# EBIOSS ENERGY AD

FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2013

# EBIOSS ENERGY AD

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
For the year ended 31 December 2013

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# EBIOSS ENERGY AD

## DIRECTORS AND OTHER OFFICERS

**Executive Directors:**

Jose Oscar Leiva Mendez
Luis Sanchez Angrill

**Registered Seat**

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Floor 11-12
Sofia 1404

**Address for correspondence**

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**Legal Consultant**

Angel Panayotov
49 Bulgaria Blvd
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**Bank**

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

**Auditor**

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

# DIRECTOR'S REPORT

**Incorporation**

The Board of Directors presents its report and audited financial statements of EBIOSS ENERGY AD (the Company) for the year ended 31 December 2013.

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

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

| Shareholders | Relative share % | Number of shares | Total share capital in BGN'000 | Total share capital in EUR'000 |
|---|---|---|---|---|
| Elektra Holding AD | 75.95 | 1,840,654 | 18,407 | 9,411 |
| Sofia Biomass EOOD | 12.71 | 308,043 | 3,080 | 1,575 |
| Sungroup Bulgaria EOOD | 1.65 | 40,000 | 400 | 205 |
| SPAX OOD | 0.88 | 21,325 | 213 | 109 |
| 4 physical persons | 8.81 | 213,528 | 2,135 | 1,092 |
| **Total:** | **100** | **2,423,550** | **24,235** | **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 |
| Provdiv Biomass | 979 |
| United Biomass | 1,090 |
| **Total:** | **12,392** |

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

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

As at 31 December 2012 the share capital of Ebioss Energy AD is divided between the following shareholders:

| **Shareholders** | **Relative share %** | **Number of shares** | **Total share capital in BGN'000** | **Total share capital in EUR'000** |
|---|---|---|---|---|
| Elektra Holding AD | 63.25 | 1,532,954 | 15,330 | 7,838 |
| Sofia Biomass EOOD | 12.71 | 308,043 | 3,080 | 1,575 |
| Sungroup Bulgaria EOOD | 10.32 | 250,000 | 2,500 | 1,278 |
| Origina Bulgaria OOD | 3.23 | 78,200 | 782 | 400 |
| SPAX OOD | 0.88 | 21,325 | 213 | 109 |
| Antigona Bulgaria EOOD | 0.80 | 19,500 | 195 | 100 |
| 5 physical persons | 8.81 | 213,528 | 2,135 | 1,092 |
| **Total:** | **100** | **2,423,550** | **24,235** | **12,392** |

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

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

# DIRECTOR'S REPORT

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

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

On 26 June 2013 on the grounds and under conditions of the resolution of General meeting of the company dated 12.12.2012, the share capital of EBIOSS ENERGY AD is increased from EUR 12,392 thousand (BGN 24,236 thousand) to EUR 13,552 thousand (BGN 26,504 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of EUR 5.11 (BGN 10) and emission value of EUR 8 (BGN 15.65). Thus the share capital after the emission is 2,650,387 shares of a nominal value of EUR 5.11 (BGN 10) each.

On 23 September 2013 on the grounds and under conditions of the resolution of General meeting dated 05.09.2013, the nominal value of the shares of Ebioss Energy AD is changed, without changing the amount of the registered capital. The existing shares are devided into two, i.e. the split ratio used is two-for-one.

On 26 November 2013 on the grounds and under conditions of the resolution of General meeting of the company dated 12.12.2012, the share capital of EBIOSS ENERGY AD is increased from EUR 13,552 thousand (BGN 26,504 thousand) to EUR 18,022 thousand (BGN 35,248 thousand) through emission and sale of 1,748,919 regular dematerialized shares with voting rights and nominal value of EUR 2.56 (BGN 5) and emission value of EUR 5.15 (BGN 10.07). The share capital after the emission is 7,049,693 shares of a nominal value of EUR 2.56 (BGN 5) each.

**Principal activities**

The principal activity of the Company is the management of the engineering, construction and development of gasification Power Plants. As of December 31, 2012 the following Power Plant Projects are under development by each subsidiary of the Company:

- **Heat Biomass EOOD,** registered on 6 January 2011 with UIC 201384552 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The construction of the plant has started in March 2014 and electricity will start to be produced in 2015.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The construction of the plant is planned in 2 phases. The construction of the first phase of 2 MW has started in October 2013 and electricity will start to be produced in 2015. The construction of the second phase of 3 MW has started in March 2014 and electricity will start to be produced in 2015.

- **Plovdiv Biomass EOOD,** registered on 7 January 2011 with UIC 201385444 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2018. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Plovdiv.

- **Nova Zagora Biomass EOOD,** registered on 7 January 2011 with UIC 201385519 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017.

- **Tvardica Biomass EOOD,** registered on 7 January 2011 with UIC 201384926 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Tvarditza. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD,** which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Tvarditza.

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

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

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

In 2013 on the grounds and under conditions of the Minutes of the meeting of the Board of Directors of Ebioss Energy AD dated 24 October 2013, the Company participated in the incorporation of the joint-stock company **Energotec-Eco AD** through subscribtion and acquisition of 215 shares with nominal value of BGN 100 (EUR 51.12), representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEOs and appoints 3 members of the Board of Directors out of 4 in total. The new incorporated company Energotec Eco AD plan to rent out a factory nearby village of Kaloianovec and manufacture part of the main equipment for the biomass power plants.

