EBIOSS

Informe Financiero
1er Semestre 2013

Sofía, 27 de Septiembre de 2013

Muy Señores Nuestros,

En cumplimiento de lo dispuesto en la Circular 9/2010 del Mercado Alternativo Bursátil y para su puesta a disposición del público, remitimos el informe financiero semestral relativo a los seis primeros meses del ejercicio 2013 de EBIOSS Energy, AD.

El grupo industrial de ingeniería, construcción y desarrollo de proyectos de tratamiento y conversión de residuos en energía, debutó en el Mercado Alternativo Bursátil el pasado 5 de Julio de 2013. El informe que se expone a continuación, hace referencia a los estados financieros intermedios consolidados de EBIOSS Energy a 30 de Junio de 2013.

Índice

EBIOSS Energy, AD.

José Óscar Leiva Méndez
Presidente de EBIOSS Energy, AD.

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

EBIOSS Energy se convirtió el pasado mes de julio en la primera empresa extranjera en cotizar en el MAB y lo hizo con una capitalización de 21,2 millones de euros. Con su incorporación a este mercado la ingeniería especializada en el diseño y construcción de plantas termoeléctricas basadas en la gasificación de residuos, busca potenciar su actividad para poder acometer nuevos proyectos y desarrollar su Plan de Negocio y expansión internacional.

Tal y como se recogía en el Documento Informativo de Incorporación al MAB-EE de EBIOSS Energy, AD aprobado el 11 de marzo de 2013, y en la posterior Adenda publicada en mayo de 2013, el Plan de Negocio de la Compañía integra un importante crecimiento del negocio de ingeniería mediante la realización de proyectos completos de ingeniería, construcción y mantenimiento de plantas energéticas llave en mano para clientes, además de la participación directa en el capital de algunos de esos proyectos.

El diferimiento temporal en la obtención de la captación de los recursos necesarios para acometer el Plan de Negocio de la Compañía –la ampliación de capital vinculada a la operación de salida al MAB se ha alargado hasta la mitad de año-ha provocado que durante el primer semestre del año los ingresos se hayan producido a un menor ritmo del esperado.

EBIOSS Energy prevé para el segundo semestre de 2013 un importante avance en la ejecución de proyectos de terceros, así como el inicio de la construcción de las plantas propias, que conjuntamente implicarán que gran parte de la facturación prevista para este año se concentre en el segundo semestre del ejercicio.

La visibilidad de los proyectos previstos por la Compañía para el segundo semestre, permite mantener las cifras estimadas para final del año 2013 reflejadas en el Plan de Negocio de la Compañía.

Asimismo, existen una serie de relevantes hitos comerciales, que se irán anunciando en las próximas semanas, y que podrían suponer importantes mejoras en las previsiones para los próximos años.

A continuación se muestra un análisis de la situación de los estados financieros consolidados de EBIOSS a 30 de junio de 2013:

• Análisis de la Cuenta de Resultados.

A continuación se muestra una comparación entre la cuenta de pérdidas y ganancias a 30 de junio de 2013 y el presupuesto estimado total para el año 2013 en el Plan de Negocio de la Compañía. Asimismo, a efectos de mejorar el análisis comparativo, se añade una columna en la que se refleja el porcentaje de presupuesto realizado a 30 de junio de este mismo año:

EBIOSS Energy			(millones de euros)
Cuenta de Pérdidas y Ganancias	jun-13	2013 (e)	% Realización.
Ventas de energía electrica	0,00	0,00	0%
Ventas de energía térmica	0,00	0,00	0%
Venta de servicios EPC *	0,41	5,77	7%
Otros Ingresos	0,32	0,00	0%
Ingresos totales	**0,74**	**5,77**	**13%**
Aprovisionamientos	-0,40	-4,39	9%
Mantenimiento	0,00	0,00	0%
Serv.Generales y Administrativos	-0,48	-1,47	33%
I + D	0,00	-0,10	0%
Gastos operativos	**-0,88**	**-5,95**	**15%**
EBITDA	**-0,15**	**-0,18**	**79%**
Amortizaciones	-0,02	-0,04	49%
Resultado de Explotación	**-0,17**	**-0,22**	**74%**
Resultado antes de impuestos	**-0,17**	**-0,22**	**77%**
Impuesto sobre beneficios	-0,02	-0,07	25%
Resultado del ejercicio	**-0,19**	**-0,30**	**64%**
Inrteres de EBIOSS	-0,30	-0,40	75%

(*) Servicios EPC: Engineering, Procurement and Construction.

Los ingresos totales obtenidos a 30 de junio alcanzaron los 736 mil euros, lo que supone alrededor de un 13% de la consecución del presupuesto anual del ejercicio 2013.

Dentro de la partida denominada "venta de servicios EPC" se incluyen ingresos por 410 mil de euros que engloban la realización de proyectos completos de ingeniería, construcción y mantenimiento de plantas energéticas "llave en mano" para terceros.

Concretamente, dichos ingresos provienen de la prestación de servicios de mantenimiento de algunas de las plantas construidas en años anteriores para clientes tan relevantes como Gas Natural y Endesa, así como del desarrollo de proyectos de diseño y construcción de plantas para clientes como Cartonajes Izquierdo, Elecnor y Helector entre otros.

La partida de "otros ingresos" de 320 mil de euros se corresponden con la activación de los costes de desarrollo de los proyectos de ingeniería, construcción y mantenimiento de las plantas propias (Heat Biomass y Karlovo Biomass), concretamente a través de la cuenta de "Trabajos realizados por la empresa para su activo".

A lo largo de este primer semestre, en ambas plantas se ha finalizado la ingeniería en sus dos fases principales: diseño de proceso e ingeniería básica, y se ha iniciado la fase de ingeniería de detalle, habiendo ya concluido además toda la ingeniería de la planta de motores en el caso de la planta de Karlovo Biomass.

Por otro lado, y como consecuencia del porcentaje de ejecución alcanzado, los gastos operativos de EBIOSS Energy en el primer semestre del año son también sensiblemente menores a los esperados.

Dentro de los gastos operativos, la principal partida prevista dentro del Plan de Negocio para el año 2013 es la de "Aprovisionamientos". En ella se incluyen todos los gastos subcontratados asociados a trabajos de diseño, ingeniería, construcción y puesta en marcha de las plantas energéticas de terceros, y que, como en el caso de los ingresos, se difieren en el tiempo debido al retraso en la fecha de incorporación al Mercado Alternativo Bursátil, tal y como se comenta con anterioridad.

De esta forma, el porcentaje de ejecución de la cifra de gastos por "Aprovisionamientos" en el primer semestre alcanza el 9,2% respecto a la cifra prevista para el total del año 2013.

Por otro lado, el porcentaje de ejecución en el primer semestre del año de la partida de "Servicios Generales y Administrativos", que corresponde a los gastos de estructura, alcanza un 32,5% respecto a la cifra prevista para el total del año 2013, mientras que las amortizaciones se sitúan en torno al 50% del presupuesto anual previsto.

