management decision to discontinue the development of these two investment projects.

17. Acquisitions and disposals of subsidiaries (continued)

17.1 Disposal of Eqtec plc

On 6 August 2018 following the emission of new shares by Eqtec plc, Ebioss Energy SE lost control over this entity and its subsidiaries. The newly emitted shares were fully subscribed by the NCI (shareholders other than Ebioss Energy SE). Thus as at 31 December 2018 Ebioss Energy SE held 676,406,368 ordinary shares out of 1,804,744,243 total ordinary shares representing a participation of 37.48%. The shares of Eqtec plc are quoted on the Alternative Investment Market (AIM) segment of the London Stock Exchange and the share price as at 6 August 2018 was 1.30 GBX per shares. The effect of the disposal of Eqtec plc is described below:

in thousand EUR		**Disposal of Eqtec plc and its subsidiaries**
Fair value of consideration received		-
Fair value of residual interest to be recognised as an associate		9,849
Loss reported in comprehensive income		(368)
Less share of consolidated carrying value at the date control is lost		
Net assets	(374)	
Goodwill	3,537	
Less non-controlling interest	57	
		(3,220)
Group profit on disposal		6,261

The NCI in OCI at disposal amounted to EUR 224 thousand.

17.2 Disposal of Winttec SGPS

With a resolution of the Board of Directors, dated 14 September 2018 a sale of all corporate shares owned by Ebioss Energy SE in the company Waste Intelligent Technologies SGPS (Winttec SGPS), representing 68% of the registered capital to Mr. Nuno Antonio De Silva Lopes for a price of EUR 1. As additional consideration Ebioss Energy SE acquired direct holdings in part of the former subsidiaries of Winttec SGPS, namely:

- 80% direct holding in TNL SL (previously indirect holding of 54.4%);
- 100% direct holding in Winttec World SL (previously indirect holding of 68%);
- 100% direct holding in TNL WORLD EOOD (previously indirect holding of 68%);
- 100% direct holding in WINTTEC GREECE IKE (previously indirect holding of 68%);

The transaction was officially performed on 5 October 2018 with the cancelation of the pledge, which has been imposed over the shares of WINTTEC in relation to the receivables of BTC 12 SARL amounting to 1 million Euro. The pledge in favour of BTC 12 SARL was transferred over TNL EQUIPAMENTOS AMBIENTAIS SL and WINTTEC WORLD SL. The effect of the disposal of Winttec SGPS and its subsidiaries – TNL SA, Hirdant Lda, Citytainer Brasil – Soluções Ambientais, Ltda and Citytainer Indústria, Ltda plc is described below:

in thousand EUR		**Disposal of Winttec SGPS and its subsidiaries**
Fair value of consideration received		-
Fair value of investment retained		-
Gain reported in comprehensive income		144
Less share of consolidated carrying value at the date control is lost		
Net assets	(5,047)	
Goodwill	-	
Less non-controlling interest	2,110	
		2,937
Group profit on disposal		3,081

The NCI in OCI at disposal amounted to EUR (28) thousand.

17 Acquisitions and disposals of subsidiaries (continued)

17.2 Disposal of Winttec SGPS (continued)

As a result of the change in the effective holdings in TNL SL, Winttec World SL and TNL World EOOD, the Group recognised:

- Increase of NCI amounting to EUR 381 thousand;
- decrease of retained earnings of EUR 381 thousand;

18. Investments in associates

Investment in associate as at 1 January 2017 represented a 50% stake in the company "Citytainer Brasil Soluções Ambientais, Ltda" based in S. Paulo (Brazil). Ebioss Energy SE exercised significant influence over this Company and following the acquisition of the remaining 50% of the shares in May 2017 gained full control. The Company is part of the Winttec SGPS group and was disposed on 5 October 2018.

Investment in associates as at 31 December 2018 represents a 37.48% ownership interest and voting rights in Eqtec Plc., former subsidiary, where control was lost on 6 August 2018 (see Note 17.1). However significant influence was retained. Upon loss of control (6 August 2018) the fair value of residual interest recognised as an associate was determined based on the number of shares owned (676,406,368 ordinary shares) and the share price on AIM on that day (1.30 GBX/share).

The following table analyses, in aggregate the carrying amount and share of profit and OCI of this associate.

	31.12.2018 EUR'000	31.12.2017 EUR'000
Carrying amount of interests in associates	9,849	264
Share of:		
• Loss	(474)	(264)
• OCI	(7)	-
Impairment of investment in Eqtec Plc.	(2 109)	-
	7,259	-

The main business activity of Eqtec Plc. is the development of power plants with gasification technology converting waste into synthetic gas to generate electricity and heat. The principle region of business is in Europe. The fair value if the investment based on quoted market prices as at 31 December 2018 is EUR 7,259 thousand.

Summarised financial information for Eqtec Plc. for the year, ended 31 December 2018 is as follows:

	2018 EUR'000
Non-current assets	21,368
Current assets	3,916
Non-current liabilities	(3,235)
Current liabilities	(6,470)
Net assets	15,579
Revenue for the year	2,176
Net profit/(loss) for the year	(3,579)
Net profit/(loss) for the period 7 August – 31 December 2018	(1,265)
Group's share of net loss for the period 7 August – 31 December 2018	(474)

19. Other investments

	31.12.2018 EUR'000	31.12.2017 EUR'000 Restated
Equity securities – available-for-sale (Investment in EAL COMPOST SRL, held by Syngas Italy Srl)	-	115
Equity securities – at FVOCI (Investment in EAL COMPOST SRL, held by Syngas Italy Srl)	115	-
Corporate debt securities – available-for-sale (Stocks held from Mutual Guarantee Societies)	-	29
	115	**144**

20. Trade and other receivables

Current part of trade and other receivables	Note	31.12.2018 EUR'000	31.12.2017 EUR'000 Restated
Trade receivables from clients		479	592
Trade receivables from related parties	33	-	503
Other receivables from related parties	33	53	43
Advance payments to suppliers		-	110
Refundable VAT		262	443
Receivables from employees		35	29
Other receivables		111	459
		940	2,179
Non- current part of trade and other receivables			
Other receivables		62	71
		62	**71**

21. Assets classified as held for sale and discontinued operations

	31.12.2018 EUR'000	31.12.2017 EUR'000
Assets classified as held for sale related to:		
Karlovo Biomass	14,636	725
Biomass Distribution	3,650	
Heat Biomass	2,274	-
Pluckanes Windfarm Limited	-	1,310
	20,560	**2,035**

21.1 Assets classified as held for sale

As at 31 December 2017 the Group presented as an asset classified as held for sale a motor which is a part of the idle equipment related to Karlovo Biomass EOOD of EUR 725 thousand, measured at the lower of its carrying amount and fair value less costs to sell.

At the end of 2018 the management decided to discontinue the development of the investment projects of Karlovo Biomass EOOD, Biomass Distribution EOOD and Heat Biomass EOOD. Negotiations are led for the sale of the power plants and the palletisation facilities and a sale is expected in the course of 2019. As at 31 December 2018 the principal to be repaid by Karlovo Biomass OOD to United Bulgarian Bank AD amounts to EUR 3,955 thousand out of which the payment of principle amounting to EUR 406 thousand was due prior to the reporting date and the Bank is in factual possession of the assets owned by the subsidiaries.

The assets classified as held for sale are presented at the lower of their carrying value and their fair value less cost of the disposal. Impairment losses of EUR 285 for write-downs of the assets held for sale to the lower of the carrying amount and the fair value less cost to sell have been recognised. The impairment losses have been applied to reduce the carrying amount of the property, plant and equipment reclassified to assets held for sale.

21. Assets classified as held for sale and discontinued operations (continued)

21.2 Assets classified as held for sale and discontinued operations

The assets held for sale are part of Operating Segment 1 Construction, management and operation of biomass power plants and peletization plants (see Note 32).

In 2018 the Group was in negotiations with certain parties with respect to the sale of Eqtec plc's subsidiary, Pluckanes Windfarm Limited, which is involved in the generation of electricity through wind. The disposal intention was consistent with the Group's long-term policy for Eqtec plc and its subsidiaries to focus its activities as a technology solution group for waste gasification to energy projects.

Consequently, assets and liabilities allocable to Pluckanes Windfarm Limited were classified as a disposal group. Revenues and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing activities and are shown as a single line item on the face of the statement of profit or loss.

Plunckanes Windfarm Limited was part of the group of Eqtec plc which was acquired by Ebioss Energy SE on 7 February 2017 and over which control was lost on 6 August 2018. In that regards the results presented below only cover the periods when control was exercised by Ebioss Energy SE, namely: 1 January 2018 to 6 August 2018 and February 2017 to 31 December 2017.

Result of discontinued operations

The combined results of the discontinued operations included in the loss for the year are set out below. Comparative profit from discontinued operations are not presented since Eqtec plc and its subsidiaries were acquitted on 7 February 2017.

For the period	1.01.2018-6.08.2018 EUR'000	7.02.2017-31.12.2017 EUR'000
Revenue	106	155
Administrative expenses	(65)	(106)
Profit from operating activities	**41**	**49**
Finance cost	(20)	(34)
Net finance costs	**(20)**	**(34)**
Profit from discontinued operations before income tax	**21**	**15**
Income tax	-	-
Profit from discontinued operations	**21**	**15**
Profit from discontinued operations attributable to:		
Owners of the parent	11	8
Non-controlling interests	10	7
Profit from discontinued operations	**21**	**15**

Cash flows used in discontinued operations

For the period	1.01.2018-6.08.2018 EUR'000	7.02.2017-31.12.2017 EUR'000
Net cash flows from discontinued operations from operating activities	89	80
Net cash flows from discontinued operations used in financing activities	(61)	(86)
Net decrease in cash and cash equivalents	28	(6)
Cash and cash equivalents at the beginning of the period	**105**	**111**
Cash and cash equivalents in the disposal group at the end of the period	**133**	**105**

21.2 Assets classified as held for sale and discontinued operations (continued)

Assets and liabilities classified as held for sale:

	06.08.2018 EUR'000	31.12.2017 EUR'000
Assets classified as held for sale:		
Property, plant and equipment	1,121	1,167
Trade and other receivables	17	38
Cash and cash equivalents	133	105
	1,271	**1,310**
Liabilities classified as held for sale:		
Loans and borrowings	944	987
Trade and other payables	13	60
	957	**1,047**

The disposal group was part of Operating Segment 1 Construction, management and operation of biomass power plants and peletization plants (see Note 32).

22. Inventory

	31.12.2018 EUR'000	31.12.2017 EUR'000
Spare parts	176	176
Work in progress	136	167
Raw materials and consumables	84	468
Goods	72	567
	468	**1,378**

During 2018 the Group tested its inventories for impairment and wrote them down to their net realisable value, which resulted in a loss of EUR 293 thousand (2017: EUR 109 thousand).

23. Cash at bank and in hand

	31.12.2018 EUR'000	31.12.2017 EUR'000
Cash at bank	86	2,031
Cash in hand	1	18
	87	**2,049**

In addition, as at 31 December 2017 EUR 105 thousand are included in the disposal group held for sale.

24. Capital and capital reserves

24.1. Ordinary shares

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

As at 31 December 2017 and 31 December 2018 the capital of the parent is denominated in EUR and amounts to EUR 20,918,186 comprised of 20,918,186 shares with a nominal value of EUR 1 each.

24. Capital and capital reserves (continued)

24.2. 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.

24.3. 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 2018 the Company held no own shares (31 December 2017: 74,008 own shares with a nominal value EUR 1 at total amount of EUR 74 thousand).

25. Loss per share

Basic loss per share

The calculation of basic loss per share (LPS) at 31 December 2018 is based on the loss attributable to ordinary shareholders of EUR 13,748 thousand (31 December 2017: restated loss of EUR 8,876 thousand), and a weighted average number of ordinary shares outstanding of 20,899 thousand (31 December 2017: 20,704 thousand), calculated as follows:

(i) Loss attributable to ordinary shareholders (basic)

In thousands of EUR	**31.12.2018**	**31.12.2017 Restated**
Loss for the year	(13,748)	(8,876)
Loss attributable to ordinary shareholders	**(13,748)**	**(8,876)**

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

In thousands of shares	**31.12.2018**	**31.12.2017 Restated**
Issued ordinary shares at 1 January	20,918	40,912
Reverse share split	-	(19,994)
Effect from repurchased own shares	(19)	(214)
Weighted average number of ordinary shares at 31 December	**20,899**	**20,704**
Loss per share (EUR)	**(0.66)**	**(0.43)**

Diluted earnings per share

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

26. Loans and borrowings

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 31.

In thousands of EUR		**31.12.2018**	**31.12.2017**
Non-current liabilities			
Unsecured corporate bonds issues	26.2	15,774	15,786
Bank loans	26.1	55	4,540
Other non-current loans and borrowings	26.3	69	3,617
		15,898	**23,943**
Current liabilities			
Unsecured corporate bonds issues	26.2	1,845	986
Bank loans	26.1	4,461	2,718
Loans payable to related parties	33	943	843
Other loans and borrowings	26.3	2,773	-
		10,022	**4,547**

26.1 Bank loans

Bank loans structure as at 31 December 2018:

Bank	**Authorised limit of loan EUR'000**	**Interest rate**	**Balance 31.12.2018 EUR'000**	**Maturity**
UBB AD	5,600	3M EURIBOR +6%	4,083	overdue principle payments; payable on demand
BBVA	142	4.50%	142	30.06.2020
BBVA	150	2.65%	89	23.01.2020
Andbank-overdraft	n/a	n/a	4	Payable on demand
BNP Paribas - overdraft	n/a	n/a	7	Payable on demand
Popular Bank	19	6.50%	19	14.11.2020
Escrow account – Banco Sabadell	62	8.05%	62	17.06.2018
Escrow account – Lacaixa Bank	103	4.62%	104	04.05.2018
Credit cards	n/a	-	6	Payable on demand
TOTAL BANK LOANS			**4,516**	

31 December 2018	**Total**	**Up to 1 year**	**1-2 years**
EUR'000			
Short term loans	4,461	4,461	-
Long term loans	55	-	55
	4,516	**4,461**	**55**

Repayment of principle amounting to EUR 406 thousand on the loan granted by UBB AD to Karlovo Biomass EOOD was due prior to the reporting date.