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

The Company's development to date, financial results and position are presented in the financial statements. For the year ended 31 December 2013 the financial result of the Company is net loss in the amount of EUR 355 thousand and the net equity is a positive value amounting to EUR 22 536 thousand. As of 31 December 2013 the earnings per share are a negative value of EUR 0,07.

The Company's subsidiaries Karlovo Biomass EOOD and Heat Biomass EOOD started building their power plants in March 2014.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in Note 18 of the financial statements.

### Share capital

Changes in the share capital of Ebioss Energy AD during the year under audit are explained above.

### Events after the reporting period

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

# DIRECTOR'S REPORT

On 10 April 2014 the General meeting of Ebioss Energy AD decided to change the nominal value of the shares of the Company from EUR 2.56 (BGN 5) to EUR 0,51 (1 BGN). The number of the members of the Board of directors is changed from 3 to 4 persons and 'Meriden Group, SAU' , a company registered in the Principality of Andorra with fiscal number (NRT) – A – 706620-E, is appointed as a new member of the Board of directors of the Company. The General Meeting also delegates and grant an explicit legal mandate to the Board of directors of Ebioss Energy AD to increase the share capital, by issuing a new emission of dematerialized voting shares with nominal value of EUR 0,51 (1 BGN) up to a maximum amount after the increase EUR 20,452 thousand (BGN 40,000 thousand).

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

**Director's responsibilities**

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the Company as at the year end, and of the profit or loss and cash flows for the year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2013.

The Directors also confirm that applicable accounting standards have been followed and that the 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 2013 Managing Directors are Jose Oscar Leiva Mendez and Luis Sanchez Angrill.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

ЕБИОС ЕНЕРДЖИ АД СОФИЯ

Sofia, 24.04.2014

BAKER TILLY
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**Independent Auditor's Report**

To the Shareholders of EBIOSS ENERGY AD

*Report on the financial statements*
We have audited the accompanying financial statements of the company EBIOSS ENERGY AD (the "Company") which comprise the statement of financial position as of 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the company EBIOSS ENERGY AD as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

**Other matters**

We have reported separately on 24 April 2014 on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The opinion in that report is qualified with regard to inclusion of unrealized intra-company profit of EUR 568 thousand in Property, plant and equipment" and "Work performed by the entity and capitalized" and the report is modified with the inclusion of an emphasis of matter with regard to the fact that the values of development costs are based on estimated discounted future cash flows and along with goodwill are dependent on timing of completion of Biomass Power Plants and commencement of electricity production.

**Baker Tilly Klitou and Partners Ltd**

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

**24 April, 2014**
**Sofia, Bulgaria**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

| | Note | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|---|
| Other income | 3 | - | 610 |
| Expenses for hired services | 4 | (99) | (83) |
| Employee benefit expenses | 5 | (199) | (16) |
| Other expenses | 6 | (122) | (32) |
| **Results from operating activities** | | (420) | 479 |
| Finance income | 7 | 48 | 1 |
| Finance cost | 7 | (18) | (2) |
| **Net finance cost** | | 30 | (1) |
| **Profit/(Loss) before income tax** | | (390) | 478 |
| Income tax (expense)/benefit | 17 | 35 | (48) |
| **Profit/(Loss) for the period** | | (355) | 430 |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income for the period** | | (355) | 430 |
| **Basic earnings per share (Euro)** | 14 | (0.07) | 1.06 |



The notes set out on pages 13 – 35 are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION
31 December 2013

| ASSETS | Note | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in subsidiaries | 8 | 12,968 | 12,598 |
| Loans provided to related parties | 11 | 5,638 | 84 |
| Other receivables from related parties | 19.1 | - | 610 |
| Deferred tax asset | 17 | 35 | - |
| Deferred expenses | | 4 | - |
| Property, plant and equipment | 9 | 1 | - |
| **Total non-current assets** | | 18,646 | 13,292 |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 4,554 | 2 |
| Loans provided to related parties | 11 | 48 | - |
| Trade and other receivables | 12 | 31 | 1 |
| Deferred expenses | | 4 | - |
| **Total current assets** | | 4,637 | 3 |
| **Total assets** | | 23,283 | 13,295 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 13.1 | 18,022 | 12,392 |
| Share premium | | 4,460 | - |
| Reserve for own shares | 13.2 | (21) | - |
| Retained earnings | | 75 | 430 |
| **Total equity** | | 22,536 | 12,822 |
| **Non-current liabilities** | | | |
| Loans payable to related parties | 15 | - | 166 |
| Other payables to related parties | 19.4 | 206 | 206 |
| **Total non-current liabilities** | | 206 | 372 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 286 | 53 |
| Loans payable to related parties | 15 | 255 | - |
| Corporate tax liabilities | 17 | - | 48 |
| **Total current liabilities** | | 541 | 101 |
| **Total equity and liabilities** | | 23,283 | 13,295 |

On 24 April 2014 the Board of Directors of EBIOSS ENERGY AD authorised these financial statements for issue.