- **Análisis del Balance de Situación.**

A continuación se muestra el balance de situación a 30 de junio de 2013 junto al previsto en el Plan de Negocio de la Compañía para el cierre del año 2013. Asimismo, a efectos de poder realizar un mejor análisis comparativo, se adjunta una columna adicional mostrando el ejercicio cerrado y auditado a 31 de diciembre de 2012:

EBIOSS Energy

Balance de Situación			(millones de euros)
ACTIVO	**2012***	**jun-13**	**2013 (e)**
Activo no corriente	14,73	15,04	18,16
Total activo no corriente	**14,73**	**15,04**	**18,16**
Existencias	0,18	0,06	0,12
Cuentas por cobrar	0,41	0,30	0,95
Efectivo	0,08	1,84	4,18
Total activo corriente	**0,66**	**2,20**	**5,25**
Total activo	**15,40**	**17,24**	**23,41**
PASIVO			
Pasivo no corriente	1,54	1,76	4,93
Total pasivo no corriente	**1,54**	**1,76**	**4,93**
Cuentas a Pagar	0,65	0,88	0,51
Otros pasivos	0,08	0,07	0,37
Total pasivo corriente	**0,73**	**0,95**	**0,88**
Capital social y prima	12,39	13,99	17,39
Beneficios retenidos	0,55	0,25	- 0,05
Intereses minoritarios	0,19	0,30	0,26
Total Patrimonio Neto	**13,13**	**14,54**	**17,60**
Total Pasivo	**15,40**	**17,24**	**23,41**

(*)Datos del cierre consolidado auditado a fecha 31 de diciembre de 2012

El tamaño total del balance se incrementó un 12% con respecto al ejercicio 2012, alcanzado la cifra de 17,24 millones de euros a 30 de junio de 2013.

Respecto al activo, cabe señalar el importante incremento de la tesorería como consecuencia de la ampliación de capital vinculada a la operación de salida de la Compañía al MAB.

Dentro del activo no corriente se recogen principalmente los terrenos y las licencias obtenidas y necesarias para la construcción de las plantas propias. A lo largo del primer semestre de 2013 el activo no corriente se ha incrementado en 320 mil euros. Este incremento procede concretamente de la activación de los gastos derivados de los proyectos de diseño y construcción de las plantas de gasificación propias ya mencionadas anteriormente.

En relación al patrimonio neto, el incremento del capital social de la compañía viene asociado a la ampliación de capital efectuada al final del segundo semestre de 2013. De esta forma, el capital social de EBIOSS a 30 de Junio de 2013 está compuesto por 2.650.387 acciones de 10 BGN[1] de valor nominal cada una.

Con posterioridad al primer semestre del año, cabe señalar que en la Junta General Ordinaria de Accionistas de EBIOSS Energy celebrada el pasado 5 de septiembre de 2013, se acordó por unanimidad cambiar el importe del valor nominal de las acciones de la Sociedad de 10 BGN a 5 BGN, sin modificar el montante del capital social.

Los préstamos con partes vinculadas que figuran en el pasivo no corriente del balance abarcan, por un lado los préstamos que ha recibido EBIOSS por parte de la compañía Elektra Holding por un importe total de 384 miles de euros para cubrir los gastos derivados de los primeros trámites y actividades, y por otro lado un total de 206 mil euros que se corresponden con el precio de transferencia del 45% de las acciones de la filial EQTEC Iberia, S.L. por parte de Elektra Holding a EBIOSS y que será devuelto en los próximos años.

Es importante destacar que la deuda financiera asumida en el Plan de Negocio de EBIOSS Consolidado, alcanzará aproximadamente el 60% de la inversión total de cada proyecto propio, incluyendo los correspondientes costes de desarrollo. De esta forma, a partir del segundo semestre se generará un importante crecimiento de la deuda financiera bancaria asociada a la financiación del inicio de la construcción de la planta propia de Karlovo Biomass.

Dicha deuda, tal y como se comenta en el Documento de Incorporación al Mercado del 11 de marzo de 2013, y en la Adenda posterior del mes de mayo, se solicitará en forma de “*Project Finance*”, utilizando como garantía los activos del proyecto y los flujos de efectivo que se generarán.

[1] El lev (BGN) es la divisa de Bulgaria. Tipo de cambio fijo atendiendo al Banco Nacional de Bulgaria: 1 euro = 1,95583 BGN.

- **Información sobre la evolución del Negocio durante el primer Semestre 2013 y previsión para segundo semestre.**

El volumen de negocio generado a lo largo del primer semestre del año provino tanto de avances en los proyectos propios, como en el desarrollo de los proyectos de diseño y construcción de plantas de gasificación de terceros, entre los que destacan los proyectos de Cartonajes Izquierdo, Elecnor y Helector.

En cuanto a los proyectos propios, dentro del horizonte temporal del Plan de Negocio 2013-2015, EBIOSS Energy contempla el desarrollo y puesta en marcha de dos proyectos propios de generación de energía mediante gasificación de residuos agrícolas en Bulgaria: Heat Biomass y Karlovo Biomass.

En lo que respecta a la planta de Karlovo Biomass, tal y como se anunciaba en la previsión de uso de fondos del Plan de Negocio recogido en el Documento Informativo de Incorporación al Mercado, y en la posterior Adenda publicada en mayo de 2013, durante el primer semestre se ha finalizado la ingeniería en sus dos fases principales, que abarcan el diseño de proceso y la ingeniería básica, y se ha iniciado la fase de ingeniería de detalle, habiendo ya concluido toda la ingeniería de la planta de motores. El inicio de construcción de la planta se prevé para la primera semana de octubre de 2013.

Por otro lado, en cuanto a la planta de gasificación de Heat Biomass, se ha finalizado el diseño de proceso y la ingeniería básica, iniciándose la ingeniería de detalle de la planta. El inicio de construcción de la planta se prevé para el 2014.

Durante el mes de julio, tal y como se reflejaba en la previsión de uso de fondos recogida en el Plan de Negocio publicado en la Adenda al Documento Informativo de Incorporación al Mercado publicada en mayo de 2013, se ha realizado la ampliación de EQTEC Iberia prevista por importe total de 360.000 €, lo que ha supuesto ampliar la participación de EBIOSS Energy del 45% hasta el 47,97 %.

Por otro lado, en el mes de septiembre se ha comunicado a través del Hecho Relevante oportuno, que la empresa EBIOSS ENERGY, AD, a través de su filial tecnológica EQTEC Iberia, S.L., participará como partner tecnológico experto en la gasificación termoquímica de residuos en el proyecto xGATE, aportando su tecnología ***EQTEC Gasifier Technology (EGT).***

El Proyecto xGATE consiste en desarrollar un concepto novedoso de planta integrada de producción de energía eléctrica y térmica a partir de residuos, mediante la unión de dos tecnologías: la Carbonización Hidrotermal (HTC) de residuos y la gasificación termoquímica del bio-carbón obtenido en el proceso HTC. Esta planta permitirá la conversión eficiente en energía de un amplio espectro de residuos agrícolas, domésticos e industriales que hasta la fecha no podían ser adecuadamente tratados en procesos de incineración.

En el proyecto participan también otros importantes partners como son la eléctrica Electricité de France (EDF - EIFER), los institutos tecnológicos Karlsruhe Institute of Technology (KIT), Steinbeis Europa Zentrum (SEZ), Royal Institute of Technology (KTH) de la Universidad de Estocolmo y la Universidad de Stuttgart.

