

27 March 2017

**EQTEC plc**  
**(formerly REACT Energy plc)**  
**("EQTEC", "Company" or the "Group")**

**Interim results**  
**for the six months ended 31 December 2016**

EQTEC plc (formerly REACT Energy plc) (AIM:EQT), the energy infrastructure developer and operator which focuses on the production of clean energy in the UK and Ireland, announces its unaudited interim results for the six months ended 31 December 2016.

**Gerry Madden, Chief Executive Officer commented:**

*"EQTEC plc enters the second half of the financial year with renewed optimism. In January shareholders voted to further strengthen ties between EBIOSS Energy AD and the Group by approving a debt for equity conversion which resulted in EBIOSS becoming the Company's majority shareholder.*

*This clearly demonstrates shareholder support for our strategy, which in conjunction with EBIOSS, sets out to deploy EBIOSS's proprietary EGT Gasifier Technology, in the UK Energy from Waste sector both into existing Group projects and EBIOSS projects, as well as new projects in the pipeline.*

*The debt for equity conversion announced in January together with the recent further conversions that took place as part of recent placings resulted in approximately €6.1 million of external debt being converted into equity adding strength to the Company's balance sheet.*

*Thanks to the support of new investors, we successfully raised new funds of over €1 million in February and March 2017 to allow us to further strengthen our balance sheet and to provide the financial resources and flexibility to advance our portfolio of projects including Newry and in collaboration with EBIOSS, existing Energy from Waste projects in the UK using EGT.*

*We plan to implement in the UK the Framework Agreement signed between EBIOSS and the state owned China Energy Engineering Group a Global Fortune 500 company with Revenues in excess of \$33 billion. The agreement involves Energy China being responsible for the construction of projects through EPC contracts using EQTEC Gasifier Technology and providing project - level debt and equity.*

*Key to our future is the continued support of all of our stakeholders and we look forward to updating the market further as we continue to develop and consolidate our position in the Energy from Waste market in the UK."*

**Financial highlights during period**

- Group revenue of €0.105 million (H1 2015: €0.13 million)
- Administrative costs of €0.45 million (H1 2015: €0.25 million)
- Loss for the period from continuing operations of €0.7 million (H1 2015: Loss for period €0.4 million)

## Post period end highlights

- In February 2017, shareholders voted to further strengthen ties with EBIOSS Energy AD (“EBIOSS”) by approving a €5.15 million debt-for-equity conversion of amounts owed by the Company’s 50.02% subsidiary, Newry Biomass Limited (“NBL”), to EBIOSS, which resulted in EBIOSS becoming the Company’s 51% shareholder
- Completed two fundraises with external shareholders, raising, in aggregate, £985,000 (before expenses) to enable the Company to progress Newry and Clay Cross, and in conjunction with EBIOSS, continued investment in its pipeline of UK Energy from Waste (“EfW”) projects
- EBIOSS converted all of the outstanding debt and accrued interest of, in aggregate, approximately €920,000 drawn under the EBIOSS loan facility, which was entered into on 8 January 2016 and was amended on 12 December 2016
  - Company’s balance sheet strengthened as a result and €420,000 still available to be drawn under the EBIOSS loan facility
  - EBIOSS continues to be interested in 50.03% of the Company
- Following the signature of a conditional heads of agreement in October 2016 to potentially fund, through a number of third parties, the repowering of the Newry biomass plant, the parties are now in the final stages of due diligence. The heads of agreement envisage a total investment of up to £11.2 million into NBL

## Outlook

The Company has formed an important strategic partnership with EBIOSS, which will both provide it with access to a greater range of financial resources to fund its continuing operations and development as well as providing a stronger platform to exploit the significant opportunity currently in the EfW sector using EGT technology and EBIOSS’s existing contacts and pipeline in the UK. While the economic and political backdrop remain challenging, with the support of all of our stakeholders we are well placed to deliver on our plans. We remain both determined and uniquely positioned to lead the industry in identifying and realising the significant potential that exists in the Energy from Waste sector in the UK.

The Chairman and Chief Executive’s Statement and the unaudited interim results for the six months ended 31 December 2016, which are contained below and form part of this announcement, include further important information and disclosures. The announcement should be read in its entirety.

## For further information:

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**About EQTEC:**

EQTEC plc is committed to developing and operating clean electricity and heat generation plants in the UK and Ireland. The Company possesses significant knowledge of energy markets, clean technologies, fuel sources, project development, project finance and project delivery.

The Company is quoted on AIM and trades as EQT. Further information on the Company can be found at [www.eqtecplc.com](http://www.eqtecplc.com).

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

## Chairman's and Chief Executive's Report

The Company presents the 2016 Interim Report, which gives an update on the activities of the Company over the six month financial period to 31 December 2016 as well as updating on recent activities, including the major debt-for-equity conversion of amounts owed to EBIOSS Energy AD ("EBIOSS") by Newry Biomass Limited ("NBL"), the Company's 50.02% subsidiary, which was approved by shareholders on 6 February 2017.

EBIOSS is an industrial engineering group and is involved in the engineering, construction, project development and operation of waste-to-synthesis gas plants. It operates at an international level and owns a state of the art technology through its subsidiary EQTEC Iberia SL and differential positioning in designing and construction of waste gasification power plants with power capacity from 500 kilowatts ("kW") to 20 megawatts ("MW"). EBIOSS has developed its own technology, the EQTEC Gasifier Technology ("EGT") by which different types of waste are transformed into synthesis gas. This leading technology on waste gasification has made possible the design construction and/or operation of waste gasification plants in Spain, France, Germany, India, Italy and Bulgaria among other countries, for third party international energy groups and for use by EBIOSS itself. EBIOSS is quoted on Mercado Alternativo Bursátil ("MAB"), the alternative market of the Spanish Stock Exchanges.