Executive Director
Jose Oscar Leiva Mendez

ЕБИОС ЕНЕРДЖИ СОФИЯ АД


The notes set out on pages 13 – 35 are an integral part of these financial statements

# STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

| | 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 2012** | - | - | - | - | - |
| **Total comprehensive income** | | | | | |
| Profit for the year | - | - | - | 430 | 430 |
| **Total comprehensive income** | - | - | - | 430 | 430 |
| **Transactions with owners of the Company** | | | | | |
| **Contributions and distributions** | | | | | |
| Issue of ordinary shares /See note 1/ | 12,392 | - | - | - | 12,392 |
| **Total contributions and distributions** | | | | | |
| **Total transactions with owners of the Company** | 12,392 | - | - | - | 12,392 |
| **Balance at 31 December 2012/** | | | | | |
| **Balance at 1 January 2013** | 12,392 | - | - | 430 | 12,822 |
| **Total comprehensive income** | | | | | |
| Loss for the year | - | - | - | (355) | (355) |
| **Total comprehensive income** | - | - | - | (355) | (355) |
| **Transactions with owners of the Company** | | | | | |
| **Contributions and distributions** | | | | | |
| Issue of ordinary shares /See note 1/ | 5,630 | 4,491 | - | - | 10,121 |
| Own shares acquired | - | (191) | (120) | - | (311) |
| Own shares sold | - | 160 | 99 | - | 259 |
| **Total contributions and distributions** | | | | | |
| **Total transactions with owners of the Company** | 5,630 | 4,460 | (21) | - | 10,069 |
| **Balance at 31 December 2013** | 18,022 | 4,460 | (21) | 75 | 22,536 |

# STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

| | Note | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit/(Loss) for the year before tax | | (390) | 478 |
| Adjustment for: | | | |
| Other income | | | (610) |
| Interest expense | | 11 | 1 |
| Interest income | | (48) | (1) |
| Other financial expenses | | 7 | 1 |
| | | (420) | (131) |
| Changes in working capital: | | | |
| Trade and other payables | | 25 | 53 |
| Trade and other receivables | | (37) | (2) |
| **Cash used in operating activities** | | (432) | (80) |
| Income tax paid | | (48) | - |
| Other financial expenses | | (7) | - |
| **Net cash used in operating activities** | | (487) | (80) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Loans provided to related parties | | (4,945) | (83) |
| Acquisition of investments | | (370) | - |
| Acquisition of property, plant and equipment | | (1) | - |
| **Net cash used in investing activities** | | (5,316) | (83) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of share capital | | 10,821 | - |
| Payments related to issue of new shares | | (492) | - |
| Proceeds on loan from related party | | 213 | 165 |
| Repayment of loan from realted party | | (135) | - |
| Proceeds from sale of own shares | | 259 | - |
| Repurchase of own shares | | (311) | - |
| **Net cash from financing activities** | | 10,355 | 165 |
| **Net increase in cash and cash equivalents** | | 4,552 | 2 |
| Cash and cash equivalents at 1 January | | 2 | - |
| **Cash and cash equivalents at 31 December** | 10 | 4,554 | 2 |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Incorporation and principal activities

### Incorporation

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

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| SPAX OOD | 0.88 | 21,325 | 213 | 109 |
| 4 physical persons | 8.81 | 213,528 | 2,135 | 1,092 |
| **Total:** | **100** | **2,423,550** | **24,235** | **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 |
| Provdiv Biomass | 979 |
| United Biomass | 1,090 |
| **Total:** | **12,392** |

# NOTES TO THE FINANCIAL STATEMENTS

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

**Incorporation (continued)**

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

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

As at 31 December 2012 the share capital of Ebioss Energy AD is divided between the following shareholders:

| Shareholders | Relative share % | Number of shares | Total share capital in BGN'000 | Total share capital in EUR'000 |
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| Elektra Holding AD | 63.25 | 1,532,954 | 15,330 | 7,838 |
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| Sungroup Bulgaria EOOD | 10.32 | 250,000 | 2,500 | 1,278 |
| Origina Bulgaria OOD | 3.23 | 78,200 | 782 | 400 |
| SPAX OOD | 0.88 | 21,325 | 213 | 109 |
| Antigona Bulgaria EOOD | 0.80 | 19,500 | 195 | 100 |
| 5 physical persons | 8.81 | 213,528 | 2,135 | 1,092 |
| **Total:** | **100** | **2,423,550** | **24,235** | **12,392** |

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Incorporation and principal activities (continued)

### Incorporation (continued)

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

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

On 26 June 2013 on the grounds and under conditions of the resolution of General meeting of the company dated 12.12.2012, the share capital of EBIOSS ENERGY AD is increased from EUR 12,392 thousand (BGN 24,236 thousand) to EUR 13,552 thousand (BGN 26,504 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of EUR 5.11 (BGN 10) and emission value of EUR 8 (BGN 15.65). Thus the share capital after the emission is 2,650,387 shares of a nominal value of EUR 5.11 (BGN 10) each.