Un importante hito comercial ha sido la firma de un acuerdo estratégico entre EQTEC Iberia, filial tecnológica de EBIOSS Energy, y la compañía belga Xylowatt. Con este acuerdo Xylowatt escoge a EQTEC Iberia como socio tecnológico para que construya llave en mano todas las plantas de menos de 1 MW de capacidad, prescribiendo la tecnología de EBIOSS Energy en las plantas de capacidades superiores. El acuerdo entre ambas compañías les permitirá optar a proyectos que contemplan una financiación conjunta potencial total de hasta 30 millones de euros.

Asimismo, a lo largo del segundo semestre EQTEC Iberia ha solicitado una patente con el título "Procedimiento para la gasificación de materiales sólidos orgánicos y reactor empleado" consistente en un procedimiento de alto valor añadido para la gasificación de materiales sólidos orgánicos, estando previsto que de forma inminente se solicite una segunda.

Durante el segundo semestre del año 2013 la Compañía tiene la intención de efectuar una segunda ampliación de capital, tal y como se refleja en su Plan de Negocio, lo que permitirá a la Compañía acelerar la ejecución de los proyectos propios y asumir un mayor número de proyectos de terceros en el futuro.

Se prevé que a lo largo del segundo semestre del año 2013 se acelere la ejecución de los proyectos de terceros previstos, así como otros avances que podría suponer mejoras en el Plan de Negocio de la Compañía.

De estas manera, la compañía se encuentra negociando acuerdos comerciales con importantes compañías del sector que pueden suponer un importante relanzamiento de EBIOSS para los próximos años. En concreto está previsto que a lo largo del mes de octubre se firme un acuerdo con la Universidad de Lorraine para la construcción y puesta en marcha de una planta piloto de gasificación de residuos para I+D.

Asimismo, a lo largo del mes de octubre se prevé que se llegue a acuerdos con dos grandes grupos energéticos europeos para la realización de varios proyectos de construcción de plantas de gasificación a lo largo de los próximos años, y que pueden suponer un importante impulso al Plan de Negocio.

La compañía está trabajando en el inicio de operaciones en Brasil, donde espera poder comenzar a tener actividad a partir del cuarto trimestre del presente ejercicio.

A pesar de la desviación reflejada en el primer semestre, la Compañía mantiene las previsiones para el ejercicio 2013 presentadas en la Adenda al Documento Informativo de Incorporación al Mercado publicada en mayo de 2013, a la espera de que en las próximas semanas se formalicen acciones comerciales en curso. Esto se concretará en sustanciales mejoras en el negocio de EBIOSS Energy para los próximos años, incrementando y reforzando tanto la visibilidad como la sostenibilidad del proyecto EBIOSS en el futuro.

Si bien, dentro del Plan de Negocio vigente no se han teniendo en cuenta dichas estimaciones, en la medida en que se incremente su visibilidad, la Compañía las contemplará en el contexto de la próxima ampliación de capital que previsiblemente EBIOSS Energy realizará en el último trimestre del año 2013.

Estados Financieros Intermedios individuales y consolidados de EBIOSS Energy a 30 de junio de 2013.

EBIOSS ENERGY AD

INTERIM SEPARATE FINANCIAL STATEMENTS
For the six months ended 30 June 2013
UNAUDITED

EBIOSS ENERGY AD

INTERIM SEPARATE FINANCIAL STATEMENTS
For the six months ended 30 June 2013

CONTENTS **PAGE**

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
Blvd. Bulgaria
Sofia 1000

Auditor

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

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June

	Note	2013 EUR'000	2012 EUR'000
Expenses for hired services	3	(26)	-
Employee benefit expenses	4	(51)	-
Other expenses	5	(17)	-
Results from operating activities		(94)	-
Finance income	6	15	-
Finance cost	6	(5)	-
Net finance income		10	-
Loss before income tax		(84)	-
Income tax expense	14	-	-
Loss for the period		(84)	-
Other comprehensive income		-	-
Total comprehensive income for the period		(84)	-

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

ЕБИОС ЕНЕРДЖИ АД
СОФИЯ

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	30.06.2013 EUR'000	31.12.2012 EUR'000
ASSETS			
Non-current assets			
Investment in subsidiaries	7	12,598	12,598
Loans provided to related parties	9	834	84
Other receivables from related parties	16.1	-	610
		13,432	13,292
Current assets			
Other receivables	11	3	1
Cash at bank and in hand	8	1,816	2
		1,819	3
Total assets		15,251	13,295
EQUITY AND LIABILITIES			
Equity			
Share capital	13	13,552	12,392
Share premium		443	-
Retained earnings		346	430
		14,341	12,822
Non-current liabilities			
Loans payable to related parties	10	384	166
Other payables to related parties	16.4	206	206
Total non-current liabilities		590	372
Current liabilities			
Trade and other payables	12	277	53
Corporate tax liabilities	14	43	48
Total current liabilities		320	101
Total equity and liabilities		15,251	13,295

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

ЕБИОС ЕНЕРДЖИ АД СОФИЯ

The notes set out on pages 12 – 23 are an integral part of these financial statements

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Retained earnings EUR'000	Total EUR'000
For the six months ended 30 June 2012				
Balance at 1 January 2012	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 30 June 2012	-	-	-	-
For the six months ended 30 June 2013				
Balance at 1 January 2013	12,392	-	430	12,822
Total comprehensive income for the pariod				
Loss for the period	-	-	(84)	(84)
Total comprehensive income for the period	-	-	(84)	(84)
Transactions with owners of the Company, recognized directly in equity				
Share capital issued during the period	1,160	443	-	1,603
Total transactions with owners of the Company	1,160	443	-	1,603
Balance at 30 June 2013	**13,552**	**443**	**346**	**14,341**

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

ЕБИОС ЕНЕРДЖИ АД
СОФИЯ

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

	Note	2013 EUR'000	2012 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		(84)	-
Adjustment for:			
Interest expense		5	-
Interest income		(15)	-
Cash flows from operations before working capital changes		(94)	-
Changes in working capital:			
Increase in trade and other payables		27	-
Increase in other receivables		(2)	-
Net cash flows used in operating activities		(69)	-
Income tax paid		(5)	-
Net cash from operating activities		(74)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans provided to related parties	9	(125)	-
Net cash flows used in investing activities		(125)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		1,815	-
Payments related to issue of new shares		(15)	-
Proceeds on loan from related party	10	213	-
Net cash flows from financing activities		2,013	
Net increase in cash and cash equivalents		1,814	-
Cash and cash equivalents at 1 January		2	-
Cash at end of the period	8	1,816	-

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities

Incorporation

EBIOSS ENERGY AD 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, 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
Sun Group Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,135	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**

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, 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
Sun Company 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
4 physical persons	8.81	213,528	2,135	1,092
Total:	**100**	**2,423,550**	**24,235**	**12,392**

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 BGN 24,236 thousand (EUR 12,392 thousand) to BGN 26,504 thousand (EUR 13,552 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of BGN 10 (EUR 5.11) and emission value of BGN 15.65 (EUR 8) and comprising at total 2,650,387 shares of a nominal value of BGN 10 (EUR 5.11) each. Through this capital increase the ownership interst of Elektra Holding in Ebioss Energy AD decreases from 63.25% to 57,84%.