During the financial period in question the Company:

- Signed conditional heads of agreement to potentially fund, through a number of third parties, the repowering of the Newry Gasification plant. The heads of agreement envisage a total investment of up to £11.2 million into NBL;
- Continued to operate its wind turbine at Pluckanes and three biomass heat projects in the UK, generating revenue of approximately €0.105 million; and
- Incurred administrative costs of €0.45 million and reported a loss for the period from continuing operations of €0.7 million.

Post period end:

- In January 2017, shareholders voted to further strengthen ties with EBIOSS Energy AD ("EBIOSS") by approving a €5.15 million debt-for-equity conversion of amounts owed by the Company's 50.02% subsidiary, Newry Biomass Limited ("NBL"), to EBIOSS, which resulted in EBIOSS becoming the Company's 51% shareholder;
- Completed two fundraises with external shareholders, raising, in aggregate, £985,000 (before expenses) to enable the Company to progress Newry and Clay Cross, and in conjunction with EBIOSS, continued investing in its pipeline UK EfW projects;
- As part of the recent fundraises, EBIOSS converted all of the outstanding debt and accrued interest of, in aggregate, approximately €920,000 drawn under the EBIOSS loan facility, which was entered into on 8 January 2016 and was amended on 12 December 2016;
  - Company's balance sheet strengthened as a result and €420,000 still available to be drawn under the EBIOSS loan facility;
  - EBIOSS continues to be interested in 50.03% of the Company; and
- Following the signature of a conditional heads of agreement in October 2016 to potentially fund through a proposed combination of third parties the repowering of

Newry, the parties are now in the final stages of due diligence. The heads of agreement envisage a total investment of up to £11.2 million into NBL

## **Current Trading and Prospects**

The Company is a clean energy project developer and operator. The Company seeks to take projects from “Greenfield” (greenfield land) stage to “Shovel Ready” stage (projects where planning and development is advanced enough that, given sufficient funding, construction can begin within a very short time frame) with turnkey construction contracts and financial packages in place. Debt and equity partners are then sought to fund the construction phase in return for a share of the project equity.

The Company develops and builds projects currently using wood and waste wood as the sustainable fuel source. The core focus has been on converting biomass or wood into clean electricity and heat. This was based primarily on the technology available to convert the fuel into power and the level of government subsidies available specifically for biomass fuel and the relevant conversion technology.

The Company has continuously reviewed its strategy, cost base and financing structures to ensure it is well positioned and appropriately capitalised to take advantage of opportunities that present in the sector in which it operates.

The following factors have influenced the formation of the business strategy which has been decided upon, in conjunction with its majority shareholder, EBIOS.

- The political and regulatory environment within the UK continues to be challenging, with a lack of direction and continued changes to the long-term support mechanisms available for renewable energy projects developed under the Electricity Market Review (EMR).
- The introduction of Contracts for Difference (CfD) in place of the Renewables Obligation (RO) regime.
- The transformation in the UK of the management of household waste leading to the transition from landfill to recycling / composting and energy recovery.
- The need to meet 2020 landfill diversion targets for biodegradable waste being a major driver for waste policy and infrastructure development in the UK over the last ten years.
- The movement of the waste market towards what is termed ‘merchant’ projects utilising private, specialist fuel supply such as refuse derived fuel (RDF), municipal solid waste (MSW), commercial and industrial waste and waste wood.
- The increased use of new advanced conversion technologies that include specialist sub sectors, like advanced gasification. EGT is currently capable of gasifying urban solid waste through the use of pre-treatment and pelletisation, which involves a process of compressing or moulding the waste into the shape of a pellet.
- The potential of Energy from Waste (commonly abbreviated to EfW) in particular to deliver low carbon energy in a cost-effective way and as a non-intermittent source that helps provide energy security.
- Waste derived renewable electricity from thermal combustion in England is forecast to grow from the current 1.2 terrawatt hours (“TWh”) to between 3.1TWh and 3.6TWh by 2020.

- Due to the saturation of landfills in the UK, approximately 3 million tonnes of RDF are currently exported to other countries such as Germany, Sweden and the Netherlands for disposal by incineration. The cost associated with this export strategy could be significantly reduced with the construction of gasification plants using EGT.

## **Business Strategy**

Following the investment by EBIOSS into EQTEC through the debt-for-equity conversion as announced on 10 January 2017, the combined business strategy of EQTEC and EBIOSS, as its majority shareholder, is as follows:

- To focus on taking advantage of the significant opportunities in the EfW sector, involving Refuse Derived Fuel (“RDF”), MSW and wood, in the UK market.
- EQTEC will deploy EGT in its existing projects and future projects in the UK.
  - Includes completing the repowering of Newry as one of the last remaining RO projects in the UK.
- EBIOSS to use all reasonable efforts to provide opportunities for EQTEC to participate in gasification projects which EBIOSS is currently involved in, or will be involved in, throughout the UK.
- Implement the Framework Agreement signed in May 2016 between EBIOSS and the Chinese state-owned company, China Energy Engineering Group (“Energy China”) which sets out objectives and parameters surrounding the completion of EfW projects in the UK. The Framework Agreement sets out that Energy China, a Global Fortune 500 company with Revenues in excess of \$33 billion, would be responsible for the construction and funding of projects in the UK that use EGT through Engineer, Procure and Construct (“EPC”) contracts.
- Use combined resources of EQTEC and EBIOSS who both have significant experience in the EfW sector and who both possess significant knowledge of energy markets, clean technologies, fuel sources, project development, project finance and project delivery.