On 23 September 2013 on the grounds and under conditions of the resolution of General meeting dated 05.09.2013, the nominal value of the shares of Ebioss Energy AD is changed, without changing the amount of the registered capital. The existing shares are devided into two, i.e. the split ratio used is two-for-one.

On 26 November 2013 on the grounds and under conditions of the resolution of General meeting of the company dated 12.12.2012, the share capital of EBIOSS ENERGY AD is increased from EUR 13,552 thousand (BGN 26,504 thousand) to EUR 18,022 thousand (BGN 35,248 thousand) through emission and sale of 1,748,919 regular dematerialized shares with voting rights and nominal value of EUR 2.56 (BGN 5) and emission value of EUR 5.15 (BGN 10.07). The share capital after the emission is 7,049,693 shares of a nominal value of EUR 2.56 (BGN 5) each.

### Principal activities

The principal activity of the Company is the management of the engineering, construction and development of gasification Power Plants. As of December 31, 2012 the following Power Plant Projects are under development by each subsidiary of the Company:

- **Heat Biomass EOOD,** registered on 6 January 2011 with UIC 201384552 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The construction of the plant has started in March 2014 and electricity will start to be produced in 2015.

- **Karlovo Biomass EOOD,** registered on 6 January 2011 with UIC 201384641 and with principal activity: the construction of a 5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The construction of the plant is planned in 2 phases. The construction of the first phase of 2 MW has started in October 2013 and electricity will start to be produced in 2015. The construction of the second phase of 3 MW has started in March 2014 and electricity will start to be produced in 2015.

- **Plovdiv Biomass EOOD,** registered on 7 January 2011 with UIC 201385444 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Plovdiv. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2018. Plovdiv Biomass has acquired in November 2012 a 100% subsidiary **Brila EOOD** which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Plovdiv.

- **Nova Zagora Biomass EOOD,** registered on 7 January 2011 with UIC 201385519 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Nova Zagora. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017.

- **Tvardica Biomass EOOD,** registered on 7 January 2011 with UIC 201384926 and with principal activity: the construction of a 1.5 MW biomass gasification power plant. The Power Plant is going to be constructed on a site located near the town of Tvarditza. Upon commissioning of the Power Plant the Company will fully own and operate the facility. The Power Plant will sell electricity to EVN, the electricity distribution Company for South - Central part of Bulgaria. The plant should be completed and electricity production shall commence in 2017. Tvardica Biomass EOOD has acquired in November 2012 a 100% subsidiary **Tvardica PV EOOD,** which has the same principal activity: the construction of a 1.5 MW biomass gasification power plant near the town of Tvarditza.

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

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

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

In 2013 on the grounds and under conditions of the Minutes of the meeting of the Board of Directors of Ebioss Energy AD dated 24 October 2013, the Company participated in the incorporation of the joint-stock company **Energotec-Eco AD** through subscribtion and acquisition of 215 shares with nominal value of BGN 100 (EUR 51.12), representing 43% of the registered capital of the company Energotec-Eco AD. The Company has control over the financial and operating activity of Energotec Eco AD as it nominates the 2 CEOs and appoints 3 members of the Board of Directors out of 4 in total. The new incorporated company Energotec Eco AD plan to rent out a factory nearby village of Kaloianovec and manufacture part of the main equipment for the biomass power plants.

## 2. Accounting policies

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

### Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors on 24 April 2014.

(b) Basis of measurement

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

These financial statements are separate financial statements of the Company.

**2. Accounting policies (continued)**

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

Users of these 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 2013 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

**Use of estimates and judgements**

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

**Going concern basis of accounting**

The financial statements of the Company as of 31 December 2013 have been prepared on the basis of the going concern concept. Management is of the opinion that the funds secured by the shareholders are adequate to finance the future planned activities of the Company.

**Unconsolidated financial statements**

These financial statements are not consolidated. The consolidated financial statements are prepared and approved by the Management on 24.04.2014.

**Adoption of new and revised IFRSs**

**New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations, endorsed by the EC, are available for early adoption in the year ended 31 December 2013, although they are not yet mandatory until a later period. These changes to IFRS have not been applied in preparing these interim financial statements. The Company does not plan to adopt these standards early.

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

IFRS 10 *Consolidated Financial Statements* and IAS 27 (2011) *Separate Financial Statements* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Group does not expect the amendments to Standard to have material impact on the financial statements.

IFRS 11 *Joint Arrangements* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Company does not expect IFRS 11 to have material impact on the financial statements since it is not a party to any joint arrangements.

IFRS 12 *Disclosure of Interests in Other Entities* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. It is expected that the new Standard, when initially applied, will have a significant impact on the level of disclosure in the financial statements. However, the Company is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

**2. Accounting policies (continued)**

**Adoption of new and revised IFRSs (continued)**

IAS 27 (2011) *Separate Financial Statements* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Group does not expect the new Standard will have a material impact on the financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment Entities* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Company does not expect the new standard to have any impact on the financial statements, since it does not qualify as an investment entity.

Amendments to IAS 28 (2011) *Investments in Associates and Joint Ventures* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Company does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Company does not expect the Amendments to have any impact on the interim financial statements since the Company does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Company does not expect the new Standard will have a material impact on the financial statements.