26. Loans and borrowings (continued)

26.1 Bank loans (continued)

Bank loans structure as at 31 December 2017:

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 31.12.2017 EUR'000	Maturity
BBVA	150	2.55%	17	28.04.2018
Banco Popular	350	2.80%	300	13.01.2021
Banco Popular	250	2.80%	245	30.06.2017
Banco Santander	250	3.92%	194	29.12.2019
Caixbank	250	4.00%	71	30.04.2018
Syngastech	40	-	40	10.01.2018
Loans credit cards	n/a	-	9	05.01.2018
Overdrafts	38	-	38	Payable on demand
UBB	5,600	3M EURIBOR +6%	4,001	30.09.2025
BBVA - overdraft	150	2.65%	150	29.01.2018
Andbank-overdraft	n/a	n/a	4	Payable on demand
BBVA	150	2.65%	117	23.01.2020
Allied Irish Banks	2	n/a	2	Payable on demand
Banco Popular	738	6.33%	540	30.09.2022
Santandertotta	330	7.00%	125	30.04.2020
Caixa Geral de Depositos	500	3.83%	46	16.12.2017
BPI	500	3.38%	150	22.04.2019
BPI	1,500	4.81%	430	06.08.2019
BPI	320	5.49%	53	06.08.2018
Millenniumbcp	230	7.63%	68	14.02.2018
Millenniumbcp – promissory note	80	5.00%	80	30.04.2018
Banco Popular - overdraft	2	n/a	2	Payable on demand
Popular Bank	27	6.50%	27	03.11.2020
Escrow account – Banco Sabadell	51	8.05%	51	17.06.2018
Escrow account – Lacaixa Bank	100	4.62%	100	04.05.2018
BBVA Bank	35	4.00%	28	27.02.2020
Escrow account – BBVA Bank	35	4.00%	35	28.02.2018
Escrow account – Itau Bank	n/a	10%	7	31.12.2017
Confirmings - Banco Popular	100	3.50%	100	23.09.2017
Factoring – Banco Popular	400	5.33%	40	20.05.2018
Promissory notes – Banco Sabadell	150	4.75%	172	19.03.2018
Credit cards	n/a	8%	16	31.12.2017
TOTAL BANK LOANS			**7,258**	

31 December 2017	**Total**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
EUR'000					
Short term loans	2,718	2,718	-	-	-
Long term loans	4,540	-	986	1,749	1,805
	7,258	**2,718**	**986**	**1,749**	**1,805**

26. Loans and borrowings (continued)

26.2 Corporate bonds

In thousands of EUR	
Carrying amount of liability at 1 January 2017	**12,627**
Proceeds from issue of bonds	3,852
Transaction costs	(275)
Net proceeds	**3,577**
Accrued interest	1,156
Paid interest	(542)
Revaluation of GBP bonds as at 31 December 2017	(46)
Carrying amount of liability at 1 January 2018/31 December 2017	**16,772**
Accrued interest	1,272
Paid interest	(416)
Revaluation of GBP bonds as at 31 December 2018	(9)
Carrying amount of liability at 31 December 2018	**17,619**

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

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

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

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

26. Loans and borrowings (continued)

26.2 Corporate bonds (continued)

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

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

The initial placement of bond emissions 2-6 was done through the Luxembourg Stock Exchange. As at 31 December 2018 the bonds are traded on Euro MTF market of the Luxembourg Stock Exchange which is an exchange regulated market and is a MTF in accordance with the MiFID Directive.

The interest payments for emissions 1, 2, 3, 4 and 6, which were due respectively on 20 April 2018, 22 December 2018, 2 June 2018, 18 June 2018 and 2 June 2018 for the total amount of EUR 1,031 thousand, have not been paid during 2018 as initially agreed.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 the parent company signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss energy SE should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss energy SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss energy SE holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss energy SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss energy SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.
- The Group has committed to meet certain financial performance criteria.

26.3 Other loans and borrowings

	31.12.2018 EUR'000	31.12.2017 EUR'000
15% Secured Loan Note Facility, provided to Eqtec plc	-	924
15% convertible secured loan note, provided to Eqtec plc	-	2,693
Loans provided by third parties to Ebioss Energy SE	2,080	-
Loans provided by third parties to Winntec World SL	276	-
Loans provided by third parties to TNL SL	486	-
	2,842	**3,617**

During 2018 Ebioss Energy SE was granted credit funding by third parties under two new loan agreements under the below terms and conditions:

- EUR 1,000 thousand received on 28 February 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.

- EUR 1,000 thousand received on 29 March 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.

As of the date of signing the financial statements the payments of the principle and the accumulated interest for loan agreement dated 28 February2018 was part of the bond conversion agreement presented in note 20(a). The outstanding loan balance related to contract dated 29 March 2018 has not been repaid as at the date of approval of these financial statements and the management is in the process of negotiation for term change.

26. Loans and borrowings (continued)

26.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of EUR	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Finance lease liabilities	Other loans and borrowings	Total
Balance at 1 January 2018	**16,772**	**843**	**7,258**	**42**	**3,617**	**28,532**
Changes from financing cash flows						
Proceeds from loans and borrowings	-	187	3	-	6,688	6,878
Transaction costs related to loans and borrowings	-	-	-	-	(185)	(185)
Repayment of borrowings	-	(83)	(1,056)	-	(2,089)	(3,228)
Payment of financial lease liabilities	-	-	-	(22)	-	(22)
Total changes from financing cash flows	**-**	**104**	**(1,053)**	**(22)**	**4,414**	**3,443**
Changes arising from losing control over subsidiaries	**-**	**-**	**(1,869)**	**(1)**	**(5,467)**	**(7,337)**
The effect of changes in foreign exchange rates	**(9)**	**-**	**-**	**-**	**(32)**	**(41)**
Other changes						
Liability related						
New finance lease	-	-	-	1	-	1
Lease contract termination	-	-	-	(19)	-	(19)
Debt converted to equity	-	-	-	-	(287)	(287)
Reclassified to trade payables	-	-	-	-	(69)	(69)
Offset against receivables	-	(75)	-	-	-	(75)
Payments made on behalf of the borrower	-	41	-	-	-	41
Capitalized borrowing costs	-	-	7	-	65	72
Interest expense	1,272	30	408	3	799	2,512
Interest paid	(416)	-	(235)	(3)	(198)	(852)
Total liability related other changes	**856**	**(4)**	**180**	**(18)**	**310**	**1,324**
Balance at 31 December 2018	**17,619**	**943**	**4,516**	**1**	**2,842**	**25,921**

26. Loans and borrowings (continued)

26.4 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

In thousands of EUR	**Corporate bonds**	**Loans payable to related parties**	**Bank loans and overdrafts**	**Finance lease liabilities**	**Other loans and borrowings**	**BES shares**	**Total**
Balance at 1 January 2017	**12,627**	**141**	**8,331**	**64**	**-**	**-**	**21,163**
Changes from financing cash flows							
Proceeds from issue of corporate bonds	3,852	-	-	-	-	-	3,852
Proceeds from loans and borrowings	-	971	2,128	-	596	-	3,695
Transaction costs related to loans and borrowings	(275)	-	(17)	-	(65)	-	(357)
Repayment of borrowings	-	(298)	(3,267)	-	-	-	(3,565)
Payment of financial lease liabilities	-	-	-	(24)	-	-	(24)
Total changes from financing cash flows	**3,577**	**673**	**(1,156)**	**(24)**	**531**	**-**	**3,601**
Changes arising from obtaining control of subsidiaries	**-**	**-**	**1,074**	**-**	**4,370**	**105**	**5,549**
The effect of changes in foreign exchange rates	**(46)**	**-**	**-**	**-**	**(72)**	**-**	**(118)**
Other changes							
Liability related							
New finance lease	-	-	-	2	-	-	2
Debt converted to equity	-	-	-	-	(921)	-	(921)
Debt converted to NCI	-	-	-	-	(596)	(105)	(701)
Reclassified to disposal group	-	-	(1,073)	-	-	-	(1,073)
Payments made on behalf of the borrower	-	13	-	-	-	-	13
Capitalized borrowing costs	-	-	262	-	-	-	262
Interest expense	1,156	16	205	5	510	-	1,892
Interest paid	(542)	-	(385)	(5)	(205)	-	(1,137)
Total liability related other changes	**614**	**29**	**(991)**	**2**	**(1,212)**	**(105)**	**(1,663)**
Balance at 31 December 2017	**16,772**	**843**	**7,258**	**42**	**3,617**	**-**	**28,532**

27. Taxation

For the year ended 31 December	2018 EUR'000	2017 EUR'000
Current tax expense		
Current period	-	(19)
Deferred tax expense		
Origination and reversal of temporary differences	(441)	363
Income tax benefit for the period	**(441)**	**344**

Reconciliation of effective tax rate:

	2018 EUR'000	2017 EUR'000
Loss before tax from continuing operations	(15,117)	(16,497)
Income tax using the Company's domestic tax rate, 10%	1,481	1,650
Effect of tax rates in foreign jurisdictions*	711	768
Tax exempt income	934	-
Effect of share of profit of equity-accounted investees	(47)	(55)
Recognition of tax effects of previously unrecognised lax losses		-
Tax incentives		22
Permanent differences	(46)	(258)
Net effect of deferred taxes not recognised	(1,979)	(1,550)
Deferred tax asset write-off	(1,495)	(233)
Income tax (expense)/benefit	**(441)**	**344**
Effective tax rate	(3%)	2%

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

Recognised deferred tax assets and liabilities

In thousands of EUR	Assets 31.12.2018	Assets 31.12.2017	Liabilities 31.12.2018	Liabilities 31.12.2017	Net 31.12.2018	Net 31.12.2017
Assets under construction	-	(133)	-	-	-	(133)
Land and developments costs	-	-	578	1,117	578	1,117
Tax loss carry-forwards	(716)	(2,214)	-	-	(716)	(2,214)
Tax (assets)/ liabilities	**(716)**	**(2,347)**	**578**	**1,117**	**(138)**	**(1,230)**

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

Under applicable tax legislation as of 31 December 2018 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.

28. Trade and other payables

Non- current part of trade and other payables	*Note*	31.12.2018 EUR'000	31.12.2017 EUR'000
Other payables		-	139

Current part of trade and other payables	*Note*	31.12.2018 EUR'000	31.12.2017 EUR'000
Trade payables to suppliers		1,537	4,328
Trade payables to related parties	*33*	45	27
Trade payables		1,582	4,355
Payables regarding to bonds issuance		4	4
Payables related to group restructurings		-	1,012
Payables to employees		304	484
Social security contributions		81	450
Other tax liabilities		117	903
Other payables to related parties	*33*	490	261
Other payables		85	616
Other payables		1,081	3,730
Total		**2,663**	**8,224**

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

29. Provisions

	31.12.2018 EUR'000	31.12.2017 EUR'000
Future demolition costs, Galina plant, Syngas Italy S.R.L.	114	114
Legal disputes	124	-
Others	-	33
	238	147

30. Finance leases

	31.12.2018 EUR'000	31.12.2017 EUR'000
Non-current	-	14
Current	1	28
	1	42

Finance lease liabilities as at 31 December 2018 are payable as follows:

			31.12.2018
	Future minimum lease payments EUR'000	Interest	Principal EUR'000
Less than one year	1	-	1
Total	1	-	1

30. Finance leases (continued)

Finance lease liabilities as at 31 December 2017 were payable as follows:

			31.12.2017
	Future minimum lease payments EUR'000	**Interest**	**Principal EUR'000**
Less than one year	31	3	28
Between one and two years	15	1	14
Total	**46**	**4**	**42**

31. Financial instruments

The effect of initially applying IFRS 9 on the Group's financial instruments is described in Note 5. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

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 limit for taking different kinds of risks and defines control rules with regard to these limits. The policy is to be regularly reviewed in relation with identification of changes in the risk levels.

(a) Credit risk

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

The carrying amount of Group's financial assets represent the maximum exposure to credit risk.

Trade receivables and loans provided

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The maximum exposure to credit risk for trade receivables at the reporting date was as follows:

	Note	**31.12.2018 EUR'000**	**31.12.2017 EUR'000**
Trade receivables from clients	20	479	592
Trade receivables from related parties	20	-	503
Financial assets	19	115	144
Loans provided		246	-
Bank balances	23	23	2,031
		863	**3,270**

31. Financial instruments (continued)

(a) Credit risk (continued)

Impairment

Impairment losses on financial assets recognised in profit or loss were as follows:

In thousands of EUR	**2018**	**2017**
Recognised in profit or loss		
Impairment loss on trade receivables from contracts with customers	467	796
	467	**796**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 87 thousand at 31 December 2018 (31 December 2017: EUR 2,049 thousand).

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group estimated that the application of IFRS 9's impairment requirements at 31 December 2018 and at 1 January 2018 does not have a material effect on the consolidated financial statement.

(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 31 December 2018:

	Note	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000
Non-derivative financial liabilities						
Bank loans	26.1	(4,516)	(4,806)	(4,747)	(59)	-
Corporate bonds	26.2	(17,619)	(21,129)	(1,875)	(8,525)	(10,729)
Other loans and borrowings	26.3	(2,842)	(2,879)	(2,804)	(75)	
Loans due to related parties	33	(943)	(980)	(980)	-	-
Payables to related parties	33	(535)	(535)	(535)	-	-
Trade and other payables	28	(1,845)	(1,845)	(1,845)	-	-
Finance lease	30	(1)	(1)	(1)	-	-
		(28,301)	**(32,175)**	**(12,787)**	**(8,659)**	**(10,729)**

31. 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 2017:

	Note	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000	More than 5 years EUR'000
Non-derivative financial liabilities							
Bank loans	26.1	(7,258)	(8,576)	(3,093)	(1,247)	(2,229)	(2,007)
Corporate bonds	26.2	(16,772)	(20,945)	(1,422)	(1,142)	(18,381)	-
Other loans and borrowings	26.3	(3,617)	(5,251)	(573)	(573)	(4,105)	-
Loans due to related parties	33	(843)	(872)	(872)	-	-	-
Payables to related parties	33	(288)	(288)	(288)	-	-	-
Trade and other payables	28	(5,828)	(5,828)	(5,828)	-	-	-
Finance lease	30	(42)	(46)	(31)	(15)	-	-
		(34,648)	**(41,806)**	**(12,107**	**(2,977)**	**(24,715)**	**(2,007)**

(c) Market risk

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

Currency risk

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

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

31. Financial instruments (continued)

(c) Market risk (continued)

Interest rate risk

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

	Nominal amount	
In thousands of EUR	**31.12.2018**	**31.12.2017**
	EUR'000	**EUR'000**
Fixed rate instruments		
Financial assets	445	2,463
Financial liabilities	(19,857)	(23,042)
	(19,412)	**(20,579)**

	Nominal amount	
In thousands of EUR	**31.12.2018**	**31.12.2017**
	EUR'000	**EUR'000**
Variable rate instruments		
Financial liabilities	(3,954)	(4,052)
	(3,954)	**(4,052)**

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the year was outstanding for the whole year. If interest rates have been 100 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the period would increase/decrease by EUR 40 thousand (2017: EUR 41 thousand).

Capital management

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year.

Fair value of financial assets and liabilities

The carrying values of the Group's financial assets and liabilities, not measured at fair value, approximate their fair values.

32. Segment Reporting

As at 31 December 2018 and 31 December 2017 the Group has two reporting segments.

Information related to each reportable segment is set out below.