EQTEC together with EBIOSS have agreed on of a business model which aims to develop merchant projects based on the conversion of MSW in the UK.

The projects identified will have the following positive attributes:

- Do not depend on the government subsidy in the form of RO, CfDs or tariffs
- Have no risk to fuel supply
- Enjoy a high potential return for investors

The EfW plant business model assumes two sources of revenue:

- Revenue from the sale of energy at an unsubsidized market price
- Revenue from accepting waste know as a “Gate Fee”

## **Current project portfolio**

### ***Newry***

Using proceeds from the recent fundraises in February and March 2017, the Company has further progressed the development of the Newry project with tenders issued for Civil Works and Mechanical and Electrical Works. A Purchase Order for Civil Works is expected to be issued shortly.

The Group is currently in the final stages of a due diligence process relating to a proposed investment of up to £11.2 million into NBL, pursuant to the heads of agreement announced on 11 October 2016, which will be used to repower the plant to 4MW using EGT. The Company is confident that the plant will be able to again export electricity to the grid by the revised deadline of 31 March 2018 agreed with Ofgem.

If, however, it is not possible to conclude agreement with the parties on this £11.2 million investment, the Company, in partnership with EBIOSS and using their combined resources, would seek to commission the project such that it is capable of commercial operation to ensure that the ROCs are registered for the plant by 31 March 2018. In this scenario, the plant having been commissioned to such standards, would be refinanced with third party funders and completed in full.

### ***Enfield, London***

The Enfield Biomass project is a 12MW biomass gasification project located in Enfield, London. The project has secured full planning and permitting approval and is ready to construct. The Company obtained an updated planning permission for converting 60,000 tonnes per annum of Grade C wood waste in January 2014. An environmental permit was received April 2012.

The Company has opened discussions with a new owner in relation to the future of this site and further updates will be made as and when appropriate.

### ***Clay Cross***

The Company has received approval for the construction and operation of an energy recovery facility at Clay Cross Facility in Derbyshire (the "Clay Cross Facility") by Clay Cross Biomass Limited ("Clay Cross Biomass"), a company in which EQTEC has a 90% interest, subject to finalising an agreement under Section 106 of the Town and Country Planning Act 1990 pursuant to the conditions set out in the report to the Committee.

Clay Cross Biomass will use EGT to power the plant as part of the EPC contract for the construction of the Clay Cross Facility.

The Company is currently in preliminary discussions to secure finance for the construction of the Clay Cross Facility and estimates that it will take approximately 18 months from obtaining finance to the final commissioning of the plant. The expected cost to develop the Clay Cross Facility is approximately £50 million.

### **UK Energy from Waste Project Pipeline**

EBIOSS intends to use all reasonable efforts to provide opportunities for EQTEC to participate in gasification projects which EBIOSS is currently involved in or will be involved in throughout the UK. The Company is currently assisting EBIOSS to progress its EfW project pipeline in the UK which form part of the Framework Agreement with Energy China.

## **Biomass Heat**

The Company owns 30% of a special purpose vehicle (“SPV”) set up with Equitix ESI Finance Limited (“Equitix”) and receives development and on-going management fees from it. The SPV currently operates three biomass heat projects in the UK.

Renewable Heat Incentive (RHI) is the primary incentive scheme in operation for these projects. The digression in RHI tariffs for boilers below 200kw range has meant that it is unlikely that the Company will pursue any other projects in this sector and at this level.

## **Wind Electricity Generation**

In Ireland, the Company is currently operating a cash generating 800kW Enercon wind turbine in Pluckanes, County Cork. This plant was financed by company equity and bank debt provided by AIB Bank plc and has a 15-year Power Purchase Agreement with Viridian Energy Limited.

The Company is reviewing its participation in this sector in light of recent developments at corporate level.

## **Outlook**

The Company with the support of the Company’s existing stakeholders, new investors and its majority shareholder EBIOSS, has the potential to take advantage of the significant opportunities presenting themselves in the UK EfW market and in turn advance its pipeline of projects throughout the UK.

The Company has formed an important strategic partnership with EBIOSS, which will both provide it with access to a greater range of financial resources to fund its continuing operations and development as well as providing a stronger platform to exploit the significant opportunity currently in the EfW sector using EGT technology and EBIOSS’s existing contacts and pipeline in the UK.

The Company looks forward to updating its shareholders in the future on further developments as the Company further builds its position in the EfW market.

**Dermot O’Connell**  
Chairman

**Gerry Madden**  
Chief Executive



**EQTEC plc (formerly REACT Energy plc)**  
**Unaudited Condensed Consolidated Income Statement**  
**for the six months ended 31 December 2016**