Amendments to IAS 39 – *Novation of Derivatives and Continuation of Hedge Accounting* shall be applied, at latest, as from the beginning of the first financial year starting on or after 1 January 2014. The Company does not expect the new standard to have any impact on the financial statements, since it does not novate derivatives designated as hedging instruments to central counterparties as a consequence of laws and regulations.

**IASB/IFRIC documents not yet endorsed by 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 European Commission, and therefore are not taken into account in preparing these interim financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

IFRS 9 *Financial Instruments* (issued November 2009 and Additions to IFRS 9 issued October 2010) has an effective date 1 January 2015 and could change the classification and measurement of interim financial instruments.

*IFRS 14 Regulatory Deferral Accounts* The new standard is effective for annual periods beginning on or after 1 January 2016. The Standard has not yet been adopted for use in the EU.

IFRIC Interpretation 21 *Levies* with an effective date of 1 January 2014.

**2. Accounting policies (continued)**

**Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

**Revenue recognition**

**(i) Goods sold**

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

**(ii) Services**

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

**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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Accounting policies (continued)

### Tax

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

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

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

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

### Property, plant and equipment

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Accounting policies (continued)

### Property, plant and equipment (continued)

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

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

*Depreciation*

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

| | |
|---|---|
| Computers | 2 years |

No depreciation is provided on land.

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

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

*Subsequent costs*

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

### Investments in subsidiaries

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

# NOTES TO THE FINANCIAL STATEMENTS

**2. Accounting policies (continued)**

**Financial instruments**

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

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

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

Loans and receivables

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

Cash and cash equivalents

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

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

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

Trade and other payables

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

Payables on interest bearing loans

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

**Derecognition of financial assets and liabilities**

Financial assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

**2. Accounting policies (continued)**

**Derecognition of financial assets and liabilities (continued)**

Financial liabilities

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

**Offsetting financial instruments**

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

**Employee benefits**

**(i) Defined contribution plans**

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

**(ii) Defined benefit plan**

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

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

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

**2. Accounting policies (continued)**

**Employee benefits (continued)**

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

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

**Provisions**

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

**Impairment**

**(i) Non-financial assets**

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

**(ii) Financial assets**

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

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

**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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Other income

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Other income | - | 610 |
| | - | 610 |

Other income for 2012 represent liabilities to the Parent company Elektra Holding AD written off in accordance with cession agreement dated 15 November 2012 and respective Anex 1 to this agreement dated 28 November 2012.

## 4. Expenses for hired services

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Consultancy fees | 20 | 67 |
| Audit services | 22 | 12 |
| Office rent | 19 | - |
| Other | 38 | 4 |
| | 99 | 83 |

## 5. Employee benefit expenses

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Wages and salaries | 178 | 13 |
| Compulsory social security contribution | 15 | 2 |
| Accrued expenses for unused paid leave | 6 | 1 |
| | 199 | 16 |

## 6. Other expenses

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Donation tax | - | 31 |
| Other expenses | 122 | 1 |
| | 122 | 32 |

Other expenses for 2013 include BGN 61 thousand expenses related to listing of the Company on the Spanish alternative stock exchange.

## 7. Finance income and costs

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Interest income | 48 | 1 |
| | 48 | 1 |
| | | |
| Interest expense | (11) | (1) |
| Exchange rate difference | (5) | - |
| Bank expenses | (2) | (1) |
| **Finance costs** | (18) | (2) |
| **Net finance costs recognized in profit or loss** | 30 | (1) |

## 8. Investment in subsidiaries

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Balance at 1 January | 12,598 | - |
| New investments | 370 | 12,598 |
| **Balance at 31 December** | 12,968 | 12,598 |

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

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

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

As of 31 December 2013 and 2012 the investments in subsidiaries are as follows:

| Subsidiary | Country of incorporation | % ownership 31.12.2013 | Amount of investment EUR'000 31.12.2013 | % ownership 31.12.2012 | Amount of investment EUR'000 31.12.2012 |
|---|---|---|---|---|---|
| Heat Biomass EOOD | Bulgaria | 100% | 3,500 | 100% | 3,500 |
| Karlovo Biomass EOOD | Bulgaria | 100% | 3,500 | 100% | 3,500 |
| Tvarditsa Biomass EOOD | Bulgaria | 100% | 2,045 | 100% | 2,045 |
| Nova Zagora Biomass EOOD | Bulgaria | 100% | 1,278 | 100% | 1,278 |
| Plovdiv Biomass EOOD | Bulgaria | 100% | 979 | 100% | 979 |
| United Biomass EOOD | Bulgaria | 100% | 1,090 | 100% | 1,090 |
| EQTEC Iberia S.L. | Spain | 47.97% | 566 | 45% | 206 |
| Energotec-Eco AD | Bulgaria | 43% | 10 | - | - |
| **Total investments** | | | **12,968** | | **12,598** |

## 9. Property, plant and equipment

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

## 10. Cash and cash equivalents

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Cash at bank | 4,535 | 1 |
| Cash in hand | 19 | 1 |
| | 4,554 | 2 |