32. Segment Reporting (continued)

For the year ended *In thousands of EUR*	Segment 1 Construction, management and operation of biomass power plants and peletization plants 31.12.2018	 31.12.2017 Restated	Segment 2 Sale and management of waste collection systems 31.12.2018	 31.12.2017	Total 31.12.2018	 31.12.2017 Restated
Revenues	756	722	1,846	1,999	2,602	2,721
Work performed by the entity and capitalized	-	392	-	200	-	592
Raw materials and consumables used	(657)	(447)	(6)	(40)	(663)	(487)
Cost of goods sold	(4)	(300)	(1,090)	(1,057)	(1,094)	(1,357)
Expenses for hired services	(839)	(1,691)	(336)	(727)	(1,175)	(2,418)
Inter segment incomes/(expenses) for hired services	17	26	(17)	(26)	-	-
Employee benefit expenses	(1,469)	(2,296)	(783)	(988)	(2,252)	(3,284)
Depreciation and amortisation	(250)	(334)	(200)	(342)	(450)	(676)
Impairment of tangibles and intangibles	(7,820)	(5,164)	-	-	(7,820)	(5,164)
Impairment loss on remeasurement of assets held for sale	(285)	-	-	-	(285)	-
Goodwill impairment	(2,046)	-	(2,641)	-	(4,687)	-
Impairment loss on trade receivables	(26)	(408)	(441)	(388)	(467)	(796)
Loans remitted	(1,700)	(59)	(9)	-	(1,709)	(59)
Other expenses	(1,155)	(2,964)	(157)	(421)	(1,312)	(3,385)
Loss from operating activities	**(15,478)**	**(12,523)**	**(3,834)**	**(1,790)**	**(19,312)**	**(14,313)**
Finance income	35	226	-	-	35	226
Finance expenses	(2,486)	(1,780)	(113)	(366)	(2,599)	(2,146)
Inter-segment finance income/(expense)	88	60	(88)	(60)	-	-
Net finance costs	**(2,363)**	**(1,494)**	**(201)**	**(426)**	**(2,564)**	**(1,920)**
Share of loss of equity accounted investees	(474)	-	-	(264)	(474)	(264)
Impairment of investment in associate	(2,109)	-	-	-	(2,109)	-
Gain on disposal of subsidiaries	6,261	-	3,081	-	9,342	-
Loss before income tax	**(14,163)**	**(14,017)**	**(954)**	**(2,480)**	**(15,117)**	**(16,497)**
Income tax (expense)/ benefit	48	596	(489)	(252)	(441)	344
Loss from continuing operations	**(14,115)**	**(13,421)**	**(1,443)**	**(2,732)**	**(15,558)**	**(16,153)**
Profit from discontinued operations	**21**	**15**	**-**	**-**	**21**	**15**
Loss for the year	**(14,094)**	**(13,406)**	**(1,443)**	**(2,732)**	**(15,537)**	**(16,138)**
Other comprehensive loss	**(22)**	**(358)**	**57**	**-**	**35**	**(358)**
Total comprehensive loss	**(14,116)**	**(13,764)**	**(1,386)**	**(2,732)**	**(15,502)**	**(16,496)**

32. Segment Reporting (continued)

In thousands of EUR	Segment 1 Construction and Management of Biomass Power Plants		Segment 2 Sale and management of waste collection systems		Total	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated
Total assets for reportable segments	**38,384**	**56,044**	**1,711**	**5,502**	**40,095**	**61,546**
Total liabilities for reportable segments	**27,488**	**32,661**	**2,390**	**6,425**	**29,878**	**39,086**

33. Related party transactions and balances

Related parties are as follows:

Related party	**Relationship**
Southeimer LLC, Spain	Ultimate parent
Elektra Holding AD, Bulgaria	Parent of EBIOSS ENERGY SE
Arrizabal Elkartea SL, Portugal	shareholder in the subsidiary TNL SL
Eqtec plc and its subsidiaries	Associate (after August 2018)
Foad Jaffal (till the moment of disposal of Wintec SGPS)	shareholder in the subsidiary Wintec SGPS

Directors

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

Remuneration of key management personnel of the group for 2018 is EUR 548 thousand (2017: EUR 857 thousand, including EUR 115 thousand redundancy costs).

In thousands of EUR

Arrizabal Elkartea SL
Foad Jaffal
Elektra Holding AD
Directors
Eqtec plc
Eqtec Iberia plc
Others

33. Related party transactions and balances (continued)

Loans due to related parties

In thousands of EUR

	Balance outstanding as at	
	31.12.2018	**31.12.2017**
Payable to:		
Elektra Holding AD	(753)	(731)
Close family members of the management	(190)	(37)
Arrizabal Elkartea SL	-	(75)
	(943)	**(843)**

Transactions with related parties

In thousands of EUR	**Description**	**For the period ended 31.12.2018**	**For the period ended 31.12.2017**
Arrizabal Elkartea SL	Trade	-	147
Arrizabal Elkartea SL	Cost of goods sold	(33)	(246)
Arrizabal Elkartea SL – amounts received	Loans	-	75
Arrizabal Elkartea SL – amount offset	Loans	(75)	-
Arrizabal Elkartea SL – amounts repaid	Loans	-	(6)
Elektra Holding AD – amounts received and payments made on behalf of the Group	Loans	87	872
Elektra Holding AD – amounts repaid	Loans	(80)	(292)
Elektra Holding AD – interest accrued	Loans	27	16
Other loans provided by related parties	Loans	153	37
Repaid loans to other related parties	Loans	(3)	-
Other loans provided by related parties – interest accrued	Loans	3	-
GG Eco Energy Limited	Trade	-	37

34. Correction of errors

At the end of June 2018, the Board of Directors of Eqtec plc approved the impairments listed below which have not been reflected in Ebioss Energy SE consolidated financial statements for 2017.

Consolidated statement of financial position

In thousands of EUR	**Property, plant and equipment**	**Other investments**	**Trade and other receivables**	**Retained earnings / profit or loss**	**NCI**
Balances at 31 December 2017, as previously reported	35,185	547	1,988	(10,735)	2,337
Adjustments	(4,998)	(403)	(355)	(1,631)	(4,125)
Restated balances at 31 December 2017	**30,187**	**144**	**1,633**	**(12,366)**	**(1,788)**

34. Correction of errors (continued)

Statement of profit or loss and other comprehensive income

In thousands of EUR	**2017**
Decrease in:	
Impairment of tangible and intangible assets	4,998
Impairment loss on trade receivables	355
Other expenses	403
Result for the period	**5,756**

The Group's basic loss per share for the financial year 2017, taking into consideration the changes described above would have been (0.43) EUR/per share.

35. Commitments and contingent liabilities

Ebioss Energy SE, Heat Biomass EOOD and Biomass Distribution EOOD are joint debtors in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD as well as under Annex 1 dated 1 September 2016 to the said contract up to the moment of repayment of the whole amount under the loan contract. As at 31 December 2018 (31 December 2017) the outstanding principal to this loan is EUR 3,955 thousand (EUR 4,052 thousand) out of which the payment of principle amounting to EUR 406 thousand was due prior to the reporting date.

As per a share lending agreement signed between Ebioss Energy SE and Elektra Holding AD, Elektra agreed to lend up to 2,000,000 own ordinary shares to Ebioss Energy SE. Ebioss Energy SE agrees to return to the Share lender the shares borrowed or the lump sum of up to EUR 2,000 thousand within a certain timeframe (June 2019).

The shares lent are to serve as collateral for a financing received under a Share Subscription Facility (SSF) agreement signed between Ebioss Energy SE and GEM Global Yield Fund LLC SCS (GEM) in October 2018. As at the end of the reporting period Ebioss Energy SE has effectively borrowed 1,515,730 shares from Elektra Holding AD. The ownership over those shares was transferred to GEM against consideration received amounting to EUR 300 thousand.

In regards to the SSF signed between Ebioss Energy SE and GEM Global Yield Fund in October 2018 (see Note 18), Ebioss Energy SE undertakes to issue Warrants to the Investor in the beginning of 2019, giving the right to GEM to subscribe for 5,500,000 newly issued Ordinary Shares from the capital of Ebioss Energy SE. The terms and conditions for issuance of the Warrants are further specified in the SSF.

The Group has no other commitments or contingent liabilities as at 31 December 2018 and 31 December 2017.

36. Events after the reporting period

In the first quarter of 2019 Ebioss Energy SE signed 5 preliminary contracts with 5 companies that would be incorporated in the Group. According to the contracts signed the Company will acquire 50% of the share capital of these companies against shares in Ebioss Energy SE issued at a nominal value of EUR 1. Through this transaction the Company will diversify its business lines of activity and will increase the capacity of the Group for growth respectively adding revenues and constant cash flow to the consolidated financial statements of the Group. The transaction is subject to final approval on behalf of the next General Meeting of Shareholders. On 3rd June 2019 the Group obtained 50,43% ownership in Petrolprom Bulgaria OOD.

On 19th of March 2019 EBIOSS successfully issued an emission of 5,500,000 warrants which was inscribed in the Bulgarian Central Depository for dematerialized securities (CSD). The whole emission was subscribed by GEM GLOBAL YIELD LLC SCS in conformity with undertakings set forth in Share subscription facility agreement, signed by EBIOSS and GEM on 25th of October 2018.

On 20th of March 2019 EBIOSS signed preliminary agreement for the sale of 100% of the quotas from the subsidiary companies Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. The preliminary contract provides for accomplishment of detailed Due Diligence by the buyer of the quotas and for special corporate approvals by the management bodies of the both companies as pre-conditions for finalization of the deal.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 the parent company signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss energy SE should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss energy SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss energy SE holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss energy SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss energy SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.
- The Group has committed to meet certain financial performance criteria.

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

37. Basis of measurement

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

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

38. Significant accounting policies

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

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 acquire and the equity interest issued

38. Significant accounting policies (continued)

Basis for consolidation (continued)

(i) Business combinations (continued)

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 acquire either:

- at fair value; or
- At their proportionate share of the acquirer'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 derecognizes 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, depending on the level of influence retained, it is accounted for as an equity-accounted investee or as a financial asset in accordance with IFRS 9 Financial instruments.

(v) Transactions eliminated on consolidation

Intra-group balances arising from intra-group transactions should be eliminated.

(vi) Acquisitions from entities under common control

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

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

38. Significant accounting policies (continued)

Basis for consolidation (continued)

(vi) Acquisitions from entities under common control (continued)

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 acquire, 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.

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 statement of profit or loss and other comprehensive income, 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 the associate.

Revenue from contracts with customers

The Group has initially applied IFRS 15 from 1 January 2018. Information about the Company's accounting policies relating to contracts with customers is provided in Note 6. The effect of initially applying IFRS 15 is described in Note 5.

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.

38. Significant accounting policies (continued)

Finance income and finance costs

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

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.

Foreign currency translation

(i) Functional and presentation currency

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

Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

38. Significant accounting policies (continued)

Tax (continued)

Deferred tax is not recognised for:

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

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

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

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

38. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except land is carried 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.

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.

Depreciation

Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. Land is not depreciated. The estimated useful lives of other property, plant and equipment are as follows:

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

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

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.

38. Significant accounting policies (continued)

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 acquire and the acquisition date fair value of any previous equity interest in the acquire 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 profit or loss.

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

Development costs

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

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 acquire, when the project meets the definition of an asset.

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

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

Amortisation

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

38. Significant accounting policies (continued)

Intangible assets and goodwill (continued)

Amortisation (continued)

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

Amortization of the development costs in progress will start when the projects are finalised and the production commences.

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 capitalized in accordance with the Group's general policy on borrowing costs.

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

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are included at cost of acquisition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

38. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Groups' continuing recognition of the assets.

38. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable-rate features;

– prepayment and extension features; and

– terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

38. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the following categories: loans and receivables, held to maturity and available for sale.

The Group classifies non-derivative financial liabilities into the other financial liabilities' category.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

38. Significant accounting policies (continued)

Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

(i) Non-financial assets

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

(ii) Financial assets

Policy applicable before 1 January 2018

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.

38. Significant accounting policies (continued)

Financial instruments (continued)

Impairment (continued)

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on its financial assets measured at amortised cost, debt investments measured at FVOCI; and contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

38. Significant accounting policies (continued)

Impairment (continued)

Policy applicable from 1 January 2018 (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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.

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.

38. Significant accounting policies (continued)

Employee benefits (continued)

(ii) Defined benefit plan

According to Bulgarian Labour Code at the time when employees acquire pension rights, the company owes 2 monthly salaries for employees with less than 10 years, or 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. The Group's obligation in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted. The calculation is performed annually based on the projected unit credit method. Except for Bulgaria under the foreign jurisdictions where the Group operates there are no obligations to pay future additional remuneration for the employees, when they reach retirement age.

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

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

(iii) Short-term employee benefits

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

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

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.

39. New standards and interpretations not yet adopted

The following new Standards, amendments to Standards and Interpretations, endorsed by the EC, are not yet mandatorily effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these financial statements. The Group plans to adopt these pronouncements when they become effective.

Standards, Interpretations and amendments to published Standards that have not been early adopted – endorsed by the EC.

39. New standards and interpretations not yet adopted (continued)

(a) IFRS 16 *Leases*

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating lease of office premises. The nature of expenses related to this lease will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Leases in which the Group is a lessee (continued)

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date and the Group's latest assessment of whether it will exercise any lease renewal options.

(b) IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 is effective for annual periods beginning on or after 1 January 2019 and early application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. Under IFRIC 23, the key test is whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is probable that the tax authorities will accept the uncertain tax treatment, then the tax amounts recorded in the financial statements are consistent with the tax return with no uncertainty reflected in measuring current and deferred taxes. Otherwise, the taxable income (or tax loss), tax bases and unused tax losses shall be determined in a way that better predicts the resolution of the uncertainty, using either the single most likely amount or expected (sum of probability weighted amounts) value. An entity must assume the tax authority will examine the position and will have full knowledge of all the relevant information.

The Group does not expect that the Interpretation, when initially applied, will have material impact on its financial statements as the Group does not have material uncertain tax positions.

39. New standards and interpretations not yet adopted (continued)

(c) Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

The amendments are effective for annual periods beginning on or after 1 January 2019. These amendments address concerns raised about accounting for financial assets that include particular contractual prepayment options.

In particular, the concern was related to how a company would classify and measure a debt instrument if the borrower was permitted to prepay the instrument at an amount less than the unpaid principal and interest owed. Such a prepayment amount is often described as including 'negative compensation'. Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss.

The amendments enable entities to measure at amortized cost some prepayable financial assets with so-called negative compensation.

The Group does not expect that the amendments will have a material impact on its financial statements because the Group does not have prepayable financial assets with negative compensation.

(d) Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments are effective for annual periods beginning on or after 1 January 2019. The Amendments clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Standards and interpretations not yet endorsed by the EC

Management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to current standards, which are already issued by the International Accounting Standards Board (IASB), are not yet endorsed for adoption by the EC, and therefore are not taken into account in preparing these financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

The following amendments and improvements to standards are not expected to have a material impact on the financial statements of the Group.

- *Annual Improvements to IFRS 2015-2017 Cycle*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement*
- *Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture*
- *Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)*
- *Amendments to IFRS 3 Business Combinations*
- *Amendments to IAS 1 and IAS 8: Definition of Material*
- *IFRS 17 Insurance Contracts.*

EBIOSS ENERGY SE

SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2018

EBIOSS ENERGY SE

SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2018

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EBIOSS ENERGY SE

SEPARATE REPORT ON ACTIVITIES FOR THE YEAR ENDED 2018

The Board of Directors presents their separate report on activities of EBIOSS ENERGY SE (the Company) for the year ended 2018.

Incorporation

EBIOSS ENERGY SE (the Company) is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital, which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD.

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

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
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 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 SE

SEPARATE REPORT ON ACTIVITIES FOR THE YEAR ENDED 2018

On 12 December 2012 EBIOSS ENERGY OOD was 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.

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

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

As at 31 December 2018 the share capital of Ebioss Energy SE is owned by the following shareholders:

Shareholders	**Relative share %**	**Number of shares**	**Total share capital in EUR'000**
Elektra Holding AD	24.76	5,179,017	5,179
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.32	904,415	904
Origina Bulgaria OOD	1.85	387,794	388
Antigona Bulgaria EOOD	1.25	260,280	260
Basic shareholders	**39.71**	**8,306,504**	**8,306**
Minority shareholders	**60.29**	**12,611,682**	**12,612**
Total:	**100**	**20,918,186**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital. In 2013 and 2014 three subsequent capital increases took place. The shares are traded on the Spanish MAB (Alternative Stock Exchange Market) which is a MTF in accordance with the MiFID Directive, so the rest of the shareholders are free float.