	Notes	6 months ended 31 Dec 2016 €	6 months ended 31 Dec 2015 €
<b>Continuing operations:</b>			
<b>Revenue</b>	6	105,464	131,031
Cost of sales		-	-
<b>Gross profit</b>		105,464	131,031
<b>Operating expenses</b>			
Administrative expenses		(451,096)	(251,257)
(Losses)/gains on foreign exchange		(55,384)	2,533
Impairment of amounts due from customers under construction contracts		(49,127)	-
<b>Operating loss</b>		(450,143)	(117,693)
Finance costs		(297,868)	(294,105)
Finance income		8	4
<b>Loss before taxation</b>	6	(748,003)	(411,794)
Income tax expense	7	-	-
<b>Loss for the period from continuing operations</b>		(748,003)	(411,794)
<b>Loss for the period</b>		(748,003)	(411,794)
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company		(643,661)	(410,718)
Non-controlling interest		(104,342)	(1,076)
		(748,003)	(411,794)
		6 months ended 31 Dec 2016 € per share	6 months ended 31 Dec 2015 € per share
<b>Basic earnings/(loss) per share:</b>			
From continuing and discontinued operations	8	(0.009)	(0.006)
From continuing operations	8	(0.009)	(0.006)
<b>Diluted earnings/(loss) per share:</b>			
From continuing and discontinued operations	8	(0.009)	(0.006)
From continuing operations	8	(0.009)	(0.006)

**EQTEC plc (formerly REACT Energy plc)**  
**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**for the six months ended 31 December 2016**

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	6 months ended 31 Dec 2016 €	6 months ended 31 Dec 2015 €
<b>(Loss)/Profit for the period</b>	(748,003)	(411,794)
<b>Other comprehensive income and expense</b>		
Exchange differences arising on retranslation of foreign operations	<u>(109,434)</u>	<u>(25,032)</u>
<b>Total comprehensive income and expense for the period</b>	<u>(857,437)</u>	<u>(436,826)</u>
Attributable to:		
Owners of the company	(707,344)	(332,774)
Non-controlling interests	<u>(150,093)</u>	<u>(104,052)</u>
	<u>(857,437)</u>	<u>(436,826)</u>

**EQTEC plc (formerly REACT Energy plc)**  
**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2016**

	Notes	As at 31 Dec 2016 €	As at 30 June 2016 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	11,209,398	10,799,870
Financial assets	9	-	-
<b>Total non-current assets</b>		<u>11,209,398</u>	<u>10,799,870</u>
<b>Current assets</b>			
Amounts due from customers under construction contracts		101,720	150,847
Trade and other receivables		353,290	158,029
Cash and cash equivalents		<u>190,303</u>	<u>324,195</u>
<b>Total current assets</b>		<u>645,313</u>	<u>633,071</u>
<b>Total assets</b>		<u><b>11,854,711</b></u>	<u><b>11,432,941</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	17,453,246	17,453,246
Share premium		21,863,190	21,863,190
Retained earnings – deficit		<u>(40,846,516)</u>	<u>(40,139,172)</u>
<b>Total deficit attributable to equity holders of the parent</b>		<u>(1,530,080)</u>	<u>(822,736)</u>
Non-controlling interests		<u>1,489,687</u>	<u>1,639,780</u>
<b>Total equity</b>		<u>(40,393)</u>	<u>817,044</u>
<b>Non-current liabilities</b>			
Borrowings	12	<u>1,720,850</u>	<u>3,379,621</u>
<b>Total non-current liabilities</b>		<u>1,720,850</u>	<u>3,379,621</u>
<b>Current liabilities</b>			
Trade and other payables	13	6,426,165	5,425,146
Borrowings	12	<u>3,748,089</u>	<u>1,811,130</u>
<b>Total current liabilities</b>		<u>10,174,254</u>	<u>7,236,276</u>
<b>Total equity and liabilities</b>		<u><b>11,854,711</b></u>	<u><b>11,432,941</b></u>

**EQTEC plc (formerly REACT Energy plc)**  
**Unaudited Condensed Consolidated Statement of Changes in Equity**  
**for the six months ended 31 December 2016 and the six months ended 31 December 2015**

	Share capital €	Share premium €	Retained earnings €	Attributable to equity holders of the parent €	Non- controlling interests €	Total €
Balance at 1 July 2015	13,006,149	20,713,637	(38,811,449)	(5,091,663)	2,455,567	(2,636,096)
Conversion of debt into equity under examinership settlement	3,747,097	1,977,634	-	5,724,731	-	5,724,731
Issue of equity under rights of equity kicker	700,000	(700,000)	-	-	-	-
Share issue costs	-	(128,081)	-	(128,081)	-	(128,081)
Loss for the financial period	-	-	(410,718)	(410,718)	(1,076)	(411,794)
Unrealised foreign exchange (loss)/gain	-	-	77,944	77,944	(102,976)	(25,032)
Balance at 31 December 2015	<u>17,453,246</u>	<u>21,863,190</u>	<u>(39,144,223)</u>	<u>172,213</u>	<u>2,351,515</u>	<u>2,523,728</u>
Balance at 1 July 2016	17,453,246	21,863,190	(40,139,172)	(822,736)	1,639,780	817,044
Loss for the financial period	-	-	(643,661)	(643,661)	(104,342)	(748,003)
Unrealised foreign exchange loss	-	-	(63,683)	(63,683)	(45,751)	(109,434)
Balance at 31 December 2016	<u>17,453,246</u>	<u>21,863,190</u>	<u>(40,846,516)</u>	<u>(1,530,080)</u>	<u>1,489,687</u>	<u>(40,393)</u>

**EQTEC plc (formerly REACT Energy plc)**  
**Unaudited Condensed Consolidated Statement of Cash Flows**  
**for the six months ended 31 December 2016**