### 11. Loans provided to related parties

| | Currency EUR | Annual interest 4% | Amount EUR'000 | Maturity |
|---|---|---|---|---|
| **Balance at 1 January 2012** | | | - | |
| New proceeds | | | | |
| - Heat Biomass EOOD | | | 83 | 31.12.2015 |
| Loan interest accrued | | | 1 | |
| **Balance at 31 December 2012** | | | 84 | |
| **Balance at 1 January 2013** | | | 84 | |
| Transfer from Other receivables from related parties /see note 19.1/ | | | | |
| - Heat Biomass EOOD | | | 472 | 31.12.2015 |
| - Karlovo Biomass EOOD | | | 80 | 31.12.2015 |
| - United Biomass EOOD | | | 25 | 31.12.2018 |
| - Nova Zagora Biomass EOOD | | | 12 | 31.12.2018 |
| - Tvarditsa Biomass EOOD | | | 8 | 31.12.2018 |
| - Plovdiv Biomass EOOD | | | 7 | 31.12.2018 |
| - Tvarditsa PV EOOD | | | 6 | 31.12.2018 |
| New proceeds | | | | |
| - Heat Biomass EOOD | | | 1,939 | 31.12.2015 |
| - Karlovo Biomass EOOD | | | 2,998 | 31.12.2015 |
| - United Biomass EOOD | | | 3 | 31.12.2018 |
| - Nova Zagora Biomass EOOD | | | 2 | 31.12.2018 |
| - Tvarditsa Biomass EOOD | | | 1 | 31.12.2015 |
| - Plovdiv Biomass EOOD | | | 1 | 31.12.2018 |
| - Tvarditsa PV EOOD | | | 1 | 31.12.2018 |
| Loan interest accrued | | | | |
| - Heat Biomass EOOD | | | 32 | |
| - Karlovo Biomass EOOD | | | 13 | |
| - United Biomass EOOD | | | 1 | |
| - Tvarditsa Biomass EOOD | | | 1 | |
| **Balance at 31 December 2013** | | | 5,686 | |

| **EUR'000** | **Total** | **Up to 1 year** | **1-2 years** | **2-5 years** | **More than 5 years** |
|---|---|---|---|---|---|
| **Loans** | 5,686 | 48 | 5,573 | 65 | - |
| | 5,686 | 48 | 5,573 | 65 | - |

### 12. Trade and other receivables

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Prepaid amounts to suppliers | 5 | - |
| Receivables from employees | 7 | - |
| Refundable VAT | 8 | 1 |
| Other receivables | 11 | - |
| | 31 | 1 |

# NOTES TO THE FINANCIAL STATEMENTS

**13. Capital and capital reserves**

***13.1. Ordinary shares***

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

| **Issued and fully paid** | | **Number of shares** | **thousand EUR** |
|---|---|---|---|
| **Balance on 1 January 2012** | | 20 | - |
| New issues | See Note 1 | 2,423,550 | 12,392 |
| **Balance on 31 December 2012/1 January 2013** | | 2,423,550 | 12,392 |
| New issues | a) | 226,837 | 1,160 |
| Share split | b) | 2,650,387 | - |
| New issues | c) | 1,748,919 | 4,470 |
| **Balance at 31 December 2013** | | 7,049,693 | 18,022 |

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

a) On 26 June 2013 on the grounds and under conditions of the resolution of General meeting of the company dated 12.12.2012, the share capital of EBIOSS ENERGY AD is increased from EUR 12,392 thousand (BGN 24,236 thousand) to EUR 13,552 thousand (BGN 26,504 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of EUR 5.11 (BGN 10) and emission value of EUR 8 (BGN 15.65) and comprising at total 2,650,387 shares of a nominal value of EUR 5.11 (BGN 10) each.

b) On 23 September 2013 on the grounds and under conditions of the resolution of General meeting of the company dated 05.09.2013, the nominal value of the shares of the Company is changed, without changing the the amount of the registered capital. The existing shares are devided into two, i.e. the split ratio used is two-for-one.

c) On 26 November 2013 the share capital of EBIOSS ENERGY AD is increased from EUR 13,552 thousand (BGN 26,504 thousand) to EUR 18,022 thousand (BGN 35,248 thousand) through emission and sale of 1,748,919 regular dematerialized shares with voting rights and nominal value of EUR 2.56 (BGN 5) and emission value of EUR 5.15 (BGN 10.07) and comprising at total 7,049,693 shares of a nominal value of EUR 2.56 (BGN 5) each.

***13.2. Reserve for own shares***

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 31 December 2013 the Company held 8,373 of the Company's shares at nominal value BGN 5 (2012:0).