1. Incorporation and principal activities (continued)

Principal activities

The principal activity of the Company is the management of the engineering, construction and development of gasification Power Plants. As of June 30, 2013 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 is planned to start 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 will start in September 2013 and electricity will start to be produced in 2015. The construction of the second phase of 3 MW will start in January 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 on 1 January 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 Company of companies (SPVs) subsidiaries of EBIOSS ENERGY AD.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

1. Incorporation and principal activities (continued)

Principal activities (continued)

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

2. Accounting policies

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

Basis of preparation

(a) Statement of compliance

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

The interim separate financial statements were authorised for issue by the Board of Directors on 19.09.2013

(b) Basis of measurement

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

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

Users of these interim separate financial statements of the parent company should read them together with the interim consolidated financial statements of the Company and its subsidiaries as at and for the period ended 30 June 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 interim separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may 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 interim separate financial statements of the Company as of 30 June 2013 have been prepared on the basis of the going concern assumption. Management is of the opinion that the funds secured by the shareholders are adequate to finance the future planned activities of the Company.

Interim separate unconsolidated financial statements

These interim separate financial statements are not consolidated. The interim consolidated financial statements are prepared and approved by the Management on 19.09.2013

2. Accounting policies (continued)

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 interim period ended 30 June 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*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosures of Interests in Other Entities*, IAS 27 *Separate Financial Statements* (2011) which supersedes IAS 27 (2008) and IAS 28 *Investments in Associates and Joint Ventures* (2011) which supersedes IAS 28 (2008) 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 IAS 27 (2011) to have material impact on the interim financial statements, since it does not results in a change in the entity's accounting policy.

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 IFRS 1 *Government Loans* with an effective date of 1 January 2014. The Company does not expect the Amendments to have any impact on the interim financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* with an effective date of 1 January 2014. The Company does not expect the Amendments to have any impact on the interim financial statements.

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.

Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* with an effective date of 1 January 2014.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* with an effective date of 1 January 2014.

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 interim 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. The interim separate 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. For the reporting period and at the reporting date, the exchange rate of the EUR to BGN is fixed at 1 EUR = 1.95583 BGN. 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.

Revenue recognition

(i) Goods sold

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

(ii) Services

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

Finance income and finance costs

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

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

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

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

Tax

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

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

2. Accounting policies (continued)

Tax (continued)

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

Investments in subsidiaries

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

Financial instruments

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

(i) Non-derivative financial assets

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

Loans and receivables

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

Cash and cash equivalents

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

(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.

2. Accounting policies (continued)

Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Payables on interest bearing loans

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

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

Offsetting financial instruments

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

Employee benefits

Current liabilities to employees include payables for salaries and related social securities.

(i) Defined contribution plans

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

2. Accounting policies (continued)

Employee benefits (continued)

(ii) Defined benefit plan

According to the Bulgarian Labour Code at the time when employees acquire pension rights, the Company owes 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. This remuneration is accounted for as long term liability for which also provision is accrued, using the projected units credit method.

The defined benefit plan liability calculated by the Company as at 30 June 2013 is considered insignificant and therefore no liability is recognized in the interim financial statements.

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.

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 INTERIM SEPARATE FINANCIAL STATEMENTS

3. Expenses for hired services

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Audit services	11	-
Consultancy fees	9	-
Other expenses for hired services	6	-
	26	-

4. Employee benefit expenses

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Wages and salaries	45	-
Compulsory social security contribution	6	-
	51	-

5. Other expenses

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Stock exchanage related expenses	15	-
Other expenses	2	-
	17	-

6. Finance income and costs

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Interest income	15	-
	15	-
Interest expense	(5)	-
Finance costs	(5)	-
Net finance income recognized in profit or loss	10	-

7. Investment in subsidiaries

	2013 EUR'000	2012 EUR'000
Balance at 01 January 2012	-	-
New investments	-	12,598
Balance at 31 December 2012	12,598	12,598
New investments	-	-
Balance at 30 June 2013	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.

8. Cash at bank and in hand

	30.06.2013 EUR'000	31.12.2012 EUR'000
Cash at bank	1,815	1
Cash in hand	1	1
	1,816	2

9. Loans provided to related parties

	Currency EUR	Interest Annual interest 4%	Amount EUR'000	Maturity
Balance at 1 January 2012			-	
New proceeds			83	31.12.2015
Loan interest accrued			1	31.12.2015
Balance at 31 December 2012			84	31.12.2015
Balance at 1 January 2013			84	
New proceeds			125	31.12.2015
Transfer from Other receivables from related parties /see note 16.1/			610	31.12.2018
Loan interest accrued			12	31.12.2018
Loan interest accrued			3	31.12.2015
Balance at 30 June 2013			834	31.12.2014

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Long term loans	834	-	-	212	622
	834	-	-	212	622

10. Loans payable to related parties

Related Party - Elektra Holding AD

	Currency EUR	Interest Annual interest 4%	Amount (EUR'000)	Maturity
Balance at 1 January 2012			-	
New proceeds			165	31.12.2014
Interest accrued			1	31.12.2014
Balance at 31 December 2012			166	
Balance at 1 January 2013			166	
New proceeds			213	31.12.2014
Interest accrued			5	31.12.2014
Balance at 30 June 2013			384	

Repayment schedule

	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
EUR'000					
Long term loans	384	-	384	-	-
	384	-	384	-	-

11. Other receivables

Other receivables as of 30 June 2013/31 December 2012 represent refundable VAT and amount to EUR 3/EUR 1 thousand.

12. Trade and other payables

	30.06.2013 EUR'000	31.12.2012 EUR'000
Trade payables		
Payables to suppliers	40	21
	40	21

	30.06.2013 EUR'000	31.12.2012 EUR'000
Other payables		
Payables in regard to issue of new share capital	197	-
Donation tax liability	31	31
Payables to employees	6	-
Payables for compulsory social security contributions	2	-
Provision for unpaid leave	1	1
	237	32
Total Trade and other payables	277	53

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

13. Share capital

	2013	2013	2012	2012
	Number of shares	thousand EUR	Number of shares	thousand EUR
Issued and fully paid				
On 1 January 2013/2012	2,423,550	12,392	20	-
New issues	226,837	1,160	2,423,550	12,392
Balance at 30 June 2013/31 December 2012	2,650,387	13,552	2,423,550	12,392

As at 30 June 2013 the share capital comprises of 2,650,387 shares with nominal value of BGN 10 each (EUR 5.11). As at 31.12.2012 share capital comprised 2,423,550 shares at BGN 10 (EUR 5.11) nominal value. See also Note 1.

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 BGN 24,236 thousand (EUR 12,392 thousand) to BGN 26,504 thousand (EUR 13,552 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of BGN 10 (EUR 5.11) and emission value of BGN 15.65 (EUR 8) and comprising at total 2,650,387 shares of a nominal value of BGN 10 (EUR 5.11) each.

14. Taxation

Reconciliation of the effective income tax rate:

For the six months ended 30 June	**2013 EUR'000**	**2012 EUR'000**
Loss excluding income tax	(84)	-
Income tax (expense)/benefit at the statutory income tax rate of 10%	(8)	-
Loss for which no deferred tax asset is recognized	8	-
Income tax (expense)/benefit	-	
Effective tax rate	0%	-

Tax liability

	30.06.2013 EUR'000	**31.12.2012 EUR'000**
Corporate income tax payable	43	48
	43	48

15. 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	30.06.2013	31.12.2012
		EUR'000	EUR'000
Other receivables from related parties	16.1	-	610
Loans provided to related parties	16.2	834	84
Cash and cash equivalents		1,815	1
		2,649	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 June 30, 2013:

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	16.3	384	407	-	407
Other payables to related parties	16.4	206	206	-	206
Trade and other payables to suppliers	12	237	237	237	-
		827	850	237	613

15. 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 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	16.3	166	179	-	179
Other payables to related parties	16.4	206	206	-	206
Trade and other payables to suppliers	12	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 is:

	Nominal amount	
In thousands of EUR	**30.06.2013**	**31.12.2012**
Fixed rate instruments		
Financial assets	818	83
Financial liabilities	(378)	(165)
	440	(82)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

The Company has no variable rate instruments as at the end of the period 30 June 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.