	Notes	6 months ended 31 Dec 2016 €	6 months ended 31 Dec 2015 €
<b>Cash flows from operating activities</b>			
(Loss)/Profit before taxation		(748,003)	(411,794)
Adjustments for:			
Depreciation of property, plant and equipment		36,457	36,401
Impairment of amounts due from customers under construction contracts		49,127	-
Unrealised foreign exchange losses/(gains)		84,064	(629,453)
Interest expense		297,868	294,105
Interest income		(8)	(4)
Operating cash flows before working capital changes		(280,495)	(710,745)
(Increase)/decrease in:			
Trade and other receivables		(193,605)	24,283
Increase in:			
Trade and other payables		294,493	176,426
		<u>(179,607)</u>	<u>(510,036)</u>
<b>Income taxes paid</b>		<u>(3)</u>	<u>(2)</u>
<b>Net cash used in operating activities</b>		<u><b>(179,610)</b></u>	<u><b>(510,038)</b></u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(40,274)
Interest income received		8	4
<b>Net cash from/(used in) investing activities</b>		<u><b>8</b></u>	<u><b>(40,270)</b></u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		225,000	1,526,631
Repayments of borrowings		(43,000)	(7,500)
Payments for share issue costs		-	(128,081)
Payment for loan issue costs		-	(521,133)
Interest paid		(136,651)	(109,758)
<b>Net cash from/(used in) financing activities</b>		<u><b>45,349</b></u>	<u><b>760,159</b></u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u><b>(134,253)</b></u>	<u><b>209,851</b></u>
Cash and cash equivalents at the beginning of the financial period		<u>323,649</u>	<u>211,341</u>
Cash and cash equivalents at the end of the financial period		<u><b>189,396</b></u>	<u><b>421,192</b></u>

**EQTEC plc (formerly REACT Energy plc)**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**  
**for the six months ended 31 December 2016**

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**1. GENERAL INFORMATION**

EQTEC plc (formerly REACT Energy plc) (“the Company”) was incorporated in Ireland on 2 October 2008. The address of its registered office and principal place of business is Building 1000, City Gate, Mahon, Cork, Ireland. The Company’s shares are quoted on the AIM market of the London Stock Exchange plc.

The principal activity of the Company and its subsidiaries (together the “Group”) is to identify, develop, build, own and operate clean energy electricity and heat generating power plants in the UK and Ireland.

**2. BASIS OF PREPARATION**

The unaudited interim condensed consolidated financial statements are for the six months ended 31 December 2016 and are presented in Euro (€), which is the functional currency of the parent company. They have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual financial statements in accordance with International Financial Reporting Standards (IFRSs), and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2016.

The Group incurred a loss on continuing operations of €748,003 (6 months ended 31 December 2015: €411,794) during the period ended 31 December 2016, and it had net current liabilities of €9,828,941 (30 June 2016: €6,603,205) and net liabilities of €40,393 (30 June 2016: net assets of €817,044) at 31 December 2016.

The Company recently concluded discussions with EBIOSS Energy AD (“EBIOSS”) such that in return for a debt-for-equity conversion of amounts owed by NBL to EBIOSS, EBIOSS was issued such number of new ordinary shares in EQTEC so that it was interested in just under 51% of the Company’s then enlarged issued share capital.

Details of the transaction and the shareholder resolutions required to approve the transaction are contained in the circular which was issued to all shareholders on 10 January 2017. The resolutions were approved at the EGM on 6 February 2017. As a result of the transaction with EBIOSS, the Company has formed a strategic partnership with EBIOSS which will both provide it with access to a greater range of financial resources to fund its continuing operations and development as well as a stronger platform to exploit the significant opportunity currently in the Energy from Waste sector using EGT technology and EBIOSS’s existing contacts and pipeline in the UK. Development of, and revenue generation from, the principal assets of the Company will require additional financing which is expected to be sourced in due course.

During February and March 2017, the Company raised £985,000 before expenses through two placings to fund ongoing working capital needs and in particular to fund the further progression of existing projects such as Newry and Clay Cross and also to progress, in conjunction with EBIOSS, existing Energy from Waste projects in the UK

waste sector. As part of recent fundraising activities, an approximate €920,000 of debt was removed from the Company's Balance Sheet through further debt-for-equity conversions, thereby allowing EBIOS to maintain its majority shareholding in EQTEC.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the interim financial statements. The validity of the going concern basis is dependent upon additional financing being obtained for the development of, and revenue generation from, the principal assets of the Company and the refinancing of existing debt facilities with Altair Group Investment Limited ("Altair") which are due to be repaid in July 2017 (see Note 12 (b)). As no definite agreement has been concluded on either of these a material uncertainty exists in relation to the Company and the Group's ability to continue as a going concern.

The Directors believe that progress towards securing finance and restructuring the Altair loan have been made. The Directors have a reasonable expectation that the Company will source the necessary financing and consent to restructure the Altair loan and that the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the interim financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

The Group continues to invest capital in developing and expanding its portfolio of clean energy projects. The nature of the Group's development programme means that the timing of funds generated from developments is difficult to predict. Management have prepared financial forecasts to estimate the likely cash requirements of the Group over the next 12 months. The forecasts include certain assumptions with regard to the costs of ongoing development projects, overheads and the timing and amount of any funds generated from developments. The forecasts indicate that during this period the Group will require additional funds to continue with its activities and its planned development program.

Whilst the strategy is to build, own and operate plants, once a site has been secured and planning and permitting obtained the Group would be in a position, if it so chose, to monetise the value of the project.