***14. Earnings per share***

**Basic earnings per share**

The calculation of basic earnings per share at 31 December 2013 was based on the profit (loss) attributable to ordinary shareholders of EUR (355) thousand (2012: EUR 430 thousand), and a weighted average number of ordinary shares outstanding of 5,221 thousand (2012: 404 thousand), calculated as follows:

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

| *In thousands of EUR* | **2013** | **2012** |
|---|---|---|
| Profit (loss) for the year | (355) | 430 |
| **Profit (loss) attributable to ordinary shareholders** | (355) | 430 |

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

| *In thousands of shares* | **2013** | **2012** |
|---|---|---|
| Issued ordinary shares at 1 January | 2,424 | - |
| Effect of shares issued in October 2012 | - | 202 |
| Effect of shares issued in June 2013 | 89 | - |
| Effect of shares split | 2,651 | 202 |
| Effect of shares issued in November 2013 | 57 | - |
| **Weighted average number of ordinary shares at 31 December** | 5,221 | 404 |
| Basic earnings per share (Euro) | (0.07) | 1.06 |

**15. Loans payable to related parties**

***Related Party - Elektra Holding AD***

| | **Currency EUR** | **Annual Interest 4%** | **Amount (EUR'000)** | **Maturity** |
|---|---|---|---|---|
| **Balance at 1 January 2012** | | | - | |
| New proceeds | | | 165 | 31.12.2014 |
| Interest | | | 1 | |
| **Balance at 31 December 2012/ Balance at 1 January 2013** | | | **166** | |
| New proceeds | | | 213 | 31.12.2014 |
| Interest | | | 11 | |
| Repayments | | | (135) | |
| **Balance at 31 December 2013** | | | **255** | |

**Repayment schedule**

| **EUR'000** | **Total** | **Up to 1 year** | **1-2 years** |
|---|---|---|---|
| Loans | 255 | 255 | - |
| | 255 | 255 | - |

**16. Trade and other payables**

| **Trade payables** | **31.12.2013 EUR'000** | **31.12.2012 EUR'000** |
|---|---|---|
| Payables to suppliers | 39 | 21 |
| | 39 | 21 |

| **Other payables** | **31.12.2013 EUR'000** | **31.12.2012 EUR'000** |
|---|---|---|
| Payables to suppliers in regard to issue of new share capital | 208 | - |
| Donation tax liability | 31 | 31 |
| Accruals for unused paid leave | 6 | 1 |
| Other tax liabilities | 2 | - |
| | 247 | 32 |
| **Trade and other payables** | 286 | 53 |

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

## 17. Taxation

### Income tax recognised in profit or loss

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Corporate income tax expense – current year | - | 48 |
| Deferred tax expense/ (benefit) | (35) | - |
| **Income tax for the year** | (35) | 48 |

### Reconciliation of the effective income tax rate:

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Profit/(Loss) for the year | (355) | 430 |
| Total income tax expense | (35) | 48 |
| **Profit/( Loss) excluding income tax** | (390) | 478 |
| Income tax expense at the statutory income tax rate of 10% | (39) | 48 |
| Non-deductible expenses | 4 | - |
| **Income tax expense/(benefit)** | (35) | 48 |
| **Effective tax rate** | 10% | 10% |

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

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

### Tax liability

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Corporate income tax payable | - | 48 |
| | - | 48 |

### Recognised deferred tax assets

Deferred tax assets are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2013 EUR'000 | 2012 EUR'000 | 2013 EUR'000 | 2012 EUR'000 | 2013 EUR'000 | 2012 EUR'000 |
| Tax loss carry-forwards | (35) | - | - | - | (35) | - |
| **Tax (assets) liabilities** | (35) | - | - | - | (35) | - |
| **Net tax (assets) liabilities** | (35) | - | - | - | (35) | - |

## 18. Financial instruments

### Overview

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

- credit risk
- liquidity risk
- market risk.

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

### Risk management framework

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

### (a) Credit risk

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

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

| | Note | 31.12.2013 | 31.12.2012 |
|---|---|---|---|
| | | EUR'000 | EUR'000 |
| Other receivables from related parties | 19.1 | - | 610 |
| Loans provided to related parties | 19.2 | 5,686 | 84 |
| Cash at bank | | 4,535 | 1 |
| | | 10,221 | 695 |

No amounts of loans and receivables are overdue or impaired.

### (b) Liquidity risk

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

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

| *In thousands of EUR* | | Carrying amount | Contractual cash flows | Up to 1 year | 1 – 2 years |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Loans payable to related parties | 19.3 | 255 | 255 | 255 | - |
| Other payables to related parties | 19.4 | 206 | 206 | - | 206 |
| Payables to suppliers | 16 | 247 | 247 | 247 | - |
| | | 708 | 708 | 502 | 206 |

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2012:

| In thousands of EUR | | Carrying amount | Contractual cash flows | 6 months or less | 1 – 2 years |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Loans payable to related parties | 19.3 | 166 | 179 | - | 179 |
| Other payables to related parties | 19.4 | 206 | 206 | - | 206 |
| Payables to suppliers | 16 | 21 | 21 | 21 | - |
| | | 393 | 406 | 21 | 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's foreign transactions are denominated in foreign currency. The Company is exposed to foreign currency risk related to possible deviations in the foreign currency rates. As at the reporting date the currency risk is considered as insignificant as major part of Company's transactions in foreign currency are denominated in euro, and the Bulgarian Lev is pegged to the euro.

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

**Interest rate risk**

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

***Profile***

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

| In thousands of EUR | Nominal amount 31.12.2013 | 31.12.2012 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 5,638 | 83 |
| Financial liabilities | (243) | (165) |
| | 5,395 | (82) |

The Company has no variable rate instruments as at 31 December 2013 and 31 December 2012.