15. Financial instruments (continued)

Fair value of financial assets and liabilities

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

16. 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
Southeimer LLC, Spain	Ultimate Parent
Elektra Holding AD	Parent of EBIOSS ENERGY AD
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia S.L., Spain	subsidiary, 45% 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
Varna Biomass EOOD	under common control
Val Biomass EOOD	under common control
Pernik Biomass EOOD	under common control
Samokov Biomass EOOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Elektra PV EOOD	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.

16.1 Other receivables from related parties

	30.06.2013	31.12.2012
	EUR'000	EUR'000
Elektra Holding AD – transferred receivables	-	610
	-	610

16. Related party transactions and balances (continued)

16.1 Other receivables from related parties (continued)

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

	2013	2012
	EUR'000	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

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 the maturity date is after 31.01.2015.

According to signed loan agreements dated 07 January 2013 the receivables from subsidiaries are transferred into loans with agreed interest (see note 9).

There is no remuneration to the key management personnel paid or accrued in the reporting period.

16.2 Loans provided to related parties

	30.06.2013	31.12.2012
	EUR'000	EUR'000
Heat Biomass EOOD	693	84
Karlovo Biomass EOOD	82	-
United Biomass EOOD	26	-
Nova Zagora Biomass EOOD	12	-
Tvardica Biomass EOOD	8	-
Plovdiv Biomass EOOD	7	-
Tvarditsa PV EOOD	6	-
	834	84

16.3 Loans payables to related parties

	30.06.2013	31.12.2012
	EUR'000	EUR'000
Elektra Holding AD (see Note 10)	384	166
	384	166

16.4 Other payables to related parties

	30.06.2013	31.12.2012
	EUR'000	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.

17. Commitments and contingent liabilities

The Company had no commitments or contingent liabilities as at the end of the period 30 June 2013 and 31 December 2012.

18. Events after the reporting period end

In July 2013 according to the Minutes of the Board of Directors of Ebioss Energy AD, the company transferred to EQTEC Iberia S.L. Spain EUR 360 thousand through bank transfer. Against this amount Ebioss Energy AD will acquire 1,900 new shares to be emitted with nominal value of EUR 6 increasing the capital of EQTEC Iberia S.L. Spain from EUR 200,004 to EUR 211,404. This implies premium paid of EUR 348,600 for the acquisition of these shares. Through this capital increase Ebioss Energy will increase its ownership of EQTEC Iberia S.L. Spain from 45% to 47,97%.

There are no material events after the reporting period end, which have to be disclosed in or should adjust the interim separate financial statements.

EBIOSS ENERGY AD

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2013
UNAUDITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2013

CONTENTS

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
Blvd. Bulgaria
Sofia 1000

Auditor

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June

	Note	2013 EUR'000	2012 EUR'000
Revenue	3	415	-
Other revenue		1	-
Changes in inventories of finished goods and work in progress		(122)	-
Work performed by the entity and capitalized	4	320	-
Raw materials and consumables used		(282)	-
Expenses for hired services	5	(119)	-
Employee benefit expenses	6	(319)	-
Depreciation and amortisation	9, 10	(20)	-
Other expenses	7	(38)	-
Results from operating activities		(164)	
Finance income		1	
Finance costs	8	(8)	-
Net finance cost		(7)	
Loss before income tax		(171)	-
Income tax expense	18	(18)	-
Loss for the period		(189)	-
Other comprehensive income		-	-
Total comprehensive income for the period		(189)	-
Profit/Loss attributable to:			
Non-controlling interests		109	-
Owners		(298)	-

The notes on pages 6 to 34 are an integral part of these interim consolidated financial statements.

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim consolidated financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30.06.2013 EUR'000	31.12.2012 EUR'000
Assets			
Property, plant and equipment	9	1,813	1,504
Intangible assets	10	10,356	10,357
Trade and other receivables	12	4	4
Goodwill	11	2,821	2,821
Deferred tax assets	18	49	46
Non-current assets		15,043	14,732
Inventory	13	57	179
Trade and other receivables	12	298	408
Cash at bank and in hand	14	1,843	77
Current assets		2,198	664
Total assets		17,241	15,396
Equity			
Share capital	15	13,552	12,392
Share premium		443	-
Retained earnings		248	546
Equity attributable to owners		14,243	12,938
Non-controlling interests		297	188
Total equity		14,540	13,126
Liabilities			
Bank loans	16	55	57
Loans due to related parties	17	384	166
Other payables to related parties	22	206	206
Finance leases	20	9	9
Deferred tax liabilities	18	1,102	1,102
Non-current liabilities		1,756	1,540
Bank loans	16	16	29
Trade and other payables	19	861	621
Finance leases	20	4	8
Income tax payable	18	64	48
Deferred income		-	24
Current liabilities		945	730
Total liabilities		2,701	2,270
Total equity and liabilities		17,241	15,396

The notes on pages 6 to 34 are an integral part of these interim consolidated financial statements.

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim consolidated financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

ЕБИОСС ЕНЕРДЖИ АД София

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Retained earnings EUR'000	Non-controling interests EUR'000	Total equity EUR'000
For the six months ended 30 June 2012					
Balance at 1 January 2012	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Balance at 30 June 2012	-	-	-	-	-
For the six months ended 30 June 2013					
Balance at 1 January 2013	12,392	-	546	188	13,126
Total comprehensive income for the period					
Loss for the period	-	-	(298)	109	(189)
Total comprehensive income for the period	-	-	(298)	109	(189)
Transactions with owners of the Company, recognized directly in equity					
Share capital issued during the period /note 15/	1,160	443	-	-	1,603
Total transactions with owners of the Company	1,160	443	-	-	1,603
Balance at 30 June 2013	13,552	443	248	297	14,540

The notes on pages 6 to 34 are an integral part of these interim consolidated financial statements.

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim consolidated financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

ЕБИОС ЕНЕРДЖИ * АД * София

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

	Note	2013 EUR'000	2012 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / Loss before tax		(171)	-
Adjustments to profit:			
Depreciation and amortisation	9, 10	20	-
Interest expense	8	8	-
Interest income	8	(1)	-
Cash flows from operations before working capital changes		(144)	-
Change in:			
Inventories		122	-
Trade and other payables		14	-
Trade and other receivables		(86)	-
Other cash flow from operating activities			
Interest paid		(3)	-
Interest received		1	-
Income tax paid		(5)	-
Net cash flows used in operating activities		(101)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment		(127)	-
Intangible assets		(4)	-
Net cash flows used in investing activities		(131)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		1,815	-
Payments related to issue of new shares		(15)	-
Proceeds on loan from related party	17,22	213	-
Bank borrowings		(15)	-
Net cash flows from financing activities		1,998	-
Net increase in cash and cash equivalents		1,766	-
At beginning of the period		77	-
At end of the period	14	1,843	-

The notes on pages 6 to 34 are an integral part of these interim consolidated financial statements.