Principal activities

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

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, retail sales, oil and gas, waste container production, etc. The in-kind contributions of the new business lines of activities are expected to be finalized by the end of June 2019.

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

The Company's development to date, financial results and position are presented in the separate financial statements. For the period 1 January – 31 December 2018 the financial result of the Company is net loss in the amount of EUR 19 532 thousand and the net equity is a positive value amounting to EUR 13 595 thousand. As of 31 December 2018 the earnings per share are a negative value of EUR 0,94.

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

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

Gearing ratio (total liabilities / total equity)

31.12.2018	31.12.2017
1,63	0,56

Liquidity ratio (current assets / current liabilities)

31.12.2018	31.12.2017
3,4	3,37

4. Events after the reporting period

In the first quarter of 2019 Ebioss Energy SE signed 5 preliminary contracts with 5 companies that would be incorporated in the Group. According to the contracts signed the Company will acquire 50% of the share capital of these companies against shares in Ebioss Energy SE issued at a nominal value of EUR 1. Through this transaction the Company will diversify its business lines of activity and will increase the capacity of the Group for growth respectively adding revenues and constant cash flow to the consolidated financial statements of the Group. The transaction is subject to final approval on behalf of the next General Meeting of Shareholders. On 3 June 2019 the Company obtained 50,43% ownership in Petrolprom Bulgaria OOD.

On 19th of March 2019 EBIOSS successfully issued an emission of 5,500,000 warrants which was inscribed in the Bulgarian Central Depository for dematerialized securities (CSD). The whole emission was subscribed by GEM GLOBAL YIELD LLC SCS in conformity with undertakings set forth in Share subscription facility agreement, signed by EBIOSS and GEM on 25th of October 2018.

On 20th of March 2019 EBIOSS signed preliminary agreement for the sale of 100% of the shares from the subsidiary companies Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. The preliminary contract provides for accomplishment of detailed Due Diligence by the buyer of the quotas and for special corporate approvals by the management bodies of the both companies as pre-conditions for finalization of the deal.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 Ebioss signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3

Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.

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

5. Future development of the Company

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, retail sales, oil and gas, waste container production, etc. The in-kind contributions of the new business lines of activities are expected to be finalized by the end of August 2019.

6. Activities in the field of research and development

The company was not involved in research and development activities for the period 1 January – 31 December 2018 and in 2017.

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

As of 31.12.2017 the Company owns 74 008 own shares which represent 0,35% from share capital.

8. Existence of branches of the Company

The Company does not have branches in 2018 and 2017.

9. Company`s financial risk management objectives and policies

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

- credit risk
- liquidity risk
- market risk.

Risk management framework

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Market risk

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

Currency risk

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

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

Interest rate risk

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

Capital management

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

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

Fair value of financial assets and liabilities

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

CORPORATE GOVERNACE STATEMENT

1. Code of Corporate Governance

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

2. System of internal control and management of risks

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

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

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

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

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

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

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

As of 31 December 2018 the major shareholders in the Company are: Elektra Holding AD – 24,76%; Sofia Biomass EOOD - 7,53% and Sungroup Bulgaria EOOD – 4,32%.

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

No securities with special control rights exist.

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

No restriction of voting rights exists in articles of association.

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

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

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

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

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

As of 31.12.2018 the Company's management bodies are the following:

1. Board of Directors with the following members:

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

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

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

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

Director's responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable prudent judgements and estimates have been made in the preparation of the separate financial statements for the year ended 2018.

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

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

As of 31 December 2018 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE
Sofia

Jose Oscar Leiva Mendez
Executive Director

Sofia, 8 June 2019

Crowe

Crowe Bulgaria Audit Ltd.
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INDEPENDENT AUDITOR`S REPORT

To the shareholders of
EBIOSS ENERGY SE

Address: 49 Bulgaria Blvd, Floor 11-12
Sofia 1404, Bulgaria

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of EBIOSS ENERGY SE ("the Company") containing the separate statement of financial position as at 31 December 2018, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, as well as the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the separate financial statements, which indicates that the Company incurred a net loss amounting to EUR 19 832 thousand during the year ended 31 December 2018 and, as of that date, the Company's accumulated loss amounts to EUR 23 237 thousand. As stated in note 2, these events and conditions, along with other matters as set forth in note 6, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The future activity of the Company depends on the in-kind contributions and completing the bondholders' agreements as presented in note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of highest significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, to the matter described in the *Emphasis of matter section* and *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	*How this matter was addressed during the audit*
I. Recoverable amount of investments in subsidiaries amounting to EUR 5 903 thousand and impairment allowance recognized amounting to EUR 10 453 thousand presented in note 12 on pages 14-17 in the separate financial statements The Company has performed impairment tests of its investments in subsidiaries as at 31 December 2018 based on valuation reports of independent valuers for estimation of recoverable amount and has recognized impairment loss amounting to EUR 10 453 thousand. We focused on the significant assumptions used in the valuations and the management judgements in determining recoverable amount due to their significance and due to the materiality of investment in subsidiaries representing 17% of the total assets of the Company as at 31 December	During our audit, our audit procedures included, but were not limited to the following: • Assessment of the appropriateness of the key assumptions for indications of impairment including the current existing circumstances, financial position and performance of the subsidiaries; • Identification of key management assumptions used in the cash flow projections and evaluation of their appropriateness; • Review of fair value estimation models and conclude whether the models used are in accordance with the requirements of IFRS; • Comparison of recoverable amount with carrying amount and calculation of the impairment loss; • Evaluation of completeness and

Crowe

Key Audit Matters	How this matter was addressed during the audit
2018 and impairment loss representing 50% of total expenses for the year then ended.	adequacy of disclosures presented in the separate financial statements in relation to investments in subsidiaries.

Emphasis of matter

We draw attention to note 12 in the separate financial statements, which states that the investments in subsidiaries are tested for impairment as at 31 December 2018 and their recoverable amount exceeds their carrying value. The major assumptions are based on the going concern assumption and the results are dependent on future events, successful start and realisation of the projects and continuing support of the owners. Our opinion is not modified in respect of this matter.

Other Matter

The separate financial statements for the year ended 31 December 2017 were audited by another auditor who expressed a modified opinion on those separate financial statements on 30 April 2018.

Information Other than the Separate Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared by the management in accordance with Chapter VII of the Bulgarian Accountancy Act, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon unless explicitly stated in our report and to the extent stated in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Crowe

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate/consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Separate Financial Statements and Auditor's Report Thereon", regarding annual management report we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to conclude whether the other information includes the elements and disclosures in accordance with Chapter Seven of the Bulgarian Accountancy Act and Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act, applicable in Bulgaria.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:
(a) the information in the management report for the reporting period is consistent with the separate/consolidated financial statements for the same reporting period;
(b) the management report is prepared in accordance with the applicable legal requirements.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Company and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Company in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the corporate governance statement, being a component of the annual management report.

Additional reporting concerning the audit of separate financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of Bulgarian Public Offering of Securities Act

Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of Public Offering of Securities Act

Related party transactions are disclosed in note 24 "Related party transactions" to the separate financial statements. Based on the performed audit procedures on related party transactions as part of our audit of separate financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying separate financial statements for the year ended on 31 December 2018, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures". The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on related party transactions.

Statement on Article 100m, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act

Our responsibilities for audit of the separate financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Separate Financial Statements", include assessment whether the separate financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the separate financial statements for the year ended on 31 December 2018, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Company, which are material to the separate financial statements, were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on the significant transactions.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Crowe Bulgaria Audit EOOD was appointed as statutory auditor of the financial statements of EBIOSS ENERGY SE for the year ended on 31 December 2018 by the Board of Directors' meeting, held on 12.12.2018, for a period of one year.
- The audit of the separate financial statements of the Company for the year ended on 31 December 2018 has been made for first year.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Company in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to the Company in addition to the statutory audit, which have not been disclosed in the management report or separate financial statements.

For Crowe Bulgaria Audit EOOD
Audit firm

Georgi Kaloyanov
Managing Partner, Registered auditor responsible for the audit

ОДИТОРСКО ДРУЖЕСТВО
СОФИЯ
Рег. № 167
КРОУ БЪЛГАРИЯ ОДИТ ЕООД

9 June 2019
Sofia, Bulgariap

DIRECTORS AND OTHER OFFICERS

Executive Directors

Jose Oscar Leiva Mendez
Luis Sanchez Angrill

Registered seat

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Address for correspondence

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Legal Consultant

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

Bank

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

Auditor

Crowe Bulgaria Audit EOOD
55 6-ti Septemvri Str.
Sofia 1142
Bulgaria

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December

	Note	2018 EUR'000	2017 EUR'000
Revenue	6	125	246
Depreciation and amortization	13,14	(19)	(25)
Expenses for hired services	7	(216)	(363)
Employee benefit expenses	8	(552)	(582)
Investments impairment	12	(10,957)	-
Loans written-off	9	(5,514)	(59)
Impairment loss on trade receivables and loans	23	(1,908)	-
Other expenses	10	(452)	(776)
Result from operating activities		(19,493)	(1,559)
Finance income	11	938	1,055
Finance cost	11	(1,429)	(1,217)
Net finance expense		(491)	(162)
Loss before income tax		(19,984)	(1,721)
Income tax benefit	22	152	140
Loss for the period		**(19,832)**	**(1,581)**
Total comprehensive loss for the period		**(19,832)**	**(1,581)**
Basic loss per share (in EUR)	19	**(0.949)**	**(0.076)**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these financial statements for issue.

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE
Sofia

Executive Director:
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 9 June 2019

For Crowe Bulgaria Audit EOOD., Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

ОДИТОРСКО ДРУЖЕСТВО
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КРОУ БЪЛГАРИЯ ОДИТ ЕООД

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018 EUR'000	31 December 2017 EUR'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	5,903	24,105
Investments in associates	12	7,259	-
Deferred tax asset	22	458	306
Loans provided	16	4	18,432
Property, plant and equipment	13	4	73
Intangible assets	14	1	2
Total non-current assets		**13,629**	**42,918**
Current assets			
Loans provided	16	21,414	8,023
Trade and other receivables	17	377	619
Cash and cash equivalents	15	23	37
Total current assets		**21,814**	**8,679**
Total assets		**35,443**	**51,597**
EQUITY AND LIABILITIES			
Equity			
Share capital	18.1	20,918	20,918
Share premium		15,614	15,662
Reserve for own shares	18.2	-	(74)
Accumulated loss		(23,237)	(3,343)
Total equity		**13,295**	**33,163**
Non-current liabilities			
Loans and borrowings	20	15,812	15,855
Total non-current liabilities		**15,812**	**15,855**
Current liabilities			
Loans and borrowings	20	5,220	1,993
Trade and other payables	21	1,116	586
Total current liabilities		**6,336**	**2,579**
Total liabilities		**22,148**	**18,434**
Total equity and liabilities		**35,443**	**51,597**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these separate financial statements for issue.

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE
Sofia

Executive Director:
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 9 June 2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

ОДИТОРСКО ДРУЖЕСТВО
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The notes set out on pages 6 – 46 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Note	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Retained earnings EUR'000	Total EUR'000
Balance at 31 December 2017		**20,918**	**15,662**	**(74)**	**(3,343)**	**33,163**
Adjustment on initial application of IFRS 9	5	-	-	-	(62)	(62)
Balance at 1 January 2018		**20,918**	**15,662**	**(74)**	**(3,405)**	**33,101**
Total comprehensive loss						
Loss for the year		-	-	-	(19,832)	**(19,832)**
Total comprehensive loss		-	-	-	(19,832)	**(19,832)**
Transactions with owners of the Company						
Own shares acquired		-	(475)	(1,052)	-	**(1,527)**
Own shares sold		-	427	1,126	-	**1,553**
Total transactions with owners of the Company		-	(48)	74	-	**26**
Balance at 31 December 2018		**20,918**	**15,614**	**-**	**(23,237)**	**13,295**

	Note	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Retained earnings EUR'000	Total EUR'000
Balance at 1 January 2017		**20,918**	**15,700**	**(179)**	**(1,762)**	**34,677**
Total comprehensive loss						
Loss for the year		-	-	-	(1,581)	**(1,581)**
Total comprehensive loss		-	-	-	(1,581)	**(1,581)**
Transactions with owners of the Company						
Own shares acquired		-	(469)	(1,521)	-	**(1,990)**
Own shares sold		-	431	1,626	-	**2,057**
Total transactions with owners of the Company		-	(38)	105	-	**67**
Balance at 31 December 2017		**20,918**	**15,662**	**(74)**	**(3,343)**	**33,163**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these separate financial statements for issue.

ЕБИОС ЕНЕРДЖИ ЕД
София
EBIOSS ENERGY SE
Sofia

Executive Director:
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 9 June 2019

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For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December

	Note	2018 EUR'000	2017 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before tax		**(19,984)**	**(1,721)**
Adjustment for:			
Depreciation expense		19	25
Loss on sale of PPE		30	-
Interest expense		1,407	1,181
Interest income		(929)	(1,017)
Loans remitted		5,514	59
Investment impairments		10,957	-
Impairment loss on trade receivables and loans		1,908	-
Other financial expenses		22	36
Net exchange rate (gains)/losses		(9)	(38)
Other non-cash income		(2)	-
		(1,067)	(1,475)
Changes in working capital:			
Trade and other payables		544	380
Trade and other receivables		26	229
Net cash used in operating activities		(497)	(866)
Interest received		-	50
Interest paid		(430)	(551)
Other financial expenses paid		(22)	(36)
Exchange rates gains realized		(2)	(8)
Net cash used in operating activities		**(951)**	**(1,411)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans provided		(1,315)	(3,564)
Loans repaid		31	309
Net cash used in investing activities		**(1,284)**	**(3,255)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of corporate bonds		-	3,852
Payments related to issue of corporate bonds		-	(275)
Proceeds from loans from related parties		554	896
Repayment of loans from related parties		(312)	(292)
Proceeds from loans from third parties		2,000	-
Proceeds from bank loans		-	304
Repayment of bank loans		(29)	(33)
Proceeds from sale of own shares		1,553	2,057
Repurchase of own shares		(1,527)	(1,990)
Payment of finance lease liabilities		(18)	(19)
Net cash from financing activities		**2,221**	**4,500**
Net decrease in cash and cash equivalents		(14)	(166)
Cash and cash equivalents at 1 January		37	203
Cash and cash equivalents at 31 December	15	**23**	**37**

On 08.06.2019 the Board of Directors of EBIOSS ENERGY SE authorised these separate financial statements for issue.

EBIOSS ENERGY SE
София

Executive Directors
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 9 June 2019

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit

ОДИТОРСКО ДРУЖЕСТВО
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The notes set out on pages 6 – 46 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities

Incorporation

EBIOSS ENERGY SE (the Company) is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital, which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD.

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

Shareholders	**Relative share %**	**Number of shares**	**Total share capital in BGN'000**	**Total share capital in EUR'000**
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
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 EBIOSS ENERGY OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Incorporation (continued)

On 12 December 2012 EBIOSS ENERGY OOD was 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.