The interim financial information for both the six months ended 31 December 2016 and the comparative six months ended 31 December 2015 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 30 June 2016 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report, with an emphasis of matter paragraph on going concern. The interim condensed consolidated financial statements have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

### **3. BASIS OF CONSOLIDATION**

The unaudited interim condensed consolidated financial statements include the financial statements of the Group and all subsidiaries. The financial period ends of all entities in the Group are coterminous.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in preparing the unaudited interim condensed consolidated financial information are unchanged from those disclosed in the Annual Report and Accounts of EQTEC plc (formerly REACT Energy plc) for the year ended 30 June 2016.

#### 5. ESTIMATES

The preparation of the unaudited interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised.

The judgements, estimations and assumptions applied in the unaudited interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016.

#### 6. SEGMENT REPORTING

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the products sold to customers. The Group's reportable segments under IFRS8 *Operating Segments* are as follows:

Power Generation: Being the development and operation of renewable energy electricity and heat generation plants; and

The Chief Operating Decision maker is defined as the Board of Directors.

Information regarding the Group's reportable segments is presented below.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment (Loss)/Profit	
	6 months ended		6 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2016	2015	2016	2015
	€	€	€	€
Power Generation	105,464	131,031	(257,486)	48,485
<b>Total from continuing operations</b>	<b>105,464</b>	<b>131,031</b>	<b>(257,486)</b>	<b>48,485</b>
Central administration costs and directors' salaries			(192,657)	(166,178)
Interest income			8	4
Interest costs			(297,868)	(294,105)



**Loss before taxation  
(continuing operations)**

(748,008)    (411,794)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the six months ended 31 December 2016 amounted to €Nil (2015: €Nil). Included in revenues arising from sales in the Power Generation segment is €85,120 (2015: €106,944) arising from the sale of electricity; €20,344 (2015: €23,887) arising from sales to an associated undertaking, GG Eco Energy Limited; and €Nil (2015: €200) with respect to the generation of heat.

Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs and directors' salaries, other operating income, share of losses of jointly controlled entities, investment revenue and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other segment information:

	Depreciation and amortisation		Additions to non-current assets	
	6 months ended		6 months ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	€	€	€	€
Power Generation	<u>36,457</u>	<u>36,401</u>	<u>707,909</u>	<u>5,004,267</u>

In addition to the depreciation and amortisation reported above, impairment losses of €Nil (2015: €Nil) were recognised in respect of property, plant and equipment. These impairment losses were attributable in full to the Power Generation segment.

The Group operates in two principal geographical areas: Republic of Ireland (country of domicile) and the United Kingdom. The Group's revenue from continuing operations from external customers and information about its non-current assets\* by geographical location are detailed below:

	Revenue from Jointly Controlled Entities and External Customers		Non-current assets*	
	6 months to 31 Dec 2016	6 months to 31 Dec 2015	As at 31 Dec 2016	As at 30 Jun 2016
	€	€	€	€
Republic of Ireland	85,120	106,944	1,238,711	1,275,144
United Kingdom	<u>20,344</u>	<u>24,087</u>	<u>9,970,687</u>	<u>9,524,726</u>
	<u>105,464</u>	<u>131,031</u>	<u>11,209,398</u>	<u>10,799,870</u>

\* *Non-current assets excluding financial instruments and investment in jointly controlled entities.*

The management information provided to the chief operating decision maker does not include an analysis by reportable segment of assets and liabilities and accordingly no analysis by reportable segment of total assets or total liabilities is disclosed.

## 7. INCOME TAX EXPENSE

	6 months ended 31 Dec 2016	6 months ended 31 Dec 2015
	€	€
<i>Income tax expense comprises:</i>		
Current tax	-	-
Deferred tax	<u>-</u>	<u>-</u>
<b>Income tax expense recognised in profit or loss</b>	<u>-</u>	<u>-</u>

An income tax charge does not arise for the six months ended 31 December 2016 or 31 December 2015 as the effective tax rate applicable to expected total annual earnings is Nil as the Group has sufficient tax losses coming forward to offset against any taxable profits. A deferred tax asset has not been recognised for the losses coming forward.

## 8. LOSS/(EARNINGS) PER SHARE

	6 months ended 31 Dec 2016 €	6 months ended 31 Dec 2015 €
<b>Basic and diluted (loss)/earnings per share</b>		
From continuing operations	(0.009)	(0.006)
From discontinued operations	-	-
Total basic earnings/(loss) per share	<u>(0.009)</u>	<u>(0.006)</u>

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted (loss)/earnings per share are as follows:

	6 months ended 31 Dec 2016 €	6 months ended 31 Dec 2015 €
(Loss)/profit for period attributable to equity holders of the parent	<u>(643,661)</u>	<u>(410,718)</u>
Profit for period from discontinued operations used in the calculation of basic earnings per share from discontinued operations	<u>-</u>	<u>-</u>
Losses used in the calculation of basic loss per share from continuing operations	<u>(643,661)</u>	<u>(410,718)</u>
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	<u>75,140,494</u>	<u>64,228,665</u>

### Anti-dilutive Potential Ordinary Shares

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted loss per share:

	6 months ended 31 Dec 2016	6 months ended 31 Dec 2015
Share warrants in issue	<u>38,450,000</u>	<u>38,450,000</u>
Convertible loans in issue	<u>10,000,000</u>	<u>10,000,000</u>

As noted in note 14 below, 110,162,735 ordinary shares were issued after the period end. If these shares were in issue prior to 31 December 2016, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic loss per share and diluted loss per share by 18,360,456 (assuming the shares were issued in December 2016).