On 19.09.2013 the Board of Directors of EBIOSS ENERGY AD authorised these interim consolidated financial statements for issue

Executive Director:
Jose Oscar Leiva Mendez

ЕБИОСС ЕНЕРДЖИ АД СОФИЯ

1. Incorporation and principal activities

Incorporation

EBIOSS ENERGY AD 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 200 shares at nominal value BGN 1 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, distributed to the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Electra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,081	1,575
Sun Group Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,135	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
Provdiv Biomass	979
United Biomass	1,090
Total:	**12,392**

1. Incorporation and principal activities (continued)

Incorporation (continued)

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

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

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
Sun Group 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
4 physical persons	8.81	213,528	2,135	1,092
Total:	**100**	**2,423,550**	**24,235**	**12,392**

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 BGN 24,236 thousand (EUR 12,392 thousand) to BGN 26,504 thousand (EUR 13,552 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of BGN 10 (EUR 5.11) and emission value of BGN 15.65 (EUR 8) and comprising at total 2,650,387 shares of a nominal value of BGN 10 (EUR 5.11) each. Through this capital increase the ownership interst of Elektra Holding in Ebioss Energy AD decreases from 63.25% to 57,84%.

Incorporation and principal activities (continued)

Incorporation (continued)

Principal activities

The principal activity of the Group is 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:

- **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 Heat Biomass 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 to start 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 Karlovo Biomass 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 will start in September 2013 and electricity will start to be produced in 2015. The construction of the second phase of 3 MW will start in January 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 Plovdiv Biomass 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. 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 Nova Zagora Biomass 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.

- **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 Tvardica Biomass 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 Power 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 United Biomass EOOD 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.

1. Incorporation and principal activities (continued)

Principal activities (continued)

Ebioss Energy 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 group of companies (SPVs) subsidiaries of Ebioss Energy AD.

On 30 November 2012 Ebioss Energy AD 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.

2. Accounting policies

Basis of preparation

(a) Statement of compliance

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

The interim consolidated financial statements were authorised for issue by the Board of Directors on 19.09.2013

(b) Basis of measurement

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

Use of estimates and judgements

The preparation of the interim consolidated 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 interim consolidated financial statements of the Group as of 30 June 2013 have been prepared on the basis of the going concern assumption. Management is of the opinion that the funds secured by the shareholders are adequate to finance the future planned activities of the Group.

Accounting policies (continued)

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 interim period ended 30 June 2013, although they are not yet mandatory until a later period. These changes to IFRS have not been applied in preparing these interim consolidated financial statements. The Group does not plan to adopt these standards early.

- IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosures of Interests in Other Entities*, IAS 27 *Separate Financial Statements* (2011) which supersedes IAS 27 (2008) and IAS 28 *Investments in Associates and Joint Ventures* (2011) which supersedes IAS 28 (2008) 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 IAS 27 (2011) to have material impact on the interim financial statements, since it does not results in a change in the entity's accounting policy.

- 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 IFRS 1 *Government Loans* with an effective date of 1 January 2014. The Company does not expect the Amendments to have any impact on the interim financial statements.

- Amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* with an effective date of 1 January 2014. The Company does not expect the Amendments to have any impact on the interim financial statements.

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.

- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* with an effective date of 1 January 2014.

- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* with an effective date of 1 January 2014.

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

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

Accounting policies (continued)

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. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

(ii) Non-controlling interests

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

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

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

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the interim consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the interim consolidated financial statements.

2. Accounting policies (continued)

Basis for consolidation (continued)

(vi) Acquisitions from entities under common control

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

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

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

(vii) Provisional acquisition accounting

The Group applies provisional acquisition accounting assuming that the acquisition accounting for some amounts is incomplete. Adjustments made to the acquisition accounting during the measurement period may affect the recognition and measurement of assets acquired and liabilities assumed, any non-controlling interests, consideration transferred, any pre-existing interest in the acquiree, and goodwill or any gain on a bargain purchase. During the measurement period the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstatnces 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.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Group's interim consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Except for the subsidiary EQTEC Iberia Sl, Spain, which functional currency is EUR, the functional currency of the Parent and other subsidiaries in the Group is BGN. The interim consolidated financial statements are presented in thousands of EUR, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. For the reporting period and as at the reporting date, the exchange rate of the EUR to BGN is fixed at 1 EUR = 1.95583 BGN. 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.

2. Accounting policies (continued)

Revenue recognition

(i) Goods sold

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

(ii) Services

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

Finance income and finance costs

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

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

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

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

Tax

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

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

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

2. Accounting policies (continued)

Tax (continued)

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.

Property, plant and equipment

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

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

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

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

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

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 annual depreciation rates used are as follows:

	%
Equipment	15.0
Furniture	10.0
Computers	25.0
Motor vehicles	16.0

Land is not depreciated.

2. Accounting policies (continued)

Property, plant and equipment (continued)

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.

Subesquent costs

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

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

Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2(i). Goodwill is measured at cost less accumulated impairment losses.

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

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

Intangible assets acquired as part of business combination are measured at fair value, which reflect expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity.

The acquirer recognises in a business combination as an asset separately from goodwill an in-process research and development projects of the acquiree, when the project meets the definition of an asset.

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

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

2. Accounting policies (continued)

Intangible assets and goodwill (continued)

Amortisation

The useful lives of intangible assets are assessed as finite.

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

	%
Computer software	33.0

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

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. All other leases are classified as operating leases.

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

Lease payments are analysed 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.

Inventories

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

Net realizable 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.

2. Accounting policies (continued)

Financial instruments

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

(i) Non-derivative financial assets

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

Loans and receivables

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

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

Trade and other payables

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

Payables on interest bearing loans

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

(iii) Derecognition of financial assets and financial liabilities

Financial assets

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

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

2. Accounting policies (continued)

Financial instruments (continued)

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

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Short-term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Impairment of assets

(i) Non-financial assets

Goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet ready for use 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 interim consolidatedly identifiable cash flows (cash-generating units).

2. Accounting policies (continued)

Impairment of assets (continued)

(ii) Financial assets

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

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

Employee benefits

Current liabilities to employees include payables for salaries and related social securities.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a interim consolidated 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. This remuneration is accounted for as long term liability for which also provision is accrued, using the projected units credit method.

The defined benefit plan liability calculated by the Group as at the end of the period 30 June 13 is considered insignificant and therefore no liability is recognized in the interim financial statements.

The Group 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.