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

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

As at 31 December 2018 the share capital of Ebioss Energy SE is owned by the following shareholders:

	Relative share %	Number of shares	Total share capital in EUR'000
Shareholders			
Elektra Holding AD	24.76	5,179,017	5,179
Sofia Biomass EOOD	7.53	1,574,998	1,575
SunGroup Bulgaria EOOD	4.32	904,415	904
Origina Bulgaria OOD	1.85	387,794	388
Antigona Bulgaria EOOD	1.25	260,280	260
Basic shareholders	**39.71**	**8,306,504**	**8,306**
Free float	**60.29**	**12,611,682**	**12,612**
Total:	**100**	**20,918,186**	**20,918**

The basic shareholders of the company are those who initially subscribed all the shares in the capital. In 2013 and 2014 three subsequent capital increases took place. The shares are traded on the Spanish MAB (Alternative Stock Exchange Market) which is a MTF in accordance with the MiFID Directive, so the rest of the shareholders are free float.

Principal activities

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

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, food industry retail sales, waste container production etc. The in-kind contributions of the new business lines of activities are expected to be finalized till the end of August 2019.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2. Basis of accounting

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Details of the Company's accounting policies are included in Note 28.

Going concern basis of accounting

The separate financial statements of Ebioss Energy SE as at 31 December 2018 have been prepared on the basis of the going concern concept. The Company's financial result for the year is a loss amounting to EUR 19,832 thousand mainly due to recognition of impairment of investments in its subsidiaries, as well as impairment of the loans granted to those subsidiaries and all receivables from Syngas Italy S.R.L. The accumulated loss as at 31 December 2018 amounts to EUR 23,237 thousand. During 2018 the Company was not able to make due interest payments amounting to EUR 1,031 thousand in relation to its unsecured corporate bonds issued. The management believes that the current and future planned activities of the Company as well as the funds to be secured will enable the Company to continue its operations and settle its obligations in the ordinary course of business and has taken the below listed actions to improve the financial position and performance of the Company.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 Ebioss signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.
- The Company has committed to meet certain financial performance criteria.

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, retail sales, oil and gas, waste container production, real estate etc. The in-kind contributions of the new business lines of activities is expected to be finalized in till the end of August 2019.

The management is currently negotiating the sale of the power plants of Karlovo Biomass EOOD and Heat Biomass EOOD as well as the pelletizing installation of Biomass Distribution EOOD and has concluded preliminary agreements which are expected to be finalized in 2019.

The Board of directors has prepared business plans based on their best estimation of the cash flows of the Company in the short and medium term. Such forecasts inherently contain management judgments and estimates in respect of future trading conditions, the timing of receipts and payments and other relevant matters. The main management judgments, estimates and assumptions used in the prepared business plans are that the management will be successful in the planned future activities.

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

3. Functional and presentation currency

Items included in the Company's separate financial statements are measured using the currency of the primary economic

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

environment in which the entity operates ('the functional currency'). The functional currency of the Company is BGN. These financial statements are presented in thousands of EUR, which is the Company's presentation currency.

4. Use of estimates and judgments

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

Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. Changes in significant accounting policies

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these separate financial statements has not been restated to reflect the requirements of the new standards.

A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's separate financial statements.

A. IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers*, as well as SIC 31 *Revenue-barter transactions, involving advertising services.*

(i) Rendering of services

The Company's activity involves provision of consultancy and project management services related to the realization of the investment projects (power generation and palletisation) developed by the subsidiary companies of Ebioss Energy SE.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised using the stage-of-completion method.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

5. Changes in significant accounting policies (continued)

A. IFRS 15 *Revenue from Contracts with Customers (continued)*

(i) Rendering of services (continued)

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in transactions. Based on the Company's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the application of IFRS 15 will not lead to significant differences in recognition of revenue for these services. There were no unsatisfied performance obligations as at 31 December 2018 and 31 December 2017.

(ii) Transition

The Company has initially applied IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized directly in equity at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

For additional information about the Company's accounting policies relating to revenue recognition, see Note 6.

B. IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information. The impact of transition to IFRS 9 on the retained earnings amounts to EUR 62 thousand.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of EUR 62 thousand in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

In thousands of EUR	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial assets				
Loans provided	Loans and receivables	Amortised cost	26,455	26,455
Trade and other receivables	Loans and receivables	Amortised cost	276	214
Cash and cash equivalents	Loans and receivables	Amortised cost	37	37
Total financial assets			26,768	26,706

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

5. Changes in significant accounting policies (continued)

B. IFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

In thousands of EUR	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial liabilities				
Trade payables	Other financial liabilities	Other financial liabilities	(404)	(404)
Loans and borrowings	Other financial liabilities	Other financial liabilities	(17,848)	(17,848)
Trade payables to related parties	Other financial liabilities	Other financial liabilities	(124)	(124)
Total financial liabilities			(18,376)	(18,376)

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

In thousands of EUR	
Loss allowance at 31 December 2017 under IAS 39	-
Additional impairment recognised at 1 January 2018 on:	
Trade and other receivables as at 31 December 2017	62
Loss allowance at 1 January 2018 under IFRS 9	62

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

— The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

— The assessment and determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

6. Revenue

The effect of initially applying IFRS 15 on the Company revenue from contracts with customers is described in Note 5. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

A. Revenue streams

The Company revenue primarily relates to consultancy services, rendered to some of the subsidiary companies - Karlovo Biomass EOOD, Biomass Distribution EOOD, Heat Biomass EOOD and Syngas Italy Srl (see also note 24.4).

	2018 EUR'000	2017 EUR'000
Revenue from contracts with customers	123	246
Other revenue	2	-
Total revenue	125	246

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

	2018 EUR'000	2017 EUR'000
Bulgaria	93	184
Rest of Europe	30	62
	123	246

The generated revenue is related to a single service line.

C. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 (applicable before 1 January 2018)
Consultancy services and project management	Invoices issued monthly	Revenue is recognised over time as the services are provided. The stage of completion is determined by analysing the completed work.	Revenue was recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by analysing the completed work.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

7. Expenses for hired services

	2018 EUR'000	2017 EUR'000
Consultancy fees	94	148
Audit services	62	31
Office rent	32	46
Advertising and exhibits	5	49
Equipment dismantling	-	36
Other	23	53
	216	363

8. Employee benefit expenses

	2018 EUR'000	2017 EUR'000
Wages and salaries	511	532
Social security contributions	41	50
	552	582

9. Loans written-off

In 2018 a decision was made to discontinue the development of some of the investment projects, namely Brila EOOD and Tvardica PV EOOD. Their activity was credit funded by Ebioss Energy SE. Respectively the management does not consider the loans repayable and has made a decision to write the amounts off.

With a resolution of the Board of Directors, dated 14 September 2018 initiation of voluntary liquidation of the subsidiary company SYNGAS ITALY SRL was approved.

Following the conclusion of share exchange agreement, Winttec SGPS SA also entered a liquidation process.

	2018 EUR'000	2017 EUR'000
Syngas Italy S.R.L.	3,778	-
TNL SA	1,028	-
WINTTEC SGPS SA (former TNL SGPS)	672	-
Brila EOOD	23	-
Tvardica PV EOOD	13	-
Newry Biomass	-	59
	5,514	59

10. Other expenses

	2018 EUR'000	2017 EUR'000
Stock exchange and investors related expenses	312	379
Vehicles related	17	42
Entertainment costs	6	25
Business trip related and other expenses	117	330
	452	776

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

11. Finance income and costs

	2018 EUR'000	2017 EUR'000
Interest income	929	1,017
Net FX gains	9	38
	938	1,055
Interest expense	(1,407)	(1,181)
Bank expenses	(22)	(36)
Finance costs	(1,429)	(1,217)
Net finance expense recognized in profit or loss	(491)	(162)

12. Investment in subsidiaries and associates

	31.12.2018 EUR'000	31.12.2017 EUR'000
Balance at 1 January	24,105	16,316
New investments	14	9,467
Disposal of investments (Eqtec Iberia SL)	-	(1,678)
Impairment of investments	(10,957)	-
Balance at the end of the period	13,162	24,105
Investments in subsidiaries	5,903	24,105
Investments in associates (Eqtec plc)	7,259	-
Total investments	13,162	24,105

With a resolution of the Board of Directors, dated 14 September 2018 initiation of voluntary liquidation of the subsidiary company SYNGAS ITALY SRL was approved.

With a resolution of the Board of Directors, dated 14 September 2018 a sale of all corporate shares owned by Ebioss Energy SE in the company Waste Intelligent Technologies SGPS, representing 68% of the registered capital to Mr. Nuno Antonio De Silva Lopes for a price of EUR 1 and against additional consideration, equal to EUR 500,000 was approved. The consideration is formed as follows:

a) EBIOSS Energy SE buys 46,988 shares equivalent to 80% of TNL EQUIPAMENTOS AMBIENTAIS SL from WINTTEC SGPS for the selling price equal to EUR 250,000

b) EBIOSS Energy SE buys 1,970 shares equivalent to 100% of WINTTEC WORLD SL for the selling price equal to EUR 197,000.

c) EBIOSS Energy SE buys 900 shares equivalent to 100% of TNL WORLD EOOD for the selling price equal to EUR 1,000.

d) EBIOSS Energy SE buys 100% of the capital of WINTTEC GREECE IKE for the selling price equal to EUR 52,000.

The sale was officially performed on 5 October 2018 with the cancelation of the pledge, which has been imposed over the shares of WINTTEC in relation to the receivables of BTC 12 SARL amounting to 1 million Euro. The pledge in favour of BTC 12 SARL was transferred over TNL EQUIPAMENTOS AMBIENTAIS SL and WINTTEC WORLD SL.

In the second half of 2018 due to issue of new shares of EQTEC PLC the participation of Ebioss Energy SE decreased and as at 31 December 2018 Ebioss Energy SE owned 37.48% of the share capital of Eqtec plc. Ebioss Energy SE lost control over Eqtec plc but retained significant influence.

The management is currently negotiating the sale of the power plants of Heat Biomass EOOD and Karlovo Biomass EOOD as well as the pelletizing installation of Biomass Distribution EOOD.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

12. Investment in subsidiaries and associates (continued)

The investments of the Company as at 31 December 2017 and 31 December 2018 are presented below:

Subsidiary	Country of incorporation	% ownership 31.12.2017	Investment amount in EUR'000 31.12.2017	New invest ments	Reclassified to associate following loss of control	Impair ments	Share for share exchange	% ownership 31.12.2018	Investment amount in EUR '000 31.12.2018
Heat Biomass EOOD	Bulgaria	100%	3,500	-	-	(3,500)	-	100%	-
Karlovo Biomass EOOD	Bulgaria	100%	3,500	-	-	(3,500)	-	100%	-
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
Energotec-Eco AD	Bulgaria	43%	10	-	-	-	-	43%	10
Biomass Distribution EOOD	Bulgaria	100%	1	-	-	-	-	100%	1
Syngas Italy S.R.L.	Italy	100%	650	-	-	(650)	-	100%	-
Eqtec Bulgaria EOOD	Bulgaria	100%	605	-	-	(605)	-	100%	-
WINTTEC SGPS SA (former TNL SGPS)	Portugal	68%	2,698	-	-	(2,198)	(500)	-	-
TNL Equipamentos Ambientais SL	Spain	-	-	-	-	-	250	80%	250
Winttec World SL	Spain	-	-	-	-	-	197	100%	197
TNL World EOOD	Bulgaria	-	-	-	-	-	1	100%	1
Winttec Greece IKE	Greece	-	-		-	-	52	100%	52
Eqtec Plc (former React Energy)	Ireland	50.25%	7,749	14	(7,763)	-	-	-	-
				-					
Total investments in subsidiaries			**24,105**	**14**	**(7,763)**	**(10,453)**	**-**		**5,903**

Associates	Country of incorporation	% ownership 31.12.2017	Investment amount in EUR'000 31.12.2017	New invest ments	Reclassified from subsidiary following loss of control	Impair ments	Share for share exchange	% ownership 31.12.2018	Investment amount in EUR '000 31.12.2018
Eqtec Plc (former React Energy)	Ireland	-	-	-	7,763	(504)	-	37.48%	7,259
Total investments in associates			**-**	**-**	**7,763**	**(504)**	**-**		**7,259**

The fair value of shares in Eqtec Plc. for which there are published price quotations amounts to EUR 7 259 thousand.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

12. Investment in subsidiaries and associates (continued)

As at 31 December 2018 the Company performed impairment test of its investment in subsidiaries based on valuations from independent appraisers. The recoverable amount estimated based on the independent valuers' reports exceed the carrying amount of the investments as at 31 December 2018. The method used at arriving to fair value is the discounted cash flow method which is based on the going concern assumption and the results are dependent on future events, successful start and realisation of the projects and continuing support of the owners.

All shares from the investment in Karlovo Biomass OOD are pledged in favour of United Bulgarian Bank AD in relation to a loan contract dated 2 June 2014 between Karlovo Biomass EOOD as a borrower, United Bulgarian Bank AD as a lender and Ebioss Energy SE as a joint debtor for the amount of EUR 5,600 thousand. As at 31 December 2018 the principal to be repaid by Karlovo Biomass OOD to United Bulgarian Bank AD amounts to EUR 3,955 thousand out of which the payment of principle amounting to EUR 406 thousand was due prior to the reporting date and the Bank is in factual possession of the assets owned by the subsidiaries. Management plans to pay the overdue principle upon completion of the sales transaction of the plant in the foreseeable future.