## 9. INVESTMENT IN ASSOCIATE UNDERTAKINGS

Details of the Group's interests in associated undertakings at 31 December 2016 are as follows:

<i>Name of jointly controlled entity</i>	<i>Country of incorporation</i>	<i>Shareholding</i>	<i>Principal activity</i>
GG Eco Energy Limited	England	30%	Operator of biomass heat generating projects

Summarised financial information in respect of the group's interests in associate undertakings is as follows:

	31 Dec 2016	30 Jun 2016
	€	€
Non-current assets	1,406,264	1,510,448
Current Assets	130,103	118,885
Non-current liabilities	(1,592,294)	(1,670,973)
Current liabilities	(534,726)	(460,948)
Net liabilities	<u>(590,653)</u>	<u>(502,588)</u>
Group's share of net assets of associated undertakings	<u>-</u>	<u>-</u>
	6 months ended	
	31 Dec 2016	31 Dec 2015
	€	€
Total revenue	260,279	307,373
Total expenses	<u>(223,669)</u>	<u>(240,626)</u>
Total operating profit for the period	36,610	66,747
Finance costs	<u>(137,684)</u>	<u>(158,654)</u>
Total loss for the period	<u>(101,074)</u>	<u>(91,907)</u>
Group's share of losses of jointly controlled entities	<u>-</u>	<u>-</u>

The investment in GG Eco Energy Limited is accounted for using the equity method in accordance with IAS 28.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six month period ended 31 December 2016, the Group incurred expenditure of €707,909 with respect to costs incurred in the development of various projects. Included in this is a transaction of €707,909 related to the purchase of biomass gasifier equipment for the Newry biomass project.

## 11. SHARE CAPITAL

There were no movements in share capital in the six months ended 31 December 2016.

## 12. BORROWINGS

		31 Dec 2016	30 June 2016
		€	€
<b>Non-current liabilities at amortised cost</b>			
7.5% convertible secured loan note	b	-	2,518,259
8% loan facility	c	841,574	-
15% secured loan facility	a	879,276	861,362
		<u>1,720,850</u>	<u>3,379,621</u>
<b>Current liabilities at amortised cost</b>			
Bank overdrafts		907	546
7.5% convertible secured loan note	b	2,568,932	-
8% loan facility	c	-	589,334
Bank borrowings	d	1,073,250	1,116,250
		<u>3,643,089</u>	<u>1,706,130</u>
<b>Financial liabilities carried at FVTPL</b>			
Business Expansion Scheme Shares		105,000	105,000
		<u>3,748,089</u>	<u>1,811,130</u>

### Borrowings at amortised cost

- (a) On 15 July 2015, the Board of REACT announces that it has raised £1,000,000 (before expenses) through a Secured Loan Facility ("SLF"). EcoFinance, a group which sources finance for renewable energy projects, has provided the SLF. The SLF is at a fixed rate of 15% per annum, the interest on which will be paid monthly in arrears. The SLF is for a five-year term and the principal together with any accrued interest will be repayable by a bullet repayment at the end of the term. The SLF is secured by mortgage debentures, cross guarantees and share pledges over REACT and its subsidiary companies.
- (b) On 24 July 2015, as part of the Scheme of Arrangement announced on 14 July 2016 as approved by the High Court in Dublin, the existing secured debt held by Altair Group Investment Limited ("Altair" or "the Secured Creditor"), comprising the 9% Secured Loan Note of £1.5 million issued in 2015 and the Examinership financing facility of €500,000, was refinanced by way of a new two-year 7.5% £2 million Convertible Secured Loan Note ("CSLN"), repayable in July 2017, and is secured by the same security package granted in favour of EcoFinance. This is governed by an inter-creditor deed under which the SLF security plus interest and costs shall rank in priority to the CSLN security plus interest and costs. Under the terms of the CSLN, the Secured Creditor has the right to convert up to £1 million into new Ordinary Shares at £0.10.

- (c) On 8 January 2016 (subsequently amended in March 2016), the Company announced that it had secured a €750,000 Facility from EBIOS Energy AD. The Company may use the proceeds from the facility for the continuing investment in its portfolio of biomass gasification projects in the UK, and for working capital for the Group. The facility is unsecured and is at a fixed rate of 8% per annum on outstanding capital balances, which will accrue and be repaid in full on repayment of the facility. The original agreement noted that the facility is repayable on demand at any time after 7 January 2017.

On 12 December 2016, it was announced that the terms of the facility had been amended by agreement between the parties such that the amount of the facility was increased by €600,000 to €1,350,000 and the repayment date of the increased facility was extended to 7 January 2018. The increased facility is to cover the working capital requirements of the Company.

- (d) Bank borrowings amounting to €1,073,250 at the balance sheet date are secured by a charge over the shares and assets of Pluckanes Windfarm Limited, a subsidiary of the Group. Current interest rates are variable and average 4.0% per annum, including the Bank's margin. All amounts due with respect to this facility are repayable on demand by the bank at any time at its absolute discretion. However, without prejudice to the Bank's right to demand immediate payment, the facility is to be repaid by way of 60 quarterly instalments. The repayment schedule of these instalments is as follows:

	31 Dec 2016	30 June 2016
	€	€
<i>Payable by instalments</i>		
Due less than one year	86,000	86,000
Due between one and five years	344,000	344,000
Due more than five years	643,250	686,250
	<u>1,073,250</u>	<u>1,116,250</u>

The Directors consider the carrying amount of the borrowings approximates to their fair value.

### 13. TRADE AND OTHER PAYABLES

Included in trade and other payables at 31 December 2016 is a liability of €5,800,226 related to the purchase of biomass gasifier equipment for the Newry biomass project (see note 10).