Share capital

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

Non-current liabilities

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

2. Accounting policies (continued)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of the discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(iii) Intangible assets

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

3. Revenue

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Sales of goods		
Rendering of services	385	-
	30	-
	415	-

4. Work performed by the entity and capitalized

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Project Heat Biomass	204	
Project Karlovo Biomass	116	-
	320	-

5. Expenses for hired services

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
External transport services	50	-
Professional services	32	-
Advertising expenses	6	-
Office rent	9	-
Telephone expenses	11	-
Other expenses for hired services	11	-
	119	-

6. Employee benefit expenses

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Wages and salaries	254	-
Compulsory social security contribution	55	-
Voluntary social security contribution	10	-
	319	-

7. Other expenses

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Stock exchanage related expenses	15	-
Other expenses	23	-
	38	-

8. Finance income and costs

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Interest income		-
Finance income	1	-
	1	
Interest expense	(8)	-
Finance costs	(8)	-
Net finance costs recognized in profit or loss	(7)	-

9. Property, plant and equipment

in thousands EUR	Land	Equipment	Furniture	Computers	Vehicles	Assets under construction	Total
Cost							
Balance at 1 January 2012	-	-	-	-	-	-	-
Acquisitions through business combinations	905	121	56	46	160	407	1,695
Additions	-	-	-	-	-	13	13
Disposals	-	-	-	-	(10)	-	(10)
At 31 December 2012	905	121	56	46	150	420	1,698
Additions	-	-	-	4	-	320	324
Disposals	-	-	-	-	-	-	-
At 30 June 2013	905	121	56	50	150	740	2,022
Depreciation							
Balance at 1 January 2012	-	-	-	-	-	-	-
Accumulated depreciation	-	10	28	27	128	-	193
Charge for the period	-	-	-	-	11	-	11
Disposals	-	-	-	-	(10)	-	(10)
At 31 December 2012	-	10	28	27	129	-	194
Charge for the period	-	4	2	1	8	-	15
Disposals	-	-	-	-	-	-	-
At 30 June 2013	-	14	30	28	137	-	209
Net book value							
At 31 December 2012	905	111	28	19	21	420	1,504
At 30 June 2013	905	107	26	22	13	740	1,813

Assets under construction represent capitalized expenses for project management and engineering services in relation to the construction of the 5 MW biomass gasification power plants by Heat Biomass and Karlovo Biomass /see Note 1,4/.

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

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

There are no encumbrances or liens on property, plant and equipment.

10. Intangible assets

	Development costs in progress EUR '000	Software EUR '000	Total EUR '000
Cost			
Balance at 1 January 2012	-	-	-
Acquisitions through business combinations	10,333	62	10,395
Additions	4	-	4
Balance at 31 December 2012	10,337	62	10,399
Additions	1	3	4
Balance at 30 June 2013	10,338	65	10,403
Amortisation			
Balance at 1 January 2012	-	-	-
Accumulated amortisation	-	37	37
Charge for the period	-	5	5
Balance at 31 December 2012	-	42	42
Charge for the period	-	5	5
Balance at 30 June 2013	-	47	47
Net book value			
At 31 December 2012	10,337	20	10,357
At 30 June 2013	10,338	18	10,356

Development costs as at the date of aquisition represent licenses, contracts, permits, designs, etc. related to development phase of the following six projects for construction and operation of Biomass Power Plants:

	EUR'000
Heat Biomass Power Plant	2,579
Karlovo Biomass Power Plant	2,986
Tvurditsa Biomass Power Plant	1,745
Nova Zagora Biomass Power Plant	1,090
Plovdiv Biomass Power Plant	1,004
United Biomass Power Plant	929
	10,333

Development costs in progress have been recognized as part of business combination and valued at fair values by certified licensed valuers, based on discounted estimated future net cash flows expected from these assets. Their values are dependent on the estimated timing of completion of the Biomass Power Plants and commencement of electricity production (see also Note 1 and Note 18). Their amortization will start when the Projects are finalized and the production of electricity commences.

11. Acquisitions of subsidiaries

11.1 Acquisitions from entities under common control

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

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

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

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

11. Acquisitions of subsidiaries (continued)

11.2. Acquisition of Eqtec Iberia, Sl

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

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

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

According to signed "Minutes with resolutions of the shareholders in the Company Eqtec" on 30 November 2012, the control over corporate affairs of Eqtec, for accounting and financial purposes, shall be exercised jointly by the both Executive Ditectors of Ebioss Energy AD (Jose Oscar Leiva Mendez) and Eqtec (Mr. Luis Sanchez Angrill).

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

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

12. Trade and other receivables

Current part of trade and other receivables	**30.06.2013 EUR'000**	**31.12.2012 EUR'000**
Trade receivables from clients	279	354
Bank guarantee*	-	21
Advance payments to suppliers	5	-
Refundable VAT	11	24
Receivables from employees	-	3
Other receivables	3	6
	298	408

*The bank guarantee is created in relation to signed contract with client for installation of gas power plant, which is constructed by Eqtec Iberia.

Non- current part of trade and other receivables	**30.06.2013 EUR'000**	**31.12.2012 EUR'000**
Other receivables	4	4
	4	4

12. Trade and other receivables (continued)

The amount of EUR 4 thousand comprises rent deposits for the leased offices by Eqtec Iberia,SI.

13. Inventory

	30.06.2013 EUR'000	31.12.2012 EUR'000
Work in progress	-	179
Materials	57	-
	57	179

14. Cash at bank and in hand

	30.06.2013 EUR'000	31.12.2012 EUR'000
Cash at bank	1,824	57
Cash in hand	19	20
	1,843	77

15. Share capital

	2013 Number of shares	2013 thousand EUR	2012 Number of shares	2012 thousand EUR
Issued and fully paid				
On 1 January 2013/ 2012	2,423,550	12,392	20	-
New issues	226,837	1,160	2,423,550	12,392
Balance at 30 June 2013/31 December 2012	2,650,387	13,552	2,423,550	12,392

As at 30 June 2013 the share capital comprises of 2,650,387 shares with nominal value of BGN 10 each (EUR 5.11). As at 31.12.2012 share capital comprised 2,423,550 shares at BGN 10 (EUR 5.11) nominal value. See also Note 1.

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 BGN 24,236 thousand (EUR 12,392 thousand) to BGN 26,504 thousand (EUR 13,552 thousand) through emission and sale of 226,837 regular dematerialized shares with voting rights and nominal value of BGN 10 (EUR 5.11) and emission value of BGN 15.65 (EUR 8) and comprising at total 2,650,387 shares of a nominal value of BGN 10 (EUR 5.11) each.

16. Bank loans

Bank	Date of execution	Initial nominal amount EUR'000	Interest rate	Balance 30.06.2013 EUR'000	Maturity
BBVA	06.4.2011	16	1.95%	5	06.4.2014
CAIXABANK	16.6.2011	91	6.17%	58	15.6.2016
BANK SABADELL	15.3.2012	14	3.59%	8	06.3.2014
TOTAL BANK LOANS				71	

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Short term loans	16	16	-	-	-
Long term loans	55	-	17	38	-
	71	16	17	38	-

Bank	Date of execution	Initial nominal amount EUR'000	Interest rate	Balance 31.12.2012 EUR'000	Maturity
BBVA	06.4.2011	16	1.95%	8	06.4.2014
CAIXABANK	16.6.2011	91	6.17%	67	15.6.2016
BANK SABADELL	15.3.2012	14	3.59%	11	06.3.2014
TOTAL BANK LOANS				86	

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Short term loans	29	29	-	-	-
Long term loans	57	-	19	38	-
	86	29	19	38	-

17. Loans due to related parties

Related Party - Elektra Holding AD	Currency EUR	Interest Annual interest 4%	Amount (EUR'000)	Maturity
Balance at 1 January 2012			-	
New proceeds			165	31.12.2014
Accrued interest			1	31.12.2014
Balance at 31 December 2012			166	31.12.2014
Balance at 1 January 2013			166	31.12.2014
New proceeds			213	31.12.2014
Accrued interest			5	
Balance at 30 June 2013			384	

Repayment schedule

EUR'000	Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
Long term loans	384	-	384	-	-
	384	-	384	-	-

18. Taxation

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Current tax expense	21	-
Deferred tax	(3)	-
Income tax for the period	18	-

Reconciliation of effective tax rate:

For the six months ended 30 June	2013 EUR'000	2012 EUR'000
Loss before income tax	(171)	-
Income tax using the Company's domestic tax rate, 10%	(17)	-
Effect of tax rates in foreign jurisdictions*	24	-
Loss for which no deferred tax asset is recognized	11	-
Income tax expense/(benefit)	18	-
Effective tax rate	-11%	-

* The subsidiary Eqtec Iberia, Spain, acquired in 2012 (see Note 11) operates in a tax jurisdiction with higher tax rates.