13. Property, plant and equipment

	Computers and equipment EUR'000	Vehicles EUR'000	Total EUR'000
Cost			
Balance at 1 January 2017	15	124	139
Additions	4	-	4
Balance at 31 December 2017	19	124	143
Balance at 1 January 2018	19	124	143
Additions	2	-	2
Disposals	-	(122)	(122)
Balance at 31 December 2018	21	2	23
Depreciation			
Balance at 1 January 2017	11	35	46
Charge for the year	3	21	24
Balance at 31 December 2017	14	56	70
Charge for the year	3	15	18
Disposals	-	(69)	(69)
Balance at 31 December 2018	17	2	19
Carrying amounts			
At 1 January 2017	4	89	93
At 31 December 2017	5	68	73
At 31 December 2018	4	-	4

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

14. Intangible assets

	Software EUR'000
Cost	
Balance at 1 January 2017	6
Balance at 31 December 2017	6
Balance at 31 December 2018	6
Amortisation and impairment losses	
Balance at 1 January 2017	3
Charge for the year	1
Balance at 31 December 2017	4
Charge for the year	1
Balance at 31 December 2018	5
Carrying amounts	
At 1 January 2017	3
At 31 December 2017	2
At 31 December 2018	1

15. Cash and cash equivalents

	31.12.2018 EUR'000	31.12.2017 EUR'000
Cash at bank	23	27
Cash in hand	-	10
Cash and cash equivalents	**23**	**37**

Cash and cash equivalents are denominated in following currencies:

	31.12.2018 EUR'000	31.12.2017 EUR'000
EUR	23	37
	23	**37**

16. Loans provided

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Balance at 1 January 2018			26,455	
New proceeds:				
- TNL SA			564	31.12.2019
- TNL SL			319	31.12.2019
- Karlovo Biomass EOOD			146	31.12.2019
- Biomass Distribution EOOD			107	31.12.2019
- Eqtec Bulgaria EOOD			77	31.12.2019
- Winttec Greece IKE			41	31.12.2019
- Syngas Italy S.R.L.			36	31.12.2019
- WINTTEC SGPS SA			26	31.12.2019
- Heat Biomass EOOD			13	31.12.2019
- United Biomass EOOD			7	31.12.2019
- TNL World EOOD			3	31.12.2019
- Plovdiv Biomass EOOD			1	31.12.2019
- Tvardica Biomass EOOD			2	31.12.2019
- Nova Zagora Biomass EOOD			1	31.12.2019
- Tvardica PV EOOD			1	31.12.2019
- Brila EOOD			1	31.12.2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

16. Loans provided (continued)

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Loan repaid:				
- TNL SL			(13)	
- Heat Biomass EOOD			(11)	
- Biomass Distribution EOOD			(10)	
- United Biomass EOOD			(3)	
- Plovdiv Biomass EOOD			(1)	
Loans off-set against remunerations payable				
- Company employees			(6)	
Loans remitted:				
- Syngas Italy S.R.L.			(3,778)	
- TNL SA			(1,028)	
- WINTTEC SGPS SA (former TNL SGPS)			(672)	
- Brila EOOD			(23)	
- Tvardica PV EOOD			(13)	
Loans impairments:				
- Karlovo Biomass EOOD			(920)	
- Biomass Distribution EOOD			(549)	
- Heat Biomass EOOD			(284)	
Loan interest accrued:				
- Karlovo Biomass EOOD			418	
- Biomass Distribution EOOD			211	
- Heat Biomass EOOD			108	
- Syngas Italy S.R.L.			67	
- TNL SL			49	
- TNL SA			40	
- WINTTEC SGPS SA (former TNL SGPS)			27	
- Eqtec Bulgaria EOOD			2	
- Tvardica PV EOOD			2	
- United Biomass EOOD			1	
- Winttec Greece IKE			1	
- Plovdiv Biomass EOOD			1	
- Nova Zagora Biomass EOOD			1	
- employees			1	
Balance at 31 December 2018			**21,418**	

Balance at 31 December 2018 EUR'000	Total	Up to 1 year	1-2 years	2-5 years
Loans	21,418	21,414	-	4
	21,418	21,414	-	4

Part of the loan movements during the reporting period are in result of direct payments to vendors on behalf of the other party under the loan agreement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

16. Loans provided (continued)

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Balance at 1 January 2017			24,045	
New proceeds:				
- Eqtec Iberia S.L.			1,131	31.12.2017
- Eqtec Iberia S.L. (cession agreement)			15	31.12.2017
- TNL SL			531	31.12.2018
- Karlovo Biomass EOOD			526	31.12.2019
- Syngas Italy S.R.L.			272	31.12.2018
- Syngas Italy S.R.L. - cession agreement			197	31.12.2018
- Biomass Distribution EOOD			312	31.12.2019
- Biomass Distribution EOOD - cession agreement			147	31.12.2019
- WINTTEC SGPS SA			439	31.12.2018
- TNL SA			186	31.12.2018
- Heat Biomass EOOD			74	31.12.2019
- Company employees			19	31.12.2018
- United Biomass EOOD			2	31.12.2019
- Eqtec Bulgaria EOOD			2	31.12.2021
- Plovdiv Biomass EOOD			1	31.12.2019
- Nova Zagora Biomass EOOD			1	31.12.2019
Reclassified from loans to related parties following the acquisition of React Plc group				
- Newry Biomass - principal			57	
- Newry Biomass - interest			2	
Loans repaid:				
- Eqtec Iberia S.L. - debt converted to capital			(1,113)	
- Eqtec Iberia S.L. – offset against payables			(605)	
- Eqtec Iberia S.L. – cession agreements			(344)	
- Biomass Distribution EOOD			(174)	
- TNL SL			(80)	
- Karlovo Biomass EOOD			(38)	
- Karlovo Biomass EOOD - cession agreement			(15)	
- Heat Biomass EOOD			(14)	
- United Biomass EOOD			(1)	
- Nova Zagora Biomass EOOD			(1)	
- Eqtec Bulgaria EOOD			(1)	
Loans off-set against remunerations payable				
- Company employees			(9)	
- Directors			(6)	
Loans remitted:				
- Newry Biomass - principal			(57)	
- Newry Biomass - interest			(2)	
Loan interest accrued:				
- Karlovo Biomass EOOD			404	
- Biomass Distribution EOOD			204	
- Syngas Italy S.R.L.			126	
- Heat Biomass EOOD			105	
- Eqtec Iberia S.L.			51	
- TNL SL			27	
- TNL SA			16	
- WINTTEC SGPS SA (former TNL SGPS)			16	
- United Biomass EOOD			2	
- Brila EOOD			1	
-TNL World EOOD			1	
- Tvardica Biomass EOOD			1	
- Nova Zagora Biomass EOOD			1	
- Plovdiv Biomass EOOD			1	
Balance at 31 December 2017			**26,455**	

16. Loans provided (continued)

Balance at 31 December 2017 EUR'000	Total	Up to 1 year	1-2 years	2-5 years
Loans	26,455	8,023	18,428	4
	26,455	8,023	18,428	4

During 2017, the following agreements for offsetting of receivables and payables (referred to as "cession agreements" in the table above) were concluded:

- On 21 September 2017 an agreement was concluded between Ebioss Energy SE, Syngas Italy SRL and Eqtec Iberia SL where Eqtec Iberia SL transferred its receivables from Syngas Italy SRL, amounting to EUR 197 thousand, to Ebioss Energy SE. Based on the cession made Ebioss Energy SE and Eqtec Iberia SL set off their corresponding obligations, thus decreasing the outstanding amount lent by Ebioss Energy SL to Eqtec Iberia SL with EUR 197 thousand;
- On 22 September 2017 an agreement was concluded between Ebioss Energy SE, Biomass Distribution EOOD and Eqtec Iberia SL where Eqtec Iberia SL transferred its receivables from Biomass Distribution EOOD, amounting to EUR 147 thousand, to Ebioss Energy SE. Based on the cession made Ebioss Energy SE and Eqtec Iberia SL set off their corresponding obligations, thus decreasing the outstanding amount lent by Ebioss Energy SL to Eqtec Iberia SL with EUR 147 thousand;
- On 25 September 2017 an agreement was concluded between Ebioss Energy SE, Karlovo Biomass EOOD and Eqtec Iberia SL where Karlovo Biomass EOOD transferred its receivables from Eqtec Iberia SL, amounting to EUR 15 thousand, to Ebioss Energy SE. Based on the cession made Ebioss Energy SE and Karlovo Biomass EOOD set off their corresponding obligations, thus decreasing the outstanding amount lent by Ebioss Energy SE to Karlovo Biomass EOOD with EUR 15 thousand;
- On 13 October 2017 an Agreement for offsetting of payables and receivables for the amount of EUR 605 thousand was concluded between Ebioss Energy SE and Eqtec Iberia SL where Eqtec Iberia SL had an obligation towards Ebioss Energy SE under a loan agreements and Ebioss Energy SE had an obligation towards Eqtec Iberia SL for the purchase of the holding of Eqtec Iberia SL in Eqtec Bulgaria EOOD.

17. Trade and other receivables

	Note	31.12.2018 EUR'000	31.12.2017 EUR'000
Trade receivables from related parties	24.5	128	239
Trade receivables		4	-
Prepaid amounts to suppliers		59	218
Receivables from employees		35	25
Refundable VAT		127	125
Other receivables		24	12
		377	619

18. Capital and capital reserves

18.1. Ordinary shares

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

As at 31 December 2017 and 31 December 2018 the Company has issued 20,918,186 ordinary shares with a nominal value of EUR 1 (BGN 1.96) each.

18.2. 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 2018 the Company held no own shares (31 December 2017: 74,008 own shares with a nominal value EUR 1 at total amount of EUR 74 thousand).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

19. Loss per share

Basic loss per share

The calculation of basic loss per share as at 31 December 2018 was based on the loss attributable to ordinary shareholders of EUR 19,832 thousand (31 December 2017: loss of EUR 1,581 thousand), and a weighted average number of ordinary shares outstanding of 20,899 thousand (31 December 2017: 20,704 thousand), calculated as follows:

(i) Loss attributable to ordinary shareholders (basic)

In thousands of EUR	**31.12.2018**	**31.12.2017**
Loss for the year	(19,832)	(1,581)
Loss attributable to ordinary shareholders	(19,832)	(1,581)

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

In thousands of shares	**31.12.2018**	**31.12.2017**
Issued ordinary shares at 1 January	20,918	40,912
Reverse share split	-	(19,994)
Effect from repurchased own shares	(19)	(214)
Weighted average number of ordinary shares at 31 December	20,899	20,704
Loss per share (EUR)	(0.949)	(0.076)

20. 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 23.

In thousands of EUR		**31.12.2018**	**31.12.2017**
Non-current liabilities			
Unsecured corporate bonds issues	(a)	15,774	15,786
Bank loans	(e)	38	55
Finance lease liabilities	(b)	-	14
		15,812	**15,855**
Current liabilities			
Unsecured corporate bonds issues	(a)	1,845	986
Loans payable to related parties	(c)	1,090	768
Overdraft		11	154
Bank loans	(e)	193	62
Finance lease liabilities	(b)	1	23
Loans payable to third parties	(d)	2,080	-
		5,220	**1,993**
		21,032	**17,848**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings (continued)

(a) Corporate bonds issue

In thousands of EUR	
Carrying amount of liability at 1 January 2017	**12,627**
Proceeds from issue of bonds	3,852
Transaction costs	(275)
Net proceeds	3,577
Accrued interest	1,156
Paid interest	(542)
Revaluation of GBP bonds as at 31 December 2017	(46)
Carrying amount of liability at 31 December 2017/1 January 2018	**16,772**
Accrued interest	1,272
Paid interest	(416)
Revaluation of GBP bonds as at 31 December 2018	(9)
Carrying amount of liability at 31 December 2018	**17,619**

On 18 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 18 June 2020 and maturity dates of the coupon payments shall be as follows: 18 June 2016, 18 June 2017, 18 June 2018, 18 June 2019 and 18 June 2020.

The Company shall have the right after expiration of a 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 16 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 22 December 2020 and maturity dates of the coupon payments shall be as follows: 22 December 2016, 22 December 2017, 22 December 2018, 22 December 2019 and 22 December 2020.

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

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

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

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

The initial placement of bond emissions 2-6 was done through the Luxembourg Stock Exchange. As at 31 December 2018 the bonds are traded on Euro MTF market of the Luxembourg Stock Exchange which is an exchange regulated market and is an MTF in accordance with the MiFID Directive.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings (continued)

(a) Corporate bonds issue (continued)

The interest payments for emissions 1, 2, 3, 4 and 6, which were due respectively on 20 April 2018, 22 December 2018, 2 June 2018, 18 June 2018 and 2 June 2018 for the total amount of EUR 1,031 thousand, have not been paid during 2018 as initially agreed.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 Ebioss signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.

(b) Finance lease

In 2018 the Company terminated its finance lease agreement for acquiring a vehicle and returned the asset to the lessor.

Currently the Company is a lessee under two contracts for small computer equipment (phone and laptop)

Finance lease liabilities as at 31 December 2018 are payable as follows:

In thousands of EUR	Future minimum lease payments	Future interest payments 5%	Principal
Less than one year	1	-	1
Total	1	-	1

Finance lease liabilities as at 31 December 2017 are payable as follows:

In thousands of EUR	Future minimum lease payments	Future interest payments 4.15%	Principal
Less than one year	26	3	23
Between one and two years	15	1	14
Total	41	4	37

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings (continued)

(c) Loans payable to related parties – Elektra Holding AD and Wintec World SL

In thousands of EUR	
Carrying amount of liability at 1 January 2017	135
Proceeds	896
Payments made directly by Elektra Holding AD on behalf of Ebioss Energy SE	13
Repayments	(292)
Net proceeds	617
Accrued interest (4%)	16
Carrying amount of liability at 31 December 2017/1 January 2018	768
Proceeds	554
Payments made directly by the borrowers on behalf of Ebioss Energy SE	41
Repayments	(312)
Net proceeds	283
Accrued interest (4%)	39
Carrying amount of liability at 31 December 2018	1,090

The loans granted by Elektra Holding AD, Wintec World SL and some close family members of the management are due for repayment till 31 December 2019.

(d) Loans payable to third parties

In 2018 the Company was granted credit funding by third parties under two new loan agreements under the below terms and conditions:

- EUR 1,000 thousand received on 28 February 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.
- EUR 1,000 thousand received on 29 March 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.

As of the date of signing the financial statements the payments of the principle and the accumulated interest for loan agreement dated 28 February2018 was part of the bond conversion agreement presented in note 20(a). The outstanding loan balance related to contract dated 29 March 2018 has not been repaid as at the date of approval of these financial statements and management is in process of negotiations for term change.

(e) Bank loans

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

On 24 April 2018 an overdraft facility for the amount of EUR 142 thousand was re-structured into a loan contract. The interest rate on the loan is 4.50% and it shall be fully repaid till 30 June 2020. Repayment instalments are due monthly following a schedule agreed between the parties upon concluding the contract.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings (continued)

(f) Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of EUR	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Finance lease liabilities	Other loans	Total
Balance at 1 January 2018	16,772	768	271	37	-	17,848
Changes from financing cash flows						
Proceeds from loans and borrowings	-	554	-	-	2,000	2,554
Repayment of borrowings	-	(312)	(29)	-	-	(341)
Payment of financial lease liabilities	-	-	-	(18)	-	(18)
Total changes from financing cash flows	-	242	(29)	(18)	2,000	2,195
The effect of changes in foreign exchange rates	(9)	-	-	-	-	(9)
Other changes						
Liability related						
New finance lease	-	-	-	1	-	1
Lease contract termination	-	-	-	(19)	-	(19)
Payments made on behalf of the borrower	-	41	-	-	-	41
Interest expense	1,272	39	11	3	80	1,405
Interest paid	(416)	-	(11)	(3)	-	(430)
Total liability related other changes	856	80	-	(18)	80	998
Balance at 31 December 2018	17,619	1,090	242	1	2,080	21,032

In thousands of EUR	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Finance lease liabilities	Total
Balance at 1 January 2017	12,627	135	-	54	12,816
Changes from financing cash flows					
Proceeds from issue of corporate bonds	3,852	-	-	-	3,852
Proceeds from loans and borrowings	-	896	304		1,200
Transaction costs related to loans and borrowings	(275)	-	-	-	(275)
Repayment of borrowings	-	(292)	(33)	-	(325)
Payment of financial lease liabilities	-	-	-	(19)	(19)
Total changes from financing cash flows	3,577	604	271	(19)	4,433
The effect of changes in foreign exchange rates	(46)	-	-	-	(46)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings (continued)

(f) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

In thousands of EUR	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Finance lease liabilities	Total
Other changes					
Liability related					
New finance lease	-	-	-	2	2
Payments made on behalf of the borrower	-	13	-	-	13
Interest expense	1,156	16	4	5	1,181
Interest paid	(542)	-	(4)	(5)	(551)
Total liability related other changes	614	29	-	2	645
Balance at 31 December 2017	16,772	768	271	37	17,848

21. Trade and other payables

Trade payables	**Note**	**31.12.2018 EUR'000**	**31.12.2017 EUR'000**
Payables to suppliers		316	257
		316	257
Other payables			
Payables to related parties	24.2	491	124
Payables to employees		185	106
Tax and contributions liabilities		76	58
Accruals for unused paid leave		44	37
Payables in regards to bonds issue		4	4
		800	329
Trade and other payables		1,116	586

22. Taxation

Income tax recognised in profit or loss	**2018 EUR'000**	**2017 EUR'000**
Deferred tax benefit	152	140
Income tax benefit for the year	152	140

Reconciliation of the effective income tax rate:	**2018 EUR'000**	**2017 EUR'000**
Loss for the year	(19,832)	(1,581)
Total income tax benefit	152	140
Loss excluding income tax	(19,984)	(1,721)
Income tax (expense)/ benefit at the statutory income tax rate of 10%	1,998	172
Non-deductible expenses	(8)	(32)
Unrecognised deferred tax asset	(1,808)	-
Income tax benefit	152	140
Effective tax rate	1%	8%

Under the current provisions of the Bulgarian Corporate Income 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

22. Taxation (continued)

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 and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 EUR'000	**2017 EUR'000**	**2017 EUR'000**	**2016 EUR'000**	**2018 EUR'000**	**2017 EUR'000**
Tax loss carry-forwards	441	299	-	-	441	299
Other temporary differences	17	7	-	-	17	7
Tax assets	458	306	-	-	458	306

Movement in deferred tax balances

In thousands of EUR	**Balance 1 January 2017**	**Recognized in profit or loss**	**Balance 31 December 2017**	**Recognized in profit or loss**	**Balance 31 December 2018**
Tax loss carry-forwards	166	133	299	142	441
Other temporary differences	-	7	7	10	17
	166	140	306	152	458

23. Financial instruments

The effect of initially applying IFRS 9 on the Company's financial instruments is described in Note 5. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value since their carrying amount is considered to be a reasonable approximation of the fair value.