### 14. COMMITMENTS AND CONTINGENCIES

There have been no other changes in commitments and contingent liabilities since the end of the previous reporting period, 30 June 2016.

### 15. RELATED PARTY TRANSACTIONS

During the period ended 31 December 2016, the Group realised €20,344 (2015: €23,887) from its associated undertaking, GG Eco Energy Limited, on consultancy fees associated with the generation of heat. Included in trade and other receivables at 31 December 2016 is €Nil due from GG Eco Energy Limited (30 June 2016: €Nil).

Post 31 December 2016, EBIOSS Energy AD became a 50.03% holder of the share capital of the Company. During the period ended 31 December 2016, EBIOSS Energy AD advanced €225,000 to the Company with respect to the loan facility as detailed in Note 12(c). Interest accruing to EBIOSS Energy AD in the six months ended 31 December 2016 amounted to €27,240 (2015: €Nil). At 31 December 2016, the amount of outstanding principal and accrued interest due to EBIOSS Energy AD amounted to €841,574 (30 June 2016: €589,334).

During the six months ended 31 December 2016, the Group purchased €57,909 (Six months ended 31 December 2015: €4,963,993) of biomass gasifier equipment for the Newry Biomass project from EBIOSS Energy AD. At 31 December 2016, €5,150,226 was payable to EBIOSS Energy AD with respect to this purchase (30 June 2016: €5,092,317).

During the six months ended 31 December 2016, the Group purchased €650,000 (Six months ended 31 December 2015: €Nil) of biomass gasifier equipment for the Newry Biomass project from EQTEC Iberia SL, a related undertaking of EBIOSS Energy AD. At 31 December 2016, €650,000 was payable to EQTEC Iberia SL with respect to this purchase (30 June 2016: €Nil).

## 16. FAIR VALUES

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at period-end.

<b>31 December 2016</b>	Level 1 €	Level 2 €	Level 3 €	Total €
<b><i>Financial assets</i></b>				
Amounts due from customers under construction contracts	-	101,720	-	101,720
Trade and other receivables	-	353,290	-	353,290
Cash and cash equivalents	190,303	-	-	190,303
<b><i>Financial liabilities</i></b>				
Trade and other payables	-	(6,426,165)	-	(6,426,165)
Investor loans	-	(4,289,782)	-	(4,289,781)
BES Shares	-	(105,000)	-	(105,000)
Bank overdrafts	(907)	-	-	(907)
Bank loans	-	(1,073,250)	-	(1,073,250)
	189,396	(11,439,18	-	(11,249,791)
<hr/>				
<b>30 June 2016</b>	Level 1 €	Level 2 €	Level 3 €	Total €
<b><i>Financial assets</i></b>				
Amounts due from customers under construction contracts	-	150,847	-	150,847
Trade and other receivables	-	158,029	-	158,029
Cash and cash equivalents	324,195	-	-	324,195
<b><i>Financial liabilities</i></b>				
Trade and other payables	-	(5,425,146)	-	(5,425,146)
Investor loans	-	(3,968,955)	-	(3,968,955)
BES Shares	-	(105,000)	-	(105,000)
Bank overdrafts	(546)	-	-	(546)
Bank loans	-	(1,116,250)	-	(1,116,250)
	323,649	(10,306,47	-	(9,837,940)

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- Amounts due from customers under construction contracts;
- trade and other receivables;
- cash and cash equivalents;
- trade and other payables; and
- borrowings.



## **17. EVENTS AFTER THE REPORTING DATE**

On 10 January 2017, the Company announced a conditional debt for equity conversion of €5,150,226 owed by Newry Biomass Limited (“NBL”) to EBIOSS Energy AD (“EBIOSS”) into 78,210,000 new ordinary shares of €0.001 in the Company (“Ordinary Shares”) (“EBIOSS Shares”), which was approved by shareholders at an Extraordinary General Meeting (EGM) held on 6 February 2017. As a result, EBIOSS converted its debt of €5,150,226 into 78,210,000 new Ordinary Shares, resulting in EBIOSS owning approximately 51% of the company. In order to issue the EBIOSS Shares, shareholders were also required to approve a share capital reorganisation of each existing ordinary share of nominal value €0.10 into one new ordinary share of €0.001 and one deferred share of €0.099. At the same EGM, the Company changed its name from REACT Energy plc to EQTEC plc.

On 20 February 2017, the Company announced that it had raised £500,000 (before expenses) through a placing of 10,000,000 new Ordinary Shares at 5.0 pence per share. In addition, the Company has agreed with EBIOSS to convert an amount of €585,000 (£500,000) under the loan facility dated 8 January 2016, which was amended on 12 December 2016, into 10,000,000 new Ordinary Shares at a conversion price of 5.0 pence per share.

On 9 March 2017, the Company announced that it had raised £485,000 (before expenses) through a placing of 7,461,538 new Ordinary Shares at 6.5 pence per share. In addition, the Company has agreed with EBIOSS to convert an amount of €335,717, being equal to the outstanding balance of capital plus accrued interest due under the loan facility dated 8 January 2016, which was amended on 12 December 2016, into 4,491,197 new Ordinary Shares at a conversion price of 6.5 pence per share.

Following both placings and loan conversions, EBIOSS are currently interested in 92,701,197 Ordinary Shares, equating to 50.03 per cent. of the enlarged share capital of the Company.

## **18. APPROVAL OF FINANCIAL STATEMENTS**

The condensed consolidated financial statements for the six months ended 31 December 2016, which comply with IAS 34, were approved by the Board of Directors on 24 March 2017.