Tax liability	30.06.2013 EUR'000	31.12.2012 EUR'000
Corporate income tax payable	64	48
	64	48

Recognised deferred tax assets and liabilities

In thousands of EUR	Assets		Liabilities	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Assets under construction	(49)	(17)	-	-
Land	-	-	85	85
Development cost	-	-	1,015	1,015
Other intangable assets	-	(24)	-	-
Trade and other receivables	-	(5)	-	-
Other items	-		2	2
Tax (assets) liabilities	(49)	(46)	1,102	1,102
Net tax (assets) liabilities	(49)	(46)	1,102	1,102

Deferred tax liabilities include EUR 1,100 thousand representing 10% tax on fair value adjustments to land (EUR 857 thousand) and development costs (EUR 10,145 thousand) arising as a result of the business combination (see also Note 1).

Under prevailing tax regulations in Spain, tax returns of the subsidiary EQTEC Iberia Sl, may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. The tax periods open to inspection are all years including and after 2008.

19. Trade and other payables

	30.06.2013 EUR'000	31.12.2012 EUR'000
Trade payables to suppliers	521	526
Trade payables	521	526
Payables in regard to issue of new share capital	197	-
Payables to employees	28	39
Compulsory social security contributions	21	10
Donation tax liability	31	31
Other tax liabilities	34	-
Other payables	29	15
Other payables	340	95
	861	621

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

20. Finance lease

	30.06.2013 EUR'000	31.12.2012 EUR'000
Non-current	9	9
Current	4	8
	13	17

Finance lease liabilities are due as follows:

In thousands of EUR	Future minimum lease payments	Interest 5.25%	30.06.2013 Principal
Less than one year	4	-	4
Between one and two years	10	1	9
Total	14	1	13

In thousands of EUR	Future minimum lease payments	Interest 5.25%	31.12.2012 Principal
Less than one year	8	-	8
Between one and two years	10	1	9
Total	18	1	17

21. Financial instruments

Overview

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

- credit risk
- liquidity risk
- market risk.

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

Risk management framework

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

(a) Credit risk

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

The carrying amount of Group's financial assets represent the maximum exposure to credit risk. As of 30.06.2013/ 31.12.2012 the carrying amounts of the financial assets are as follows:

In thousands of EUR	Note	**As of 30.06.2013**	**As of 31.12.2012**
Trade receivables from clients	12	283	358
Cash and cash equivalents	14	1,824	57
		2,107	415

(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.

21. 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 30 June 2013:

In thousands of EUR	*Note*	Carrying amount	Contractual cash flows	up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities as at 30 June 2013						
Bank loans		(71)	(78)	(18)	(20)	(40)
Loans due to related parties		(384)	(407)	-	-	(407)
Other payables to related parties	22	(206)	(206)	-	-	(206)
Trade and other payables		(718)	(718)	(718)	-	-
Finance lease		(13)	(14)	(4)	-	(10)
		(1,392)	(1,423)	(740)	(20)	(663)

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

In thousands of EUR	*Note*	Carrying amount	Contractual cash flows	up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities as at 31 December 2012						
Bank loans		(86)	(96)	(34)	(22)	(40)
Loans due to related parties		(166)	(179)	-	(179)	-
Other payables to related parties	22	(206)	(206)	-	-	(206)
Trade and other payables		(526)	(526)	(526)	-	-
Finance lease		(17)	(18)	(8)	-	(10)
		(1,001)	(1,025)	(568)	(201)	(256)

(c) Market risk

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

Currency risk

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

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

21. Financial instruments (continued)

(c) Market risk (continued)

Currency risk (continued)

The Group's exposure to foreign currency risk based on notional amounts is as follows:

In thousands of EUR	**BGN 30.06.2013**	**EUR 30.06.2013**	**BGN 31.12.2012**	**EUR 31.12.2012**
Trade receivables from clients		283	-	358
Cash and cash equivalents		1,824	-	57
Bank loans		(71)	-	(86)
Loans due to related parties	(384)	-	(166)	-
Other payables to related parties		(206)	-	(206)
Trade payables	(16)	(702)	(26)	(500)
Finance lease		(13)	-	(17)
Total	(400)	1,115	(192)	(394)

Interest rate risk

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

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

	Nominal amount	
In thousands of EUR	**30.06.2013**	**31.12.2012**
Fixed rate instruments		
Financial assets	1,824	57
Financial liabilities	(462)	(269)
	1,362	(212)

The Group has no variable rate instruments as at the end of the period 30 June 2013 and 31 December 2012.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

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 equal their fair values.

22. Related party transactions and balances

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

Related parties are as follows:

Related party	Relationship
Southeimer LLC, Spain	Ultimate Parent
Elektra Holding AD	Parent of EBIOSS ENERGY AD
Heat Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Karlovo Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Plovdiv Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Nova Zagora Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Tvardica Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
United Biomass EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
Biomass Distribution EOOD	subsidiary, 100% owned by EBIOSS ENERGY AD
EQTEC Iberia SL, Spain	subsidiary, 45% 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
Varna Biomass EOOD	under common control
Val Biomass EOOD	under common control
Pernik Biomass EOOD	under common control
Samokov Biomass EOOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Elektra PV EOOD	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.

Transactions and balances with related parties

In thousands of EUR	**Transaction value for the six months ended 30 June**		**Balance outstanding as at**	
	2013	**2012**	**30.06.2013**	**31.12.2012**
Elektra Holding AD-loan/ see note 17/	218	-	384	166
Elektra Holding AD – Other payables	-	-	206	206

Other payables to related parties 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.

23. Commitments and contingent liabilities

In accordance with Contract for connection to the National Electricity Grid signed between two subsidiaries - Karlovo Biomass EOOD and Heat Biomass EOOD and EVN Electricity Distribution Company, both contracts dated 14 September, 2012, the said subsidiaries have to complete the construction of each Biomass Power Plant by 31 December 2014, but in no case later than September 2015. In the case the above terms are not observed, the contracts will be terminated. See also note 9 and 10.

The Group has no other commitments or contingent liabilities as at 30 June 2013 and 31 December 2012.

24. Events after the reporting period end

In July 2013 according to the Minutes of the Board of Directors of Ebioss Energy AD, the company transferred to EQTEC Iberia S.L. Spain EUR 360 thousand through bank transfer. Against this amount Ebioss Energy AD will acquire 1,900 new shares to be emitted with nominal value of EUR 6 increasing the capital of EQTEC Iberia S.L. Spain from EUR 200,004 to EUR 211,404. This implies premium paid of EUR 348,600 for the acquisition of these shares. Through this capital increase Ebioss Energy will increase its ownership of EQTEC Iberia S.L. Spain from 45% to 47,97%.

There are no material events after the reporting period end, which have to be disclosed in or should adjust the interim consolidated financial statements.