31 December 2018				
In thousands of EUR	***Note***	**Financial assets at amortised cost**	**Other financial liabilities**	**Total**
Financial assets not measured at fair value				
Loans provided	*16*	21,418	-	21,418
Trade receivables	*17*	132	-	132
Cash and cash equivalents	*15*	23	-	23
		21,573	-	21,573
Financial liabilities not measured at fair value				
Loans and borrowings	*20*	-	(21,032)	(21,032)
Trade payables	*21*	-	(316)	(316)
Other payables	*21*	-	(233)	(233)
Other payables to related parties	*24.2*	-	(491)	(491)
		-	(22,072)	(22,072)

23. Financial instruments (continued)

31 December 2017

In thousands of EUR	***Note***	**Loans and receivables**	**Other financial liabilities**	**Total**
Financial assets not measured at fair value				
Loans provided	*16*	26,455	-	26,455
Trade receivables	*17*	239	-	239
Cash and cash equivalents	*15*	37	-	37
		26,731	-	26,731
Financial liabilities not measured at fair value				
Loans and borrowings	*20*	-	(17,848)	(17,848)
Trade payables	*21*	-	(257)	(257)
Other payables	*21*	-	(147)	(147)
Other payables to related parties	*24.2*	-	(124)	(124)
		-	(18,376)	(18,376)

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.

Trade receivables and loans provided

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. More than 90% of all receivables are from related parties, subsidiaries of Ebioss Energy SE.

Since in September 2018 Syngas Italy SRL initiated a liquidation process, all trade receivables are considered non-recoverable and have been fully impaired. The loans granted to the subsidiary have also been written-off.

In addition, as described in Note 12 the management has made a decision to discontinue the development of some of the investment projects related to power generation and pelletezation, namely those developed by the following two sub-subsidiaries of Ebioss Energy SE: Brila EOOD and Tvardica PV EOOD.

The management is in the process of negotiating the sale of the power plants of Heat Biomass EOOD and Karlovo Biomass EOOD as well as the pelletizing installation of Biomass Distribution EOOD. An impairment loss on the loans receivable from Karlovo Biomass EOOD, Biomass Distribution EOOD and Heat Biomass has been recognised during the reporting period.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

23. Financial instruments (continued)

(a) Credit risk (continued)

Trade receivables and loans provided (continued)

The maximum exposure to credit risk for trade receivables at the reporting date was as follows:

	Note	31.12.2018 EUR'000	31.12.2017 EUR'000
Loans provided	16	21,418	26,455
Trade receivables	17	4	-
Trade receivables from related parties	17	128	239
		21,550	26,694

A summary of the Company's exposure to credit risk for trade receivables and loans provided is as follows.

	2018		2017
In thousands of EUR	Not credit impaired	Credit impaired	
- Four or more years trading history with the Company*	23,299	63	26,694
- Less than four years of trading with the Company*	4	-	-
Total gross carrying amount	23,303	63	26,694
Loss allowance	(1,753)	(63)	-
	21,550	-	26,694

* Excluding higher risk

Comparative information under IAS 39

At 31 December 2017 the Company had certain trade receivables that had not been settled by the contractual due date but were not considered to be impaired. The amounts at 31 December, analysed by the length of time past due, were:

	31.12.2017 EUR'000
More than 6 months but not more than 1 year	60
More than 1 year	64
Total	124

In respect of trade and other receivables, the Company did not consider itself exposed to any significant credit risk from any single counterparty or any group of counterparties having similar characteristics. Trade receivables consisted of a small number of customers in single industries and geographical areas. Based on historical information about customer default rates management considered the credit quality of trade receivables that were not past due or impaired to be good.

Expected credit loss assessment for customers as at 1 January and 31 December 2018

The Company has a small number of customers which are related parties.

Due to the initiated voluntarily liquidation process of Syngas Italy SRL all receivables from this client have been fully impaired.

The Company has analysed its historical trend of payments of the rest of its related parties, Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. Those account for more than 90% of the remaining credit sales of Ebioss Energy SE (Syngas is analysed separately). The quoted entities have been transacting with Ebioss Energy SE since 2014 and no credit loss has been incurred since all trade receivables have been collected. On the basis of the analysis performed the Company has determined that the receivables from those 3 entities over 365 days old for the total amount of EUR 62 thousand shall be considered default and fully impaired.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

23. Financial instruments (continued)

(a) Credit risk (continued)

Impairment

Impairment losses on financial assets recognised in profit or loss were as follows:

In thousands of EUR	**2018**	**2017**
Recognised in profit or loss		
Impairment loss on trade receivables from contracts with customers	155	-
Impairment loss on loans receivable	1,753	
	1,908	-

The movement in the allowance for impairment in respect of the financial assets during the year was as follows. Comparative amounts for 2017 represent the impairment allowance under IAS 39.

In thousands of EUR	**Total impairments**
Balance at 1 January 2017	-
Balance at 1 January 2018 under IAS 39	-
Adjustment on initial application of IFRS 9	62
Balance at 1 January 2018 under IFRS 9	62
Impairment loss recognized	7,422
Amounts written off	(5,668)
Balance at 31 December 2018	1,816

The amounts written off in 2018 relate to Syngas Italy SRL and the rest of the SPVs where the activity of the companies was discontinued. The balance of the impairment as at 31 December 2018 relates to impaired trade receivables and loans due by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD.

Cash and cash equivalents

The Company held cash and cash equivalents of EUR 23 thousand at 31 December 2018 (31 December 2017: EUR 27 thousand). The cash and cash equivalents are held with a bank, which is rated BBB based on Fitch Ratings Inc.

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company estimated that the application of IFRS 9's impairment requirements at 31 December 2018 and at 1 January 2018 does not have a material effect on the financial statements of the Company.

(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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

23. 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 2018:

In thousands of EUR	Note	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years
Non-derivative financial liabilities						
Corporate bonds issued	20	17,619	(21,129)	(1,875)	(8,525)	(10,729)
Loans payable to related parties	20	1,090	(1,133)	(1,133)	-	-
Bank loans and overdrafts	20	242	(248)	(209)	(39)	-
Trade and other payables	21	549	(549)	(549)	-	-
Other payables to related parties	24.2	491	(491)	(491)	-	-
Finance lease liabilities	20	1	(1)	(1)	-	-
Loans payable to third parties	20	2,080	(2,101)	(2,101)	-	-
		22,072	(25,652)	(6,359)	(8,564)	(10,729)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2017:

In thousands of EUR	Note	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years
Non-derivative financial liabilities						
Corporate bonds issued	20	(16,772)	(20,945)	(1,422)	(1,142)	(18,381)
Loans payable to related parties	20	(768)	(797)	(797)	-	-
Bank loans and overdrafts	20	(271)	(278)	(222)	(52)	(4)
Trade and other payables to suppliers	21	(404)	(404)	(404)	-	-
Other payables to related parties	24.2	(124)	(124)	(124)	-	-
Finance lease liabilities	20	(37)	(41)	(26)	(15)	-
		(18,376)	(22,589)	(2,995)	(1,209)	(18,385)

(c) Market risk

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

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than BGN. The majority of the Company's transactions are denominated in EUR and the BGN is pegged to the EUR. Some transactions, including one of the bonds emissions (see note 20) are denominated in GBP.

23. Financial instruments (continued)

(c) Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk arising from transactions and borrowings denominated in GBP were as follows:

In thousands of GBP	**31.12.2018**	**31.12.2017**
Corporate bonds	1,696	1,697
Trade payables	63	26
	1,759	1,723

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
BGN	**2018**	**2017**	**2018**	**2017**
GBP 1	2.21	2.23	2.186	2.204

A strengthening of the BGN, against the GBP at 31 December 2018/ 31 December 2017 (without a change in any other variables) would have increased profit or loss by EUR 197 thousand/ EUR 194 thousand.

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	**31.12.2018**	**31.12.2017**
Fixed rate instruments		
Financial assets	18,176	23,495
Financial liabilities	(19,044)	(17,372)
	(868)	6,123

The Company has no variable rate instruments as at 31 December 2018 and 31 December 2017.

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.

24. Related party transactions and balances

The Company's parent and ultimate controlling party is Southeimer LLC, Spain. Related parties are as follows:

Related party	**Relationship**
Elektra Holding AD	Parent of EBIOSS ENERGY SE
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Tvardica PV EOOD	subsidiary, 100% owned by Tvardica Biomass EOOD

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

24. Related party transactions and balances (continued)

Related party	Relationship
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Eqtec Bulgaria EOOD	subsidiary, 100% owned by EBIOSS ENERGY SE
Energotec Eco AD	subsidiary, 43% owned and controlled by EBIOSS ENERGY SE
Brila EOOD	subsidiary, 100% owned by Plovdiv Biomass EOOD
Syngas Italy S.R.L.	subsidiary, 100% owned by EBIOSS ENERGY SE
WINTTEC SGPS SA (former TNL SGPS), Portugal	subsidiary, 52.62% owned and controlled by EBIOSS ENERGY SE till 5 October 2018
TNL SA, Portugal	subsidiary,100% owned and controlled by WINTTEC SGPS SA till 5 October 2018
Hirdant, Portugal	subsidiary,100% owned and controlled by WINTTEC SGPS SA till 5 October 2018
Winntec World SL, Spain (former Addom SL)	subsidiary,100% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 100% owned and controlled by Ebioss Energy SE afterwards
TNL SL, Spain	subsidiary, 80% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 80% owned and controlled by Ebioss Energy SE afterwards
TNL World EOOD, Bulgaria	subsidiary,100% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 100% owned and controlled by Ebioss Energy SE afterwards
Winttec Greece IKE, Greece	subsidiary,100% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 100% owned and controlled by Ebioss Energy SE afterwards
EQTEC plc (former REACT Energy plc), Ireland	associate, 37.48% owned and controlled by Ebioss Energy
EQTEC Iberia S.L., Spain	associate, 100% owned and controlled by Eqtec plc
Newry Biomass No. 1 Limited, Ireland	associate,100% owned and controlled by Eqtec plc
React Biomass Limited, Ireland	associate,100% owned and controlled by Eqtec plc
Reforce Energy Limited, Ireland	associate,100% owned and controlled by Eqtec plc
Pluckanes Windfarm Limited, Ireland	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Grass Door Limited, UK	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Newry Biomass Limited, Northern Ireland	associate,50.02 % owned and controlled by Eqtec plc (since 7.02.2017)
Enfield Biomass Limited, UK	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Moneygorm Wind Turbine Limited, Ireland	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Eqtec No. 1 Limited, Ireland	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Plymouth Biomass Limited, UK	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Clay Cross Biomass Limited, UK	associate,90% owned and controlled by Eqtec plc (since 7.02.2017)
Altilow Wind Turbine Limited, Ireland	associate,100% owned and controlled by Eqtec plc (since 7.02.2017)
Citytainer Brasil, Brasil	Subsidiary, owned by WINTTEC SGPS SA (till 5 October 2018)
Citytainer Industria, Brasil	Subsidiary 100% owned and controlled by Citytainer Brasil (till 5 October 2018)
Inava Ingeiyieria De Analisis SL	under common control
Ortiz Elektra AD	under common control
Biomass Gorno EOOD	under common control
Luxur PV EOOD	under common control
Bul PV EOOD	under common control
Bul Biomass EOOD	under common control
Luxur Biomass OOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko El Invest	under common control

Directors

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

The remuneration accrued in favour of the key management personnel for 2018 amounts to EUR 127 thousand (2017: EUR 127 thousand).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

24. Related party transactions and balances (continued)

24.1 Loans provided to related parties

	31.12.2018 EUR'000	31.12.2017 EUR'000
Karlovo Biomass EOOD		
- principal	9,726	10,357
- interest	1,843	1,568
Biomass Distribution		
- principal	4,853	5,236
- interest	703	561
Heat Biomass EOOD		
- principal	2,448	2,688
- interest	424	358
TNL SL		
- principal	1,035	729
- interest	91	42
Eqtec Bulgaria		
- principal	78	1
- interest	2	-
United Biomass EOOD		
- principal	41	37
- interest	8	7
Winttec Greece IKE		
- principal	41	-
- interest	1	-
Plovdiv Biomass EOOD		
- principal	26	26
- interest	6	5
Nova Zagora Biomass EOOD		
- principal	25	24
- interest	5	4
Tvardica Biomass EOOD		
- principal	22	20
- interest	4	4
TNL World		
- principal	16	13
- interest	2	2
Company employees		
- principal	13	19
- interest	1	-
Eqtec Iberia		
- principal	-	-
- interest	4	4
Tvardica PV EOOD		
- principal	-	9
- interest	-	1
Brila EOOD		
- principal	-	18
- interest	-	4
Syngas Italy S.R.L.		
- principal	-	3,358
- interest	-	317
WINTTEC SGPS SA		
- principal	-	530
- interest	-	89
TNL SA		
- principal	-	403
- interest	-	21
	21,418	26,455

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

24. Related party transactions and balances (continued)

24.2 Other payables to related parties

	31.12.2018 EUR'000	31.12.2017 EUR'000
Jose Oscar Leiva Mendez	121	44
Eqtec plc	60	60
Elektra Holding AD	310	10
Other	-	10
	491	124

EUR 300 thousand out of the total amount of EUR 310 thousand payable to Elektra Holding AD are related to the share lending agreement signed during the reporting period (see Note 25).

24.3 Loans received from related parties

	2018 EUR'000	2017 EUR'000
Elektra Holding AD	741	731
Wintec World SL	159	-
Close family members of the management	190	37
	1,090	768

24.4 Services provided to related parties

	2018 EUR'000	2017 EUR'000
Karlovo Biomass EOOD	31	62
Biomass Distribution EOOD	31	61
Heat Biomass EOOD	31	61
Syngas Italy Srl	30	62
	123	246

24.5 Trade receivables from related parties

	31.12.2018 EUR'000	31.12.2017 EUR'000
Biomass Distribution EOOD	37	43
Heat Biomass EOOD	37	19
Karlovo Biomass EOOD	37	12
Jose Oscar Leiva Mendez	17	42
Syngas Italy Srl	-	123
	128	239

25. Commitments and contingent liabilities

- Ebioss Energy SE, Heat Biomass EOOD and Biomass Distribution EOOD are joint debtors in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD as well as under Annex 1 dated 1 September 2016 to the said contract up to the moment of repayment of the whole amount under the loan contract. As at 31 December 2018 (31 December 2017) the outstanding principal to this loan is EUR 3,955 thousand (EUR 4,052 thousand) out of which the payment of principle amounting to EUR 406 thousand was due prior to the reporting date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

25. Commitments and contingent liabilities (continued)

- As per a share lending agreement signed between Ebioss Energy SE and Elektra Holding AD, Elektra agreed to lend up to 2,000,000 own ordinary shares to Ebioss Energy SE. Ebioss Energy SE agrees to return to the Share lender the shares borrowed or the lump sum of up to EUR 2,000 thousand within a certain timeframe (June 2019).

  The shares lent are to serve as collateral for a financing received under a Share Subscription Facility (SSF) agreement signed between Ebioss Energy SE and GEM Global Yield Fund LLC SCS (GEM) in October 2018. As at the end of the reporting period Ebioss Energy SE has effectively borrowed 1,515,730 shares from Elektra Holding AD. The ownership over those shares was transferred to GEM against consideration received amounting to EUR 300 thousand.

- In regards to the SSF signed between Ebioss Energy SE and GEM Global Yield Fund in October 2018 (see Note 18), Ebioss Energy SE undertakes to issue Warrants to the Investor in the beginning of 2019, giving the right to GEM to subscribe for 5,500,000 newly issued Ordinary Shares from the capital of Ebioss Energy SE. The terms and conditions for issuance of the Warrants are further specified in the SSF.

26. Events after the reporting period

In the first quarter of 2019 Ebioss Energy SE signed 5 preliminary contracts with 5 companies that would be incorporated in the Group. According to the contracts signed the Company will acquire 50% of the share capital of these companies against shares in Ebioss Energy SE issued at a nominal value of EUR 1. Through this transaction the Company will diversify its business lines of activity and will increase the capacity of the Group for growth respectively adding revenues and constant cash flow to the consolidated financial statements of the Group. The transaction is subject to final approval on behalf of the next General Meeting of Shareholders. On 3 June 2019 the Company obtained 50,43% ownership in Petrolprom Bulgaria OOD.

On 19th of March 2019 EBIOSS successfully issued an emission of 5,500,000 warrants which was inscribed in the Bulgarian Central Depository for dematerialized securities (CSD). The whole emission was subscribed by GEM GLOBAL YIELD LLC SCS in conformity with undertakings set forth in Share subscription facility agreement, signed by EBIOSS and GEM on 25th of October 2018.

On 20th of March 2019 EBIOSS signed preliminary agreement for the sale of 100% of the shares from the subsidiary companies Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. The preliminary contract provides for accomplishment of detailed Due Diligence by the buyer of the quotas and for special corporate approvals by the management bodies of the both companies as pre-conditions for finalization of the deal.

On 18th April 2019 Ebioss Energy SE signed Bond Conversion Agreements to convert the principal of the due amount of the 16 interest-bearing registered, freely transferable, non-convertible, non-collateral corporate bonds issued by the Company on 24 February 2017 with a par value of GBP 100 thousand each into equity shares.

On 7th June 2019 Ebioss signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12 056 thousand and additional loan amounting to EUR 1,000 thousand as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4 MM will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Ebioss should always be less than 10%. This amount could be increased to up to EUR 6MM under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Ebioss for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100 000 000 shares that Ebioss holds in EQTEC PLC, first rank pledge over 100% of the shares that Ebioss will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Ebioss for the total amount of EUR 21 260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Ebioss will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

27. Basis of measurement

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

These financial statements are separate financial statements of the Company.

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

Users of these separate financial statements of the parent company should read them together with the consolidated financial statements of the Company and its subsidiaries as at and for the period ended 31 December 2018 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

28. Significant accounting policies

Accounting policies

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

Revenue from contracts with customers

The Company has initially applied IFRS 15 from 1 January 2018. Information about the Company's accounting policies relating to contracts with customers is provided in Note 6. The effect of initially applying IFRS 15 is described in Note 5.

Foreign currency translation

(i) Functional and presentation currency

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

(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.

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 are 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

28. Significant accounting policies (continued)

Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Property, plant and equipment

Property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses except for land which is carried at fair value.

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 Company 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.

Depreciation

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

Computers	2 years
Vehicles	6 years

Land is not depreciated.

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

28. Significant accounting policies (continued)

Property, plant and equipment (continued)

Subsequent costs

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

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

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

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 and associates

Investments in subsidiaries and associates are stated at cost less impairment, which is recognized as an expense in the period in which the impairment is identified. Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it 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 the entity. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

28. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable-rate features;

– prepayment and extension features; and

– terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

28. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018 (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Policy applicable before 1 January 2018

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities' category.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables	Measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

28. Significant accounting policies (continued)

Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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). Investments in subsidiaries and associates are also tested in accordance with IAS 36.

(ii) Financial assets

Policy applicable before 1 January 2018

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.

Policy applicable from 1 January 2018

The Company recognises loss allowances for ECLs on its financial assets measured at amortised cost.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due. The Company considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

28. Significant accounting policies (continued)

Impairment (continued)

Policy applicable from 1 January 2018 (continued)

– the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Advance payments are recognized as prepaid expenses to the extent that they will be offset against future payments or refunded. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plan

According to the Bulgarian Labour Code at the time when employees acquire pension rights, the Company owes 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. The

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

28. Significant accounting policies (continued)

Employee benefits (continued)

(ii) Defined benefit plan (continued)

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.

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.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

28. Significant accounting policies (continued)

Share capital

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

Non-current liabilities

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

29. New standards and interpretations not yet adopted

The following new Standards, amendments to Standards and Interpretations, endorsed by the EC, are not yet mandatorily effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these financial statements. The Company plans to adopt these pronouncements when they become effective.

Standards, Interpretations and amendments to published Standards that have not been early adopted – endorsed by the EC

(a) IFRS 16 *Leases*

The Company is required to adopt IFRS 16 Leases from 1 January 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating lease of office premises. The nature of expenses related to this lease will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of EUR 123 thousand as at 1 January 2019.

(b) IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 is effective for annual periods beginning on or after 1 January 2019 and early application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. Under IFRIC 23, the key test is whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is probable that the tax authorities will accept the uncertain tax treatment then the tax amounts recorded in the financial statements are consistent with the tax return with no uncertainty reflected in measuring current and deferred taxes. Otherwise, the taxable income (or tax loss), tax bases and unused tax losses shall be determined in a way that better predicts the resolution of the uncertainty, using either the single most likely amount or expected (sum of probability weighted amounts) value. An entity must assume the tax authority will examine the position and will have full

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

29. New standards and interpretations not yet adopted (continued)

(b) IFRIC 23 *Uncertainty over Income Tax Treatments (continued)*

knowledge of all the relevant information. The Company does not expect that the Interpretation, when initially applied, will have material impact on its financial statements as the Company does not have material uncertain tax positions.

(c) Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

The amendments are effective for annual periods beginning on or after 1 January 2019. These amendments address concerns raised about accounting for financial assets that include particular contractual prepayment options. In particular, the concern was related to how a company would classify and measure a debt instrument if the borrower was permitted to prepay the instrument at an amount less than the unpaid principal and interest owed. Such a prepayment amount is often described as including 'negative compensation'. Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss.

The amendments enable entities to measure at amortized cost some prepayable financial assets with so-called negative compensation.

The Company does not expect that the amendments will have a material impact on its financial statements because the Company does not have prepayable financial assets with negative compensation.

(d) Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments are effective for annual periods beginning on or after 1 January 2019. The Amendments clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Standards and interpretations not yet endorsed by the EC

Management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to current standards, which are already issued by the International Accounting Standards Board (IASB), are not yet endorsed for adoption by the EC, and therefore are not taken into account in preparing these financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

The following amendments and improvements to standards are not expected to have a material impact on the financial statements of the Company.

- *Annual Improvements to IFRS 2015-2017 Cycle*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement*
- *Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture*
- *Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)*
- *Amendments to IFRS 3 Business Combinations*
- *Amendments to IAS 1 and IAS 8: Definition of Material*
- *IFRS 17 Insurance Contracts.*

• Informe sobre estructura y sistema de control interno.

EBIOSS Energy, SE ha revisado su estructura organizativa y sistema de control interno, adaptando el mismo a la información publicada mediante hechos relevantes en el Mercado relativa a cambios en el Consejo de Administración.

A continuación, se aporta el informe relativo a la estructura organizativa, así como el sistema de control interno con los que cuenta la Sociedad para el cumplimiento de las obligaciones de información que establece el mercado conforme a la Circular 6/2018 del Mercado Alternativo Bursátil (MAB):

I. ESTRUCTURA ORGANIZATIVA Y ENTORNO DE CONTROL

Es responsabilidad del Consejo de Administración junto con la Comisión de Auditoría el diseño, implantación y funcionamiento de los sistemas de control interno adecuados de cara a garantizar el cumplimiento de las obligaciones de información pública en general y financiera en particular, al mercado.

El Consejo de Administración dispone de un Reglamento que contempla la obligación de coordinar, velar y vigilar el cumplimiento de los principios de actuación que en el mismo se recogen en materia de información privilegiada, valores, información relevante, conflictos de interés, autocartera, operaciones especiales, comunicación y otras. El Consejo de Administración está constituido por tres miembros y la Comisión de Auditoría está formado por tres personas.

Las principales funciones que desempeña la Comisión de Auditoría son las siguientes:

- Supervisar los procesos de elaboración de la información económico-financiera.
- Supervisar la eficiencia de los sistemas de control interno de la Sociedad;
- Supervisión de la eficacia de los sistemas de gestión de riesgos de la Sociedad;
- Supervisión de la auditoría financiera independiente en la Sociedad;
- Revisar la independencia del auditor legal de la Sociedad, incluido el seguimiento de la prestación de servicios de administración por parte del auditor.

Para garantizar que en todo momento la Sociedad atiende el cumplimiento de información que establece el MAB, el presidente y el Departamento Financiero están en permanente contacto y celebran reuniones periódicas para garantizar la suficiencia organizativa en materia de cumplimiento de las obligaciones de información con el mercado y el correcto funcionamiento de los mecanismos de los que la Compañía se ha dotado a tal fin.

II. INFORMACIÓN FINANCIERA: ELABORACIÓN, REVISIÓN Y AUTORIZACIÓN

La información financiera es elaborada por la Dirección Financiera de la empresa asistida por el presidente y el auditor externo de la Sociedad. Posteriormente es revisada por el Comisión de Auditoría y aprobada por el Consejo de Administración de la Compañía.

La Sociedad identifica los principales procesos de cara a establecer procedimientos de control que reduzcan cualquier riesgo asociado a los mismos. Dichos procedimientos son establecidos por la Dirección General y los responsables de las áreas corporativas, encargados asimismo de su cumplimiento.

Los órganos responsables de supervisar el proceso de identificación de riesgos de la información financiera son el Departamento Financiero, el presidente y el Comisión de Auditoría y, por supuesto, el Consejo de Administración como órgano último y responsable de la información financiera de la Sociedad.

La Dirección Financiera:

a) Supervisa la anotación, valoración, desglose y presentación de la información financiera y la correcta estimación de las previsiones.

b) Identifica y comprueba la correcta anotación en la información financiera de los riesgos derivados de la actividad crediticia, de mercado y tesorería, así como los que se pudieran originar por riesgo operacional.

c) Supervisa la correcta aplicación de las normas, junto con la Dirección Legal de la compañía, evitando que un error en su aplicación, o un desconocimiento de las mismas provoque errores en la información financiera.

Tal y como se comenta anteriormente, la Comisión de Auditoría tiene la función de control y supervisión de todo el proceso de identificación de riesgos de la información financiera. El Consejo de Administración, como máximo órgano de gobierno de la entidad, es el encargado de aprobar las políticas de seguridad de la información financiera y los manuales de políticas contables.

III. SUPERVISIÓN DEL SISTEMA DE CONTROL INTERNO Y FUNCIONES DE LA COMISIÓN DE AUDITORÍA EN CASO DE EXISTIR

El Reglamento del Consejo establece como competencia del Consejo de Administración, como máximo órgano de decisión de la sociedad, la formulación de las cuentas anuales y del informe de gestión, así como la propuesta de aplicación del resultado de la Sociedad.

Los estados financieros, así como las estimaciones en las que se basan las partidas más relevantes de los mismos o las distintas proyecciones que maneja la entidad, son revisadas por el presidente, la Comisión de Auditoría y el Consejo de Administración, además de por los auditores externos de la Sociedad.

Para asegurar la veracidad de la información se establecen controles individuales operados en las diferentes áreas sobre las transacciones que afectan al reporte de información financiera. Toda la información financiera se captura a través de las transacciones de las aplicaciones informáticas.

Corresponde al Departamento Financiero definir y actualizar las políticas contables, así como transmitirlas a las personas de la organización con implicación en la elaboración de la información financiera, y la Comisión de Auditoría es el órgano responsable de estas políticas. Las mismas son actualizadas para su adecuación a los cambios normativos, siempre que se producen.

El Departamento Financiero es el encargado de resolver dudas o conflictos derivados de la interpretación de las políticas contables, las cuales son validadas por el auditor externo de la Sociedad.

Asimismo, el Departamento Financiero comunica las debilidades significativas de control interno que pudieran identificarse en otros procesos efectuadas durante el ejercicio. En estos casos, se elaboran planes de acción con el objetivo de mitigar las citadas deficiencias observadas, de los cuales se lleva a cabo el oportuno seguimiento.

IV. OTROS ASESORES O EXPERTOS INDEPENDIENTES

Respecto al auditor de cuentas, el procedimiento establecido prevé la asistencia del mismo a las reuniones de la Comisión de Auditoría de la entidad, con el fin de informar del resultado de los trabajos desarrollados y, en su caso, dar a conocer el detalle de las debilidades de control interno puestas de manifiesto y los planes de acción puestos en marcha para remediar dichas debilidades.

Por último, los Estados Financieros y las Cuentas Anuales son sometidos a auditoría por el auditor de cuentas de la Sociedad que emite una opinión sobre los mismos y, del mismo modo, la información financiera semestral es sometida a revisión limitada por parte de los mismos auditores.

V. OTRA INFORMACIÓN RELEVANTE

Para la elaboración de la información pública general, la Sociedad dispone de un procedimiento interno de comunicación cuyo objetivo es cumplir un modelo de actuación con las normativas del MAB y regular a través de procesos y normas la difusión y comunicación de información a terceros. La información es elaborada por el departamento de Investors Relations. El presidente del Consejo de Administración es responsable de aprobar toda la circulación de la documentación o información a terceros.

Asimismo, el Investors Relations Manager es responsable de autorizar y coordinar la publicación de cualquier información en plataformas oficiales como BME-PC, CIFRADOC, redes sociales u otras incluyendo la web de EBIOSS Energy.