**Capital management**

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

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

**Fair value of financial assets and liabilities**

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

# NOTES TO THE FINANCIAL STATEMENTS

## 19. Related party transactions and balances

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

Related parties are as follows:

| Related party | Relationship |
|---|---|
| Elektra Holding AD | Parent of EBIOSS ENERGY AD |
| Heat Biomass EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| Karlovo Biomass EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| Plovdiv Biomass EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| Nova Zagora Biomass EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| Tvardica Biomass EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| United Biomass EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| Biomass Distribution EOOD | subsidiary, 100% owned by EBIOSS ENERGY AD |
| EQTEC Iberia S.L., Spain | subsidiary, 48% owned and controlled by EBIOSS ENERGY AD |
| Energotec Eco AD | subsidiary, 43% owned and controlled by EBIOSS ENERGY AD |
| Brila EOOD | subsidiary 100% owned by Plovdiv Biomass EOOD |
| Tvarditsa PV EOOD | subsidiary 100% owned by Tvarditsa Biomass EOOD |
| Inava Ingeiyieria De Analisis SL | under common control |
| Ortiz Elektra AD | under common control |
| Biomass Gorno EOOD | under common control |
| Luxur PV EOOD | under common control |
| Bul PV EOOD | under common control |
| Bul Biomass EOOD | under common control |
| Luxur Biomass OOD | under common control |
| Val Biomass EOOD | under common control |
| Eqtec Bulgaria EOOD | under common control |
| Smolyan Biomass EOOD | under common control |
| Titan Power OOD | under common control |
| Eko El Invest | under common control |

*Directors*

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

### 19.1 Other receivables from related parties

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Elektra Holding AD – transferred receivables | - | 610 |
| | - | 610 |

In accordance with cession agreement dated 15 November 2012, the following receivables were transferred in 2012 from Elektra Holding AD (parent company of Ebioss Energy AD) to Ebioss Energy AD:

| | 2013 EUR'000 | 2012 EUR'000 |
|---|---|---|
| Heat Biomass EOOD | - | 472 |
| Karlovo Biomass EOOD | - | 80 |
| United Biomass EOOD | - | 25 |
| Nova Zagora Biomass EOOD | - | 12 |
| Tvardica Biomass EOOD | - | 8 |
| Plovdiv Biomass EOOD | - | 7 |
| Tvarditsa PV EOOD | - | 6 |
| | - | 610 |

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

### 19.1 Other receivables from related parties (continued)

Receivables from related parties represent receivables from subsidiaries transferred from the Parent Company Elektra Holding AD in accordance with cession agreement dated 15 November 2012. As per Annex 2 dated 27 December 2012 to the cession agreement the maturity date is after 31.01.2015.

According to signed loan agreements dated 07 January 2013 the other receivables from subsidiaries were transferred into loans with agreed interest (see Note 11).

During 2013 the remuneration to the key management personnel amounts to EUR 61 thousand.

### 19.2 Loans provided to related parties

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Heat Biomass EOOD | | |
| - principal | 2,494 | 83 |
| - interest | 32 | 1 |
| Karlovo Biomass EOOD | | |
| - principal | 3,078 | - |
| - interest | 13 | - |
| United Biomass EOOD | | |
| - principal | 28 | - |
| - interest | 1 | - |
| Nova Zagora Biomass EOOD | | |
| - principal | 14 | - |
| Tvarditsa Biomass EOOD | | |
| - principal | 9 | - |
| - interest | 1 | - |
| Plovdiv Biomass EOOD | | |
| - principal | 8 | - |
| Tvarditsa PV EOOD | | |
| - principal | 7 | - |
| Biomass Distribution | | |
| - principal | 1 | |
| | 5,686 | 84 |

### 19.3 Loans payables to related parties

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Elektra Holding AD (see Note 15) | 255 | 166 |
| | 255 | 166 |

### 19.4 Other payables to related parties

| | 31.12.2013 EUR'000 | 31.12.2012 EUR'000 |
|---|---|---|
| Elektra Holding AD | 206 | 206 |
| | 206 | 206 |

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

# NOTES TO THE FINANCIAL STATEMENTS

**20. Commitments and contingent liabilities**

The Company had no commitments or contingent liabilities as at 31 December 2013 and 31 December 2012.

**21. Events after the reporting period**

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

On 10 April 2014 the General meeting of Ebioss Energy AD decided to change the nominal value of the shares of the Company from EUR 2.56 (BGN 5) to EUR 0,51 (1 BGN). The number of the members of the Board of directors is changed from 3 to 4 persons and 'Meriden Group, SAU' , a company registered in the Principality of Andorra with fiscal number (NRT) – A – 706620-E, is appointed as a new member of the Board of directors of the Company. The General Meeting also delegates and grant an explicit legal mandate to the Board of directors of Ebioss Energy AD to increase the share capital, by issuing a new emission of dematerialized voting shares with nominal value of EUR 0,51 (1 BGN) up to a maximum amount after the increase EUR 20,452 thousand (BGN 40,000 thousand